

CITY OF PEWAUKEE

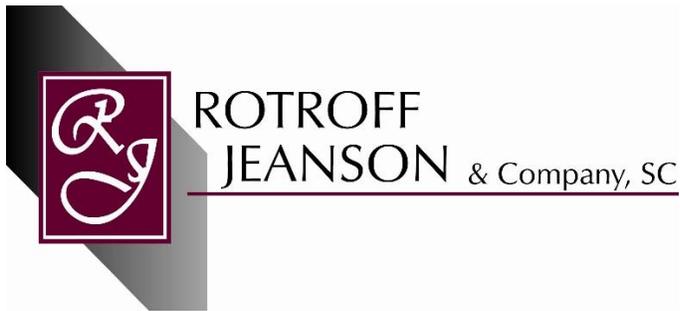
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

CITY OF PEWAUKEE
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December 31, 2016

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Independent Auditors' Report

Common Council
City of Pewaukee
Waukesha County, Wisconsin

Dear Council Members:

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, 2016, and the related notes to the financial statements, 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 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 14 and the budgetary comparison information and the schedules of the City's proportionate share of net pension asset and employer pension contributions – Wisconsin Retirement System on pages 52 - 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

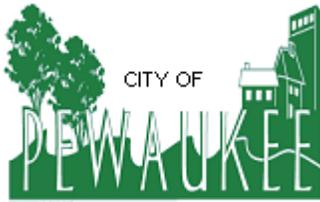
Other Information

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



Delafield, Wisconsin
August 11, 2017



The City in the Country

Office of the Mayor

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

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, 2016. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$137,806,271 (net position). Of this amount, \$105,623,215 relates to the net investment in capital assets. \$2,750,799 is restricted for debt service, capital projects, pension benefits and other various purposes. \$29,432,257 is considered unrestricted and available to meet the government's ongoing obligations to citizens and creditors.

During 2016 the City's net position increased by \$3,801,402 or 2.8%. The City's governmental activities increased \$2,937,432 while the business-type activities increased by \$863,970.

At December 31, 2016, the City's governmental funds reported combined ending fund balances of \$17,318,488, an increase of \$3,212,834 from the previous year. The General Fund comprised \$5,731,273, or 33% of the combined fund balances. The Capital Equipment Fund comprised \$4,295,835, or 25% of the combined fund balances. The Storm Water Management Fund comprised \$3,689,463 or 21% of the combined fund balances. The Road Construction Fund comprised \$1,450,492, or 8% of the combined fund balances, of which \$83,899 remains from the current year borrowings and is, therefore, considered restricted. The Sport Complex Capital Project Fund comprised \$700,185, or 4% of the combined fund balances, of which \$80,351 remains from the current year borrowings and is, therefore, considered restricted. Additional restricted funds from various special revenue funds totaled \$566,117.

The Common Council adopted resolutions and ordinances committing \$7,850,579 for future capital projects of which \$3,689,463 is for future storm water management, \$1,053,643 for public safety capital equipment, \$1,216,448 for public works capital equipment and a new salt shed, \$1,496,892 for City Hall Improvements, \$232,183 for park and recreation equipment replacement and \$161,950 for other capital needs within the City.

Components of the assigned fund balance include \$1,366,593 for road construction, \$800,312 for future debt service expenditures, \$619,834 for construction of the sports complex, \$366,902 for future capital purchases, \$16,790 for green space improvements, and \$17,502 for community policing events.

The General Fund balance increased by \$827,029 in 2016 to \$5,731,273. Unassigned general fund balance was \$5,300,402 or approximately 38% of current year general fund revenues.

During 2016, the City's fixed assets, net of accumulated depreciation, increased \$2,754,797, from \$121,484,389 to \$124,239,186.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

The City's long-term obligations, including \$451,874 of vested employee benefits, totaled \$19,677,083 at December 31, 2016. At December 31, 2015 total long-term obligations had been \$16,471,744.

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 include required supplementary information related to budgetary comparisons for the general fund and major special revenue funds and the City's net pension asset and pension contributions. They also contain other supplementary information including combining and individual fund financial statements and statistical schedules.

Government-Wide Financial Statements

The government-wide financial statements, found on pages 15 - 16, 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, 2016. 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.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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 17 - 24.

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 and debt service funds are considered to be "major" funds.

- General
- Special Revenue:
 - Storm water management
 - 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 three major funds – general, storm water management and debt service. 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.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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 25 - 51 of this report.

Required Supplementary Information

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 2016 includes the general fund and the storm water management fund.

In accordance with GASB 82, the schedule of the City's proportionate share of the net pension asset within the Wisconsin Retirement System for the year ended December 31, 2016 and the schedule of employer pension contributions are included as required supplementary information.

Notes to required supplementary information describe the City's budgetary process, amendments to the originally approved budget and additional information related to the City's pension plan.

Required supplementary information can be found on pages 52 -54 of this report.

Supporting Schedules

Readers desiring additional supplementary information can find it in the supporting schedules found on pages 55 - 72, immediately following the notes to required supplementary information. 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

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Government-Wide Financial Analysis

Statement of Net Position

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 and deferred outflows exceeded liabilities and deferred inflows of resources by \$137,806,271 and \$134,004,869 at the close of the most recent fiscal years.

Statement of Net Position at December 31, 2015 and 2016
(in thousands)

	Governmental		Business-Type		Total		Total Change	
	Activities		Activities				Dollars	%
	2015	2016	2015	2016	2015	2016	2015 - 2016	
Current and other assets	\$ 29,184	31,051	14,334	15,639	43,518	46,690	3,172	7.3%
Capital assets	45,063	46,907	76,421	77,332	121,484	124,239	2,755	2.3%
Total assets	74,247	77,958	90,755	92,971	165,002	170,929	5,927	3.6%
Deferred outflows of resources	849	3,044	83	298	932	3,342	2,410	258.6%
Current and other liabilities	4,322	3,628	1,894	1,276	6,216	4,904	(1,312)	(21.1)%
Long-term liabilities	8,111	10,344	7,228	9,302	15,339	19,646	4,307	28.1%
Total liabilities	12,433	13,972	9,122	10,578	21,555	24,550	2,995	13.9%
Deferred inflows of resources	10,372	11,802	2	113	10,374	11,915	1,541	14.9%
Net position:								
Net investment in capital assets	36,530	36,825	69,445	68,798	105,975	105,623	(352)	(.3)%
Restricted	2,981	1,970	4,696	781	7,677	2,751	(4,926)	(64.2)%
Unrestricted	12,780	16,433	7,573	12,999	20,353	29,432	9,079	44.6%
Total net position	\$ 52,291	55,228	81,714	82,578	134,005	137,806	3,801	2.8%

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 (76.7%) 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.

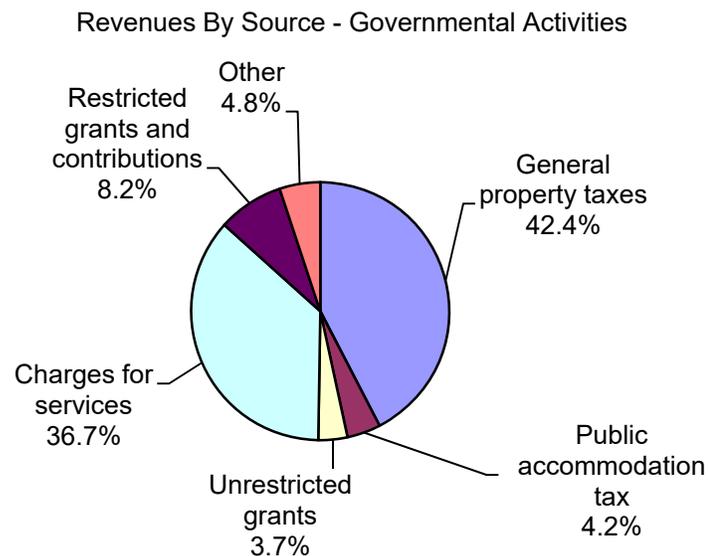
A portion of the year-end net position is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. These include development charges and other collections limited to the repayment of debt and amounts payable for future pension benefits. Of the amounts shown as "Restricted net assets", \$1,467,424 has been restricted for potential future pension costs.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Statement of Activities

Governmental Activities

The City's net position from governmental activities increased \$2,937,432 in 2016. 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 \$9,244,021 made up 46.6% of the total governmental revenues during the current fiscal year.



Program charges for services, which directly offset related program expenses, totaled \$7,286,751 and \$7,258,622 respectively, for the years ended December 31, 2016 and 2015 and included the following:

	2015	2016
Public safety and judicial	\$ 4,016,921	4,045,195
Health and sanitation	751,204	748,287
Public works	1,781,644	1,816,418
Culture and recreation	606,547	607,126
Miscellaneous	102,306	69,725

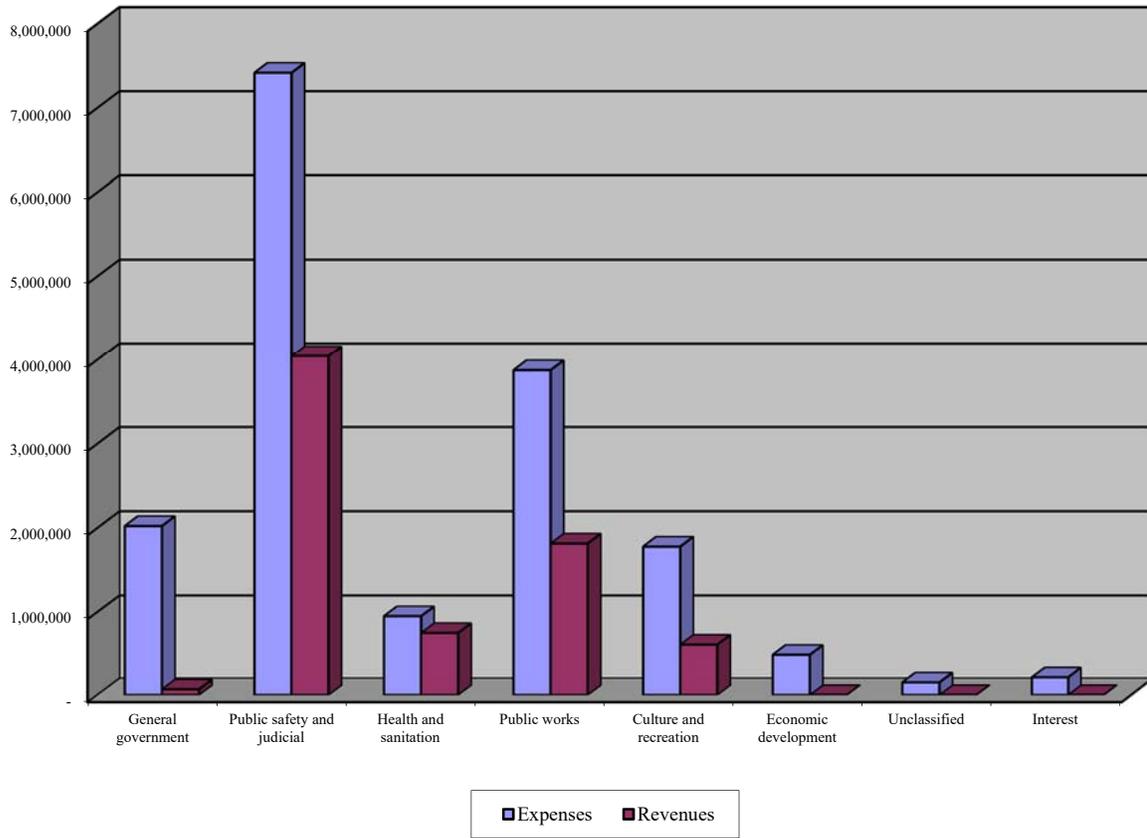
Restricted program grants and contributions include special assessments for road improvements charged to the benefitting property owners, developer financed improvements subsequently contributed to the City, aids received from the State of Wisconsin for public safety and highway and transportation, and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

For governmental activity expenses, 43.9% relate to public safety and judicial operations, which includes police protection, fire, paramedic and rescue protection, building inspection and municipal court operations. An additional 22.9% was spent for public works, i.e. maintenance of City streets, roads and storm water management. The City spent \$1,779,358, or 10.5%, towards its culture and recreation programs in 2016. 78.8% of health and sanitation program expenses were directly offset by related revenues. Depreciation of the City governmental activity fixed assets of \$2,607,605 was allocated to the various governmental activities during 2016 based upon actual usage of the various capital assets, compared to \$2,508,562 in 2015. 69.4% 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, 2016

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 \$863,970. This was primarily the result of grants and contributions of \$1,833,453 less the transfer to the general fund of \$547,523 for the 2016 property tax equivalent. The table below is a summary of the water and sewer utility operations.

**Summary of Water and Sewer operations
(in thousands)**

Operations:	Water Operations		Sewer Operations		Total		Total Change	
	2015	2016	2015	2016	2015	2016	Dollars	%
Revenues	\$ 2,050	2,116	3,132	3,212	5,182	5,328	146	2.8%
Expenses	2,226	2,365	3,008	3,399	5,234	5,764	530	10.1%
Operating income (loss)	\$ (176)	(249)	124	(187)	(52)	(436)	(384)	(738.5)%

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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

Statement of Activities for the Years Ended December 31, 2015 and 2016
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total Change</u>	
	2015	2016	2015	2016	2015	2016	Dollars	%
REVENUES								
Program revenues:								
Charges for services	\$ 7,271	7,287	5,182	5,328	12,453	12,615	162	1.3%
Grants and contributions:								
Operating	671	727	-	-	671	727	56	8.3%
Capital	1,894	908	1,641	1,834	3,535	2,742	(793)	(22.4)%
General revenues:								
General property taxes	8,205	8,410	-	-	8,205	8,410	205	2.5%
Public accommodation taxes	774	834	-	-	774	834	60	7.8%
Unrestricted grants	751	723	-	-	751	723	(28)	(3.7)%
Interest earnings	137	124	135	151	272	275	3	1.1%
Other	286	273	(22)	48	264	321	57	21.6%
Total revenues	19,989	19,286	6,936	7,361	26,925	26,647	(278)	(1.0)%
EXPENSES								
General government	1,990	2,024	-	-	1,990	2,024	34	1.7%
Public safety and judicial	6,861	7,418	-	-	6,861	7,418	557	8.1%
Health and sanitation	922	950	-	-	922	950	28	3.0%
Public works	4,220	3,875	-	-	4,220	3,875	(345)	(8.2)%
Culture and recreation	1,655	1,779	-	-	1,655	1,779	124	7.5%
Economic development	460	485	-	-	460	485	25	5.4%
Unclassified	70	152	-	-	70	152	82	117.1%
Interest and fiscal charges	227	213	-	-	227	213	(14)	(6.2)%
Water utility operations	-	-	2,332	2,505	2,332	2,505	173	7.4%
Sewer utility operations	-	-	3,076	3,444	3,076	3,444	368	12.0%
Total expenses	16,405	16,896	5,408	5,949	21,813	22,845	1,032	4.7%
Change in net position before transfers	3,584	2,390	1,528	1,412	5,112	3,802	(1,310)	
Transfers	557	548	(557)	(548)	-	-	-	
Change in net position	4,141	2,938	971	864	5,112	3,802	(1,310)	
Net position:								
Beginning of year	48,149	52,290	80,743	81,714	128,892	134,004	5,112	
End of year	\$52,290	55,228	81,714	82,578	134,004	137,806	3,802	

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 \$17,318,488. Approximately 30.6% of this total amount, or \$5,300,402, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The assigned fund balance, \$3,187,933 indicates that the City has set these balances aside for specific future purposes. These include \$1,366,593 for road construction projects, \$619,834 for sports complex construction, \$366,902 for future capital equipment purchases, \$800,312 for debt service payments, and \$17,502 is for community policing. The green space facilities fund also has an assigned fund balance of \$16,790.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Committed fund balances of \$7,850,579 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	\$ 232,183
Storm water management	3,689,463
Capital equipment	3,928,933

The restricted fund balance of \$730,367 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:

Road construction and Sports complex – Unexpended debt proceeds	\$ 164,250
Impact fees	449,314
Tourism and convention	50,000
Cemetery – Expendable	66,803

Although the Common Council originally budgeted to use \$12,350 of its general fund surplus in 2016, the fund balance actually increased by \$827,029. General fund revenues exceeded the originally approved 2016 budget by \$1,179,960 and general fund expenditures were \$525,416 less than budgeted. These were offset by net transfers between the general fund and other funds which exceeded originally budgeted amounts by \$875,475 and long-term borrowings of \$9,478.

Regulation and compliance revenue exceeded original budgeted amounts by \$267,628. This was primarily due to permits, budgeted at \$630,000, totaling \$738,039 and court fines which exceeded the budget by \$107,355. Charges for services exceeded original budgeted amounts by \$739,363. This was the result of intergovernmental fire and ambulance service contract revenues, intergovernmental building service contracts and ambulance run revenues exceeding budgeted amounts by \$449,195, \$50,185 and \$64,041, respectively.

The majority of departmental expenditures were less than originally budgeted. Overall the general fund expenditures totaled \$12,794,630, \$525,416 or 3.9% less than budgeted. This was primarily the result of the following being under budget: Public safety - \$217,515, Public works - \$62,402, Culture and recreation - \$123,074, and general government - \$76,617.

The City also spent \$628,835, \$1,505,846 and \$1,150,504 on storm water management, sports complex construction and road construction projects, respectively, during 2016.

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

General	\$ 827,029
Storm water management	729,944
Debt service fund	223,281
Impact fee	118,858
Tourism and convention	(348,824)
Expendable cemetery	6,576
Road construction	205,353
Sports complex	803,374
Capital equipment	646,341
Cemetery – perpetual care	902
	\$ <u>3,212,834</u>

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2016 the City had invested \$124,239,186 in capital assets, net of accumulated depreciation. During 2016 the City's gross capital assets increased \$5,801,410. This included developer donated assets of \$1,569,429 contributed to the City in the form of roads, storm sewers, and water and sewer utility's system.

Capital Assets at December 31, 2016
(in thousands)

	Governmental Activities	Business-type Activities	Total Government
Land	\$ 3,936	530	4,466
Buildings	11,492	9,624	21,116
Furniture and equipment	9,277	1,154	10,431
Infrastructure and improvements other than buildings	48,714	98,762	147,476
Construction in progress	2,867	2,210	5,077
Total capital assets	76,286	112,280	188,566
Less: Accumulated depreciation	29,379	34,948	64,327
Total net assets	<u>\$ 46,907</u>	<u>77,332</u>	<u>124,239</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)

	Governmental Activities	Business-type Activities	Total Government
Beginning balance	\$ 45,062	76,422	121,484
Additions	4,704	3,308	8,012
Disposals, net	(251)	-	(251)
Depreciation	(2,608)	(2,398)	(5,006)
Ending balance	<u>\$ 46,907</u>	<u>77,332</u>	<u>124,239</u>

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

General government	\$ 218,947
Public safety	450,756
Health and sanitation	1,119
Public works, including infrastructure	1,808,560
Culture and recreation	<u>128,223</u>
	<u>\$ 2,607,605</u>

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Debt Outstanding

The City has \$19,677,083 in long-term obligations outstanding at December 31, 2016, including long-term employee benefits of \$451,874. \$1,861,311 of the obligations comes due within one year. In September 2016 the City issued \$5,545,000 in general obligation corporate purpose bonds; \$1,830,000 of which was to finance the completion of the sports complex, \$1,165,000 for road construction projects and \$2,550,000 for construction of a water tower.

**Outstanding Long-term Obligations at Year End
(in thousands)**

Governmental:	
General obligation notes	\$ 3,166
General obligation bonds	7,525
Compensated absences	<u>452</u>
	<u>11,143</u>
Business-type:	
General obligation bonds	8,235
Intermunicipal loans	<u>299</u>
	<u>8,534</u>
	<u>\$ 19,677</u>

2016 debt repayments, including long-term employee benefits were:

Governmental activities	\$ 1,387,259
Proprietary activities	<u>992,355</u>
	<u>\$ 2,379,614</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. As reported by the Wisconsin Taxpayers Alliance the City's 2015/2016 municipal tax rate ranked the third lowest in comparison to all 190 cities within the State of Wisconsin and the City's total tax rate (includes schools, state & county) ranked second lowest among Waukesha County Cities and Villages.

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 September 2016, Moody's Investors Service reviewed, and maintained, a rating of Aa1 on the City of Pewaukee's general obligation debt. As of December 31, 2016, the City's general obligation debt burden is 13.1% of our \$147.2 million dollar capacity to borrow.

The City continues to commit funds for the purchase of capital equipment, i.e.: fire engines, plow trucks and ambulances, in future years in order to more equally distribute the cost. The Common Council continues to plan forward in the coming years with improvements to streets, storm water management improvements, and various water and sewer projects. As outlined in the Long-Term Financial Plan, the City anticipates borrowing to maintain the infrastructure.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

For the past five 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 2016, the City issued 77 new home permits.

The City of Pewaukee continues to evaluate the staffing levels and the needs of the community related to the services that are provided.

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 Pewaukee Public Library is a joint City/Village library, in 2015 with the City of Pewaukee was responsible for 75% of the shared expenses.
- The City and Village have had a Joint Park/Recreation Department since 1997 with the City of Pewaukee responsible for 67% 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 at W240N3065 Pewaukee Road, Pewaukee, WI 53072.

CITY OF PEWAUKEE
STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 12,137,821	9,357,250	21,495,071
Investments	11,239,782	-	11,239,782
Property taxes receivable	5,089,593	-	5,089,593
Other receivables (net)	1,260,305	1,139,053	2,399,358
Special assessments	-	189,172	189,172
Internal balances	547,523	(547,523)	-
Inventories and prepaid expenses	174,092	8,324	182,416
Restricted assets:			
Cash and cash equivalents:			
Capital projects	164,250	649,237	813,487
Non-current assets:			
Fixed assets:			
Land and construction in progress	6,803,224	2,739,916	9,543,140
Capital assets, net of accumulated depreciation	40,103,764	74,592,282	114,696,046
Special assessments	437,356	4,192,843	4,630,199
Unamortized charges	-	650,976	650,976
Total assets	<u>77,957,710</u>	<u>92,971,530</u>	<u>170,929,240</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>3,044,488</u>	<u>297,568</u>	<u>3,342,056</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,396,308	759,712	2,156,020
Unearned revenue	887,339	-	887,339
Current portion of long-term obligations	1,344,729	516,582	1,861,311
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	9,798,194	8,017,578	17,815,772
Assessments due developers	-	1,180,071	1,180,071
Construction contracts payable	-	50,740	50,740
Net pension liability	545,792	53,049	598,841
Total liabilities	<u>13,972,362</u>	<u>10,577,732</u>	<u>24,550,094</u>
Deferred Inflows of Resources:			
Subsequent year's tax levy	8,712,976	-	8,712,976
Special assessments	362,540	-	362,540
Storm water fees	1,563,624	-	1,563,624
Deferred inflows related to pensions	1,162,765	113,026	1,275,791
Total deferred inflows or resources	<u>11,801,905</u>	<u>113,026</u>	<u>11,914,931</u>
Net Position:			
Net investment in capital assets	36,825,177	68,798,038	105,623,215
Restricted	1,970,069	780,730	2,750,799
Unrestricted	16,432,685	12,999,572	29,432,257
Total net position	<u>\$ 55,227,931</u>	<u>82,578,340</u>	<u>137,806,271</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	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	\$ 2,023,715	69,725	-	25,602	(1,928,388)	-	(1,928,388)
Public safety and judicial	7,418,453	4,045,195	130,502	-	(3,242,756)	-	(3,242,756)
Health and sanitation	950,104	748,287	109,573	-	(92,244)	-	(92,244)
Public works	3,875,181	1,816,418	486,711	882,411	(689,641)	-	(689,641)
Culture and recreation	1,779,358	607,126	-	-	(1,172,232)	-	(1,172,232)
Economic development	484,965	-	-	-	(484,965)	-	(484,965)
Unclassified	151,651	-	-	-	(151,651)	-	(151,651)
Indirect expenses:							
Interest and other related charges	213,114	-	-	-	(213,114)	-	(213,114)
Total governmental activities	<u>16,896,541</u>	<u>7,286,751</u>	<u>726,786</u>	<u>908,013</u>	<u>(7,974,991)</u>	<u>-</u>	<u>(7,974,991)</u>
Business-type activities:							
Water utility	2,505,288	2,116,244	-	764,806	-	375,762	375,762
Sewer utility	<u>3,444,046</u>	<u>3,211,778</u>	<u>-</u>	<u>1,068,647</u>	<u>-</u>	<u>836,379</u>	<u>836,379</u>
Total business-type activities	<u>5,949,334</u>	<u>5,328,022</u>	<u>-</u>	<u>1,833,453</u>	<u>-</u>	<u>1,212,141</u>	<u>1,212,141</u>
Total primary government	<u>\$ 22,845,875</u>	<u>12,614,773</u>	<u>726,786</u>	<u>2,741,466</u>	<u>(7,974,991)</u>	<u>1,212,141</u>	<u>(6,762,850)</u>
General revenues and transfers:							
Property taxes					\$ 8,409,925	-	8,409,925
Public accommodation taxes					834,096	-	834,096
Grants not restricted to specific programs					723,115	-	723,115
Video service provider fee					132,712	-	132,712
Interest and investment earnings					124,618	150,706	275,324
Miscellaneous					140,434	48,646	189,080
Transfers					547,523	(547,523)	-
Total general revenues and transfers					<u>10,912,423</u>	<u>(348,171)</u>	<u>10,564,252</u>
Change in Net Position					2,937,432	863,970	3,801,402
Net Position - Beginning of Year					<u>52,290,499</u>	<u>81,714,370</u>	<u>134,004,869</u>
Net Position - End of Year					<u>\$ 55,227,931</u>	<u>82,578,340</u>	<u>137,806,271</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
BALANCE SHEET
Governmental Funds
December 31, 2016

	General	Storm Water Management	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 686,870	4,960,990	1,391,580	5,098,381	12,137,821
Investments	8,416,568	-	-	2,823,214	11,239,782
Receivables:					
Current taxes	3,485,142	307,622	585,622	704,113	5,082,499
Delinquent personal property taxes	7,094	-	-	-	7,094
Accounts	279,809	-	-	33,010	312,819
Special assessments	-	-	437,356	-	437,356
Intergovernmental	588,924	-	-	-	588,924
Inventory of supplies	156,830	-	-	-	156,830
Prepaid expenditures	17,262	-	-	-	17,262
Due from other fund	547,523	-	-	-	547,523
Restricted assets:					
Cash and cash equivalents - capital projects	-	-	-	164,250	164,250
Total assets	\$ 14,186,022	5,268,612	2,414,558	8,822,968	30,692,160
Liabilities, Deferred Inflows of Resources and Fund Balance:					
Liabilities:					
Accounts payable	\$ 632,119	15,525	-	68,433	716,077
Construction contracts payable	-	-	-	230,577	230,577
Accrued payroll	176,979	-	-	-	176,979
Other accrued liabilities	205,003	-	-	-	205,003
Unearned revenue	875,821	-	-	11,518	887,339
Total liabilities	1,889,922	15,525	-	310,528	2,215,975
Deferred Inflows of Resources:					
Subsequent year's tax levy	6,216,268	-	1,081,708	1,415,000	8,712,976
Special assessments	348,559	-	532,538	-	881,097
Storm water fees	-	1,563,624	-	-	1,563,624
Total deferred inflows of resources	6,564,827	1,563,624	1,614,246	1,415,000	11,157,697
Fund Balance:					
Nonspendable	181,186	-	-	68,021	249,207
Restricted	-	-	-	730,367	730,367
Committed	232,183	3,689,463	-	3,928,933	7,850,579
Assigned	17,502	-	800,312	2,370,119	3,187,933
Unassigned	5,300,402	-	-	-	5,300,402
Total fund balance	5,731,273	3,689,463	800,312	7,097,440	17,318,488
Total liabilities, deferred inflows of resources and fund balance	\$ 14,186,022	5,268,612	2,414,558	8,822,968	30,692,160

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, 2016

Total fund balances - governmental funds	\$	17,318,488
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		358,562
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 76,285,631	
Less: Accumulated depreciation	<u>(29,378,643)</u>	46,906,988
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.		(545,792)
Other long-term assets are not available to pay for current year expenditures and therefore are deferred in the funds.		518,557
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the governmental funds.		1,881,723
Accrued employee benefits are not due and payable in the current period and therefore are not reported in the governmental funds.		(451,874)
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.		(67,672)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.		<u>(10,691,049)</u>
Total net position - governmental activities	\$	<u><u>55,227,931</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, 2016

	General	Storm Water Management	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,434,876	-	1,467,365	1,609,145	9,511,386
Intergovernmental	1,413,710	-	25,258	10,933	1,449,901
Regulation and compliance	1,896,963	-	-	-	1,896,963
Charges for services	3,900,437	1,575,813	-	173,316	5,649,566
Interest	77,331	12,703	15,247	19,337	124,618
Miscellaneous	246,689	2,198	-	-	248,887
Total revenues	<u>13,970,006</u>	<u>1,590,714</u>	<u>1,507,870</u>	<u>1,812,731</u>	<u>18,881,321</u>
Expenditures:					
Current:					
General government	1,878,126	-	-	-	1,878,126
Public safety and judicial	6,657,029	-	-	10,933	6,667,962
Health and sanitation	936,798	-	-	12,187	948,985
Public works	1,442,101	464,751	-	-	1,906,852
Culture and recreation	1,760,878	-	-	-	1,760,878
Economic development	-	-	-	484,965	484,965
Unclassified	119,698	-	-	31,953	151,651
Capital outlay	-	164,084	-	3,727,693	3,891,777
Debt service:					
Principal	-	-	1,387,259	-	1,387,259
Interest	-	-	208,565	-	208,565
Total expenditures	<u>12,794,630</u>	<u>628,835</u>	<u>1,595,824</u>	<u>4,267,731</u>	<u>19,287,020</u>
Excess (deficiency) of revenues over expenditures	<u>1,175,376</u>	<u>961,879</u>	<u>(87,954)</u>	<u>(2,455,000)</u>	<u>(405,699)</u>
Other financing sources (uses):					
Face value of long-term debt	9,478	-	-	2,995,000	3,004,478
Reoffering premium	-	-	66,532	-	66,532
Transfers in	547,523	12,768	244,703	1,391,544	2,196,538
Transfers out	(905,348)	(244,703)	-	(498,964)	(1,649,015)
Total other financing sources (uses)	<u>(348,347)</u>	<u>(231,935)</u>	<u>311,235</u>	<u>3,887,580</u>	<u>3,618,533</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	827,029	729,944	223,281	1,432,580	3,212,834
Fund balance:					
January 1	4,904,244	2,959,519	577,031	5,664,860	14,105,654
December 31	<u>\$ 5,731,273</u>	<u>3,689,463</u>	<u>800,312</u>	<u>7,097,440</u>	<u>17,318,488</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, 2016

Net change in fund balances - total governmental funds	\$	3,212,834
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in governmental funds include those which provide financial resources of the current year but which were earned in prior years.		(129,208)
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.		(21,326)
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.		1,433,830
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.		661,974
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.		(251,536)
Governmental funds report pension contributions as expenditures. In the Statement of Activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense		(316,893)
Accrued sick leave 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.		(30,475)
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.		(4,549)
Debt proceeds provide current financial resources to government funds but issuing debt increases long-term liabilities in the Statement of Net Position.		(3,004,478)
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>1,387,259</u>
Change in net position of governmental activities	\$	<u><u>2,937,432</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF NET POSITION
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 477,878	8,879,372	9,357,250
Other receivables	421,473	717,580	1,139,053
Due from water	-	5,312,577	5,312,577
Special assessments	13,016	176,156	189,172
Inventory of supplies	8,324	-	8,324
Restricted assets - cash and cash equivalents:			
Capital projects	649,237	-	649,237
Non-current assets:			
Fixed assets:			
Non-depreciable:			
Land	530,387	-	530,387
Construction in progress	2,143,122	66,407	2,209,529
Depreciable:			
Capital assets, net of accumulated depreciation	34,457,875	40,134,407	74,592,282
Special assessments	1,298,333	2,894,510	4,192,843
Unamortized charges	650,976	-	650,976
Total assets	<u>40,650,621</u>	<u>58,181,009</u>	<u>98,831,630</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>206,775</u>	<u>90,793</u>	<u>297,568</u>
Liabilities:			
Current liabilities:			
Accounts payable	107,065	439,774	546,839
Construction contracts payable	106,802	-	106,802
Due to general fund	547,523	-	547,523
Customer advances on construction	53,408	-	53,408
Accrued interest on long-term debt	41,527	11,136	52,663
Current portion of long-term obligations	433,430	83,152	516,582
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	6,533,090	1,484,488	8,017,578
Due to sewer	5,312,577	-	5,312,577
Assessments due developers	442,882	737,189	1,180,071
Long-term contracts payable	-	50,740	50,740
Net pension liability	36,407	16,642	53,049
Total liabilities	<u>13,614,711</u>	<u>2,823,121</u>	<u>16,437,832</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	<u>77,617</u>	<u>35,409</u>	<u>113,026</u>
Net Position:			
Net investment in capital assets	30,164,864	38,633,174	68,798,038
Restricted for:			
Capital projects	649,237	-	649,237
Pension	92,751	38,742	131,493
Unrestricted	<u>(3,741,784)</u>	<u>16,741,356</u>	<u>12,999,572</u>
Total net position	<u>\$ 27,165,068</u>	<u>55,413,272</u>	<u>82,578,340</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, 2016

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues	\$ 2,116,244	3,211,778	5,328,022
Operating expenses:			
Operation and maintenance	1,201,912	2,023,289	3,225,201
Depreciation	1,022,572	1,375,689	2,398,261
Amortization	138,880	-	138,880
Taxes	2,217	-	2,217
Total operating expenses	<u>2,365,581</u>	<u>3,398,978</u>	<u>5,764,559</u>
Net operating loss	<u>(249,337)</u>	<u>(187,200)</u>	<u>(436,537)</u>
Non-operating income (expense):			
Interest income	11,210	139,496	150,706
Interest expense	(112,501)	(45,068)	(157,569)
Bond premium	48,646	-	48,646
Bond issue costs	(27,206)	-	(27,206)
Total non-operating income (expense)	<u>(79,851)</u>	<u>94,428</u>	<u>14,577</u>
Loss before contributions and transfers	(329,188)	(92,772)	(421,960)
Contributions	764,806	1,068,647	1,833,453
Transfers out	<u>(547,523)</u>	<u>-</u>	<u>(547,523)</u>
Change in net position	(111,905)	975,875	863,970
Total net position:			
January 1	<u>27,276,973</u>	<u>54,437,397</u>	<u>81,714,370</u>
December 31	<u>\$ 27,165,068</u>	<u>55,413,272</u>	<u>82,578,340</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, 2016

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Receipts from customers	\$ 2,071,507	3,353,813	5,425,320
Payments for interfund services - net	(473,356)	(16,827)	(490,183)
Payments to suppliers	(305,838)	(1,774,570)	(2,080,408)
Payments to employees	(428,145)	(289,050)	(717,195)
Net cash provided by operating activities	<u>864,168</u>	<u>1,273,366</u>	<u>2,137,534</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(2,402,340)	(268,883)	(2,671,223)
Proceeds of long term debt	2,550,000	-	2,550,000
Reoffering premium, net of issue costs	21,440	-	21,440
Reserve capacity assessments received	416,836	508,552	925,388
Long-term debt retirements	(270,900)	(721,456)	(992,356)
Collection of special assessments, net	40,053	673,978	714,031
Interest and fiscal charges paid on long-term debt	(102,306)	(48,893)	(151,199)
Net cash provided by capital and related financing activities	<u>252,783</u>	<u>143,298</u>	<u>396,081</u>
Cash flows from investing activities:			
Interest received on cash and investments	10,164	106,906	117,070
Net cash provided by investing activities	<u>10,164</u>	<u>106,906</u>	<u>117,070</u>
Net increase in cash and cash equivalents	1,127,115	1,523,570	2,650,685
Cash and cash equivalents, January 1	-	7,355,802	7,355,802
Cash and cash equivalents, December 31	<u>\$ 1,127,115</u>	<u>8,879,372</u>	<u>10,006,487</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Unrestricted	\$ 477,878	8,879,372	9,357,250
Restricted - Debt retirement and capital projects	649,237	-	649,237
	<u>\$ 1,127,115</u>	<u>8,879,372</u>	<u>10,006,487</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating loss	\$ (249,337)	(187,200)	(436,537)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	1,161,452	1,375,689	2,537,141
Changes in assets and liabilities:			
Accounts receivable, net	(44,737)	142,035	97,298
Inventory of supplies	(663)	-	(663)
Accounts payable and accrued expenses	(2,547)	(57,158)	(59,705)
Net cash provided by operating activities	<u>\$ 864,168</u>	<u>1,273,366</u>	<u>2,137,534</u>
Schedule of non-cash activities:			
Plant assets contributed by developers	\$ 347,970	559,485	907,455

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE
 STATEMENT OF FIDUCIARY NET POSITION
 Agency Fund
 December 31, 2016

Assets:		
Cash and cash equivalents	\$	18,672,182
Taxes receivable		<u>17,714,485</u>
Total assets	\$	<u><u>36,386,667</u></u>
Liabilities:		
Due to other taxing units:		
School districts	\$	29,215,638
Waukesha County		5,883,056
State of Wisconsin		500,189
Deposits:		
Ditch and erosion		347,000
Developer		332,529
Holding tank		45,050
Occupancy		55,000
Street opening		7,000
Park reservation		<u>1,205</u>
Total liabilities	\$	<u><u>36,386,667</u></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 5 (C), 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 proprietary 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 proprietary 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 proprietary fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and proprietary 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 proprietary fund debt.

The City reports the following major proprietary funds:

Water Utility – accounts for the operations of the water system.

Sewer Utility – accounts for the operations of the sanitary 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:

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:

Road Construction Fund
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.

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

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. 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.

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

- e. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- 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 2016 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, 2016, 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 – 2016 tax roll:

Levy:

Tax lien and levy date	December 2016
Tax bills mailed	December 2016

Due dates:

Real property taxes:

Payment in full or first installment	January 31, 2017
Second installment payable to County	July 31, 2017

Personal property taxes, special assessments and special charges, in full	January 31, 2017
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Tax settlements with taxing jurisdictions:

First settlement	January 15, 2017
Second settlement	February 20, 2017
Final settlement	August 20, 2017

Tax sale - 2016 delinquent real estate taxes	October 2019
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Real estate taxes delinquent as of January 31 are assumed by Waukesha County. 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 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.

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 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.

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

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 acquisition value at the date of donation.

Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

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:

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

Government - Wide Statements - continued

Buildings and improvements	15-40 Years
Land improvements	10-40 Years
Machinery and equipment	2-20 Years
Water and sewer plant	4-100 Years
Infrastructure	20-60 Years

Fund Financial Statements

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

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. Represented firefighters are allowed to accrue up to 135 hours per year to a maximum of 1,920 hours. The maximum accumulation for full-time employees hired after January 1, 2016 is 1,456 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 hired before 2015 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. Represented firefighters are not allowed to carryover any days to the next year. For employees hired after January 1, 2015 vacation leave can only be accrued to a maximum of 100% 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.

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

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.

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 in 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.

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 - continued

Fund Statements - continued

- 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.

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.

12. Accounting Changes

The City adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2016. Statement no. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

(2) 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 \$46,906,988 used in governmental funds are not financial resources and, therefore, are not reported in the funds.

The long-term portion of special assessments receivable that is not available to pay for current year expenditures of \$518,557 is recorded as deferred inflows of resources in the governmental funds.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

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

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

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 \$358,562.

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	\$ 10,691,049
Accrued employee benefits	451,874
Accrued interest payable	<u>67,672</u>
	\$ <u>11,210,595</u>

The deferred outflows of resources of \$3,044,488 related to pensions is not a current financial resource and the net pension liability of \$545,792 and related deferred inflows of resources of \$1,162,765 are not current financial resources and, therefore, are not reported in the funds.

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 and disposal of long-term capital assets and the repayment of long-term debt and employee benefits, 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	\$ 4,041,435
Principal repayment	1,387,259
Increase in accrued interest payable	(4,549)
Increase in accrued sick leave benefits	<u>(30,475)</u>
	\$ <u>5,393,670</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	\$ 2,607,605
Increase in net pension liability	1,368,494
Increase in deferred outflows of resources related to pensions	(2,196,027)
Increase in deferred inflows of resources related to pensions	1,144,426
Net book value of fixed asset disposed of	<u>251,536</u>
	\$ <u>3,176,034</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 and totaled \$21,326 in 2016.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(2) 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 - continued

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 \$661,974 in 2016.

Another element of the reconciliation relates to long-term debt proceeds of \$3,004,478 which provide financial resources in the governmental funds but increase long-term liabilities in the statement of net position.

The final element of the reconciliation relates to a revenue of \$129,208 that was earned in prior years but provides financial resources in the current year for the governmental funds.

(3) Stewardship, Compliance, and Accountability

A. 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.

(4) Detailed Notes on All Funds

A. Deposits and Investments

The City's deposits and investments at December 31, 2016 were comprised of the following:

	Carrying Value	Bank and Investment Balances	<u>Associated Risks</u>
Deposits	\$ 35,655,694	34,187,259	Custodial credit risk
Negotiable certificates of deposit	6,871,726	6,871,726	Custodial credit risk
Investments:			
Federal Home Loan Bank	1,698,268	1,698,268	Credit risk, interest rate risk
Federal Farm Credit Bank	1,328,472	1,328,472	Credit risk, interest rate risk
Federal National Mortgage Association	1,249,708	1,249,708	Credit risk, interest rate risk
Municipal Bonds	358,628	358,628	Credit risk, interest rate risk
LGIP	5,057,203	5,057,203	Credit risk, interest rate risk
Petty cash	823	823	
	\$ <u>52,220,522</u>	<u>50,752,087</u>	

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

A. Deposits and Investments - continued

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

Per Statement of Net Position:	
Cash and cash equivalents:	
Unrestricted	\$ 21,495,071
Restricted	813,487
Current investments	11,239,782
Per Statement of Fiduciary Net Position	<u>18,672,182</u>
	<u>\$ 52,220,522</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 fair value of negotiable certificates of deposits and investments grouped by maturity at December 31, 2016 is:

<u>Maturity</u>	
Current to one year	\$ 4,213,506
One to two years	2,107,441
Two to three years	3,207,306
Three to four years	1,707,791
Four to five years	<u>270,578</u>
	<u>\$ 11,506,622</u>

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, \$33,103,275 was collateralized by securities held by the pledging financial institution in excess of federal depository insurance limits. The remaining balance of \$14,876 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.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

A. Deposits and Investments - continued

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.

At December 31, 2016 the City's investments include United States Government securities and local municipal bonds totaling \$4,635,076. The City also held investments with a fair value of \$5,057,203 in the LGIP. The average maturity date for investments held by the LGIP is 61 days. The State Investment Fund, which the LGIP is a part of, had 96% of its investments in U.S. government securities at December 31, 2016.

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 are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Current year property taxes receivable:			
General fund	\$ 3,485,142	-	3,485,142
Storm water management fund	307,622	-	307,622
Debt service fund	585,622	-	585,622
Road construction fund	100,262	-	100,262
Capital equipment fund	597,015	-	597,015
Expendable cemetery fund	6,836	-	6,836
Special assessments not yet due	-	<u>437,356</u>	<u>437,356</u>
	<u>\$ 5,082,499</u>	<u>437,356</u>	<u>5,519,855</u>

In addition, other receivables are reported in the government-wide financial statements net of amounts estimated to be uncollectible of \$327,582.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

C. Capital Assets

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

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/16</u>
Capital Assets Not Being Depreciated:				
Land	\$ 3,936,474	-	-	3,936,474
Construction in progress	<u>2,065,345</u>	<u>1,601,405</u>	<u>800,000</u>	<u>2,866,750</u>
	<u>6,001,819</u>	<u>1,601,405</u>	<u>800,000</u>	<u>6,803,224</u>
Capital Assets Being Depreciated:				
Buildings and improvements	11,473,195	18,540	-	11,491,735
Land improvements	1,691,272	51,775	-	1,743,047
Equipment	8,486,464	1,993,706	1,203,491	9,276,679
Infrastructure	<u>46,117,861</u>	<u>1,837,983</u>	<u>984,898</u>	<u>46,970,946</u>
	<u>67,768,792</u>	<u>3,902,004</u>	<u>2,188,389</u>	<u>69,482,407</u>
	<u>73,770,611</u>	<u>5,503,409</u>	<u>2,988,389</u>	<u>76,285,631</u>
Less Accumulated Depreciation:				
Buildings and improvements	(4,036,275)	(298,021)	-	(4,334,296)
Land improvements	(874,329)	(77,793)	-	(952,122)
Equipment	(4,283,888)	(722,815)	(955,905)	(4,050,798)
Infrastructure	<u>(19,513,399)</u>	<u>(1,508,976)</u>	<u>(980,948)</u>	<u>(20,041,427)</u>
	<u>(28,707,891)</u>	<u>(2,607,605)</u>	<u>(1,936,853)</u>	<u>(29,378,643)</u>
Capital assets, net of depreciation	<u>\$ 45,062,720</u>	<u>2,895,804</u>	<u>1,051,536</u>	<u>46,906,988</u>

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

General government	\$ 218,947
Public safety	450,756
Health and sanitation	1,119
Public works, including infrastructure	1,808,560
Culture and recreation	<u>128,223</u>
	<u>\$ 2,607,605</u>

Capital asset activity in the business-type activities for the year ended December 31, 2016 was as follows:

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/16</u>
Capital Assets Not Being Depreciated:				
Land	\$ 530,387	-	-	530,387
Construction in process	<u>241,493</u>	<u>1,968,036</u>	-	<u>2,209,529</u>
	<u>771,880</u>	<u>1,968,036</u>	-	<u>2,739,916</u>
Capital Assets Being Depreciated:				
Buildings	9,624,079	-	-	9,624,079
Improvements other than buildings	97,500,662	1,284,106	22,400	98,762,368
Furniture and equipment	<u>1,097,126</u>	<u>56,648</u>	-	<u>1,153,774</u>
	<u>108,221,867</u>	<u>1,340,754</u>	<u>22,400</u>	<u>109,540,221</u>
	<u>108,993,747</u>	<u>3,308,790</u>	<u>22,400</u>	<u>112,280,137</u>
Less Accumulated Depreciation:				
Buildings	(3,001,930)	(262,366)	-	(3,264,296)
Improvements other than buildings	(28,604,841)	(2,053,596)	(22,400)	(30,636,037)
Furniture and equipment	<u>(965,307)</u>	<u>(82,299)</u>	-	<u>(1,047,606)</u>
	<u>(32,572,078)</u>	<u>(2,398,261)</u>	<u>(22,400)</u>	<u>(34,947,939)</u>
Capital assets, net of depreciation	<u>\$ 76,421,669</u>	<u>910,529</u>	<u>-</u>	<u>77,332,198</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

C. Capital Assets - continued

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

Water utility	\$ 1,022,572
Sewer utility	<u>1,375,689</u>
	\$ <u>2,398,261</u>

D. Payables

Payables as of December 31, 2016 for the City's individual major and non-major governmental funds in the aggregate, are as follows:

	<u>General</u>	<u>Storm Water Management</u>	<u>Other Funds</u>	<u>Total</u>
Accounts payable	\$ 632,119	15,525	68,433	716,077
Construction contracts payable	-	-	230,577	230,577
Accrued payroll	176,979	-	-	176,979
Accrued compensated absences	158,643	-	-	158,643
Other accrued liabilities	<u>46,360</u>	<u>-</u>	<u>-</u>	<u>46,360</u>
Total per fund balance sheet	\$ <u>1,014,101</u>	<u>15,525</u>	<u>299,010</u>	1,328,636
Accrued interest				<u>67,672</u>
Total per government-wide statement of net position				\$ <u>1,396,308</u>

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. Transfers from the general fund were made to 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, and the impact fee 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	\$ 547,523
Storm Water Management fund	General fund	12,348
Storm Water Management fund	Non-major governmental fund - Expendable Cemetery fund	420
Debt Service fund	Storm Water Management fund	244,703
Non-major governmental fund - Capital Equipment fund	General fund	893,000
Non-major governmental fund - Sports Complex fund	Non-major governmental fund - Tourism and Convention fund	448,544
Sports Complex fund	Impact Fee Fund	<u>50,000</u>
Total per fund statements		2,196,538
Interfund eliminations		<u>(1,649,015)</u>
Total per statement of activities		\$ <u>547,523</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

F. Long-Term Obligations

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

	<u>Balance</u> <u>12/31/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/16</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 9,073,830	3,004,478	1,387,259	10,691,049	1,344,729
Other liabilities:					
Vested compensated absences	<u>421,399</u>	<u>30,475</u>	<u>-</u>	<u>451,874</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$ 9,495,229</u>	<u>3,034,953</u>	<u>1,387,259</u>	<u>11,142,923</u>	<u>1,344,729</u>
Business-type Activities:					
Bonds and notes payable:					
General obligation debt	\$ 6,389,478	2,550,000	405,318	8,534,160	516,582
Revenue bonds	<u>587,037</u>	<u>-</u>	<u>587,037</u>	<u>-</u>	<u>-</u>
Total business-type long-term liabilities	<u>\$ 6,976,515</u>	<u>2,550,000</u>	<u>992,355</u>	<u>8,534,160</u>	<u>516,582</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 of \$2,944,520,700. The debt limit as of December 31, 2016, was \$147,226,035. Total general obligation debt outstanding at year-end was \$19,225,209. 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, 2016:

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>12/31/16</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General obligation debt:						
2010 G.O. note	4/1/10	9/1/19	3.15-4.2%	\$ 2,910,000	985,000	320,000
2011 G.O. note	2/24/11	3/1/20	2.5-2.75%	4,937,095	2,175,000	525,000
2012 G.O. bonds	6/12/12	12/1/24	.6-2.15%	3,040,788	1,934,730	231,570
2013 G.O. bonds	5/30/13	9/1/32	2.0-3.0%	3,060,000	2,595,000	140,000
2016 G.O. bonds	10/12/16	9/1/27	2.0-2.25%	2,995,000	2,995,000	125,000
2016 G.O. note	6/11/16	2018	0.0%	9,478	<u>6,319</u>	<u>3,159</u>
					<u>\$ 10,691,049</u>	<u>1,344,729</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

F. Long-Term Obligations – continued

Governmental Activities – continued

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,344,729	232,877	1,577,606
2018	1,425,995	207,545	1,633,540
2019	1,415,305	171,546	1,586,851
2020	1,244,040	133,419	1,377,459
2021	727,775	113,147	840,922
2022-2026	3,128,205	356,805	3,485,010
2027-2031	1,210,000	111,014	1,321,014
2032	195,000	5,850	200,850
	<u>\$ 10,691,049</u>	<u>1,332,203</u>	<u>12,023,252</u>

Business-type 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>12/31/16</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
2010 G.O. note	5/1/10	5/1/29	2.91%	\$ 222,618	165,803	10,676
2011 G.O. note	7/13/11	5/1/31	2.4%	174,403	133,087	7,476
2012 G.O. bonds	6/12/12	12/1/24	.6-2.15%	834,212	655,270	78,430
2013 G.O. bonds	5/30/13	9/1/32	2.0-3.0%	5,915,000	5,030,000	265,000
2016 G.O. bonds	10/12/16	9/1/36	2.0-2.25%	2,550,000	<u>2,550,000</u>	<u>155,000</u>
					<u>\$ 8,534,160</u>	<u>516,582</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 516,582	181,134	697,716
2018	475,807	177,495	653,302
2019	483,840	168,573	652,413
2020	495,622	159,314	654,936
2021	502,419	149,620	652,039
2022-2026	2,496,254	593,264	3,089,518
2027-2031	2,468,636	326,616	2,795,252
2032-2036	1,095,000	59,782	1,154,782
	<u>\$ 8,534,160</u>	<u>1,815,798</u>	<u>10,349,958</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

G. Governmental Activities Net Position/Fund Balances

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

Governmental Activities	
Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 46,906,988
Less: related long-term debt outstanding, excluding unspent capital related debt proceeds and non-capital borrowings	<u>(10,081,811)</u>
	36,825,177
Restricted	
Non-Expendable - Cemetery perpetual care	68,021
Expendable	
Impact fee	449,314
Tourism and convention	50,000
Cemetery	66,803
Pension benefits	1,335,931
Unrestricted	<u>16,432,685</u>
Total Governmental Activities Net Position	\$ <u>55,227,931</u>

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

Nonspendable - Major Funds	
General Fund	
Delinquent personal property taxes	\$ 7,094
Inventory of supplies	156,830
Prepaid expenditures	17,262
Non-major Funds	
Permanent Fund - Cemetery Perpetual Care	68,021
Restricted - Non-Major Funds	
Impact fee	449,314
Tourism and convention	50,000
Cemetery - Expendable	66,803
Road construction – unspent debt proceeds	83,899
Sports complex – unspent debt proceeds	80,351
Committed - Major Funds	
General Fund – Park and recreation equipment	232,183
Storm Water Management	3,689,463
Non-Major Funds	
Capital equipment – Future capital outlays	3,928,933
Assigned - Major Funds	
General fund –Community policing	17,502
Debt service	800,312
Non-Major Funds	
Green space facilities	16,790
Road construction	1,366,593
Sports complex	619,834
Capital equipment	366,902
Unassigned – Major Fund	
General fund	<u>5,300,402</u>
Total Governmental fund balance	\$ <u>17,318,488</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information

A. Defined Benefit Pension Plan

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan - continued

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%

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

During the reporting period, the WRS recognized \$360,217 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2016, the City of Pewaukee reported a liability of \$598,841 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City of Pewaukee's proportion of the net pension liability was based on the City of Pewaukee's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City of Pewaukee's proportion was .03685216%, which was a decrease of .00008553% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016 the City of Pewaukee recognized pension expense of \$717,431.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan – continued

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 101,307	1,260,250
Changes in assumptions	418,975	-
Net differences between projected and actual earnings on pension plan investments	2,451,824	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	132	15,541
Employer contributions subsequent to the measurement date	<u>369,818</u>	<u>-</u>
Total	<u>\$ 3,342,056</u>	<u>1,275,791</u>

The City reported \$369,818 as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 771,707	309,573
2018	\$ 771,707	309,573
2019	\$ 771,707	309,573
2020	\$ 643,710	306,754
2021	\$ 13,407	40,318

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

Actuarial Valuation Date	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	7.2%
Discount Rate	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan - continued

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

Retirement Funds

Asset Allocation Targets and Expected Returns

As of December 31, 2015

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%. Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan - continued

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

	1% Decrease to Discount Rate <u>(6.20%)</u>	Current Discount Rate <u>(7.20%)</u>	1% Increase To Discount Rate <u>(8.20%)</u>
City of Pewaukee's proportionate share of the net pension liability (asset)	\$ 4,200,278	\$ 598,840	\$ (2,213,847)

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

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. 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 2016 were \$1,045,415 and the City received \$193,209 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

(5) Other Information - Continued

C. Joint Ventures - continued

Library

The City of Pewaukee and the Village of Pewaukee jointly operate the Pewaukee Public Library that has provided 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 \$715,463 to the library for 2016, or 75% of the shared 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, 2016 is available directly from the Library Director.

D. Segment Information

The City provides water and sewer services. Segment information for the year ended December 31, 2016 is as follows:

	Water Utility	Sewer Utility	Total
Operating revenues	\$ 2,116,244	3,211,778	5,328,022
Operating expenses:			
Operations and maintenance	1,201,912	2,023,289	3,225,201
Depreciation	1,022,572	1,375,689	2,398,261
Amortization	138,880	-	138,880
Taxes	2,217	-	2,217
Net operating (loss)	(249,337)	(187,200)	(436,537)
Non-operating revenues	59,856	139,496	199,352
Non-operating expenses	139,707	45,068	184,775
Grants and contributions	764,806	1,068,647	1,833,453
Transfers to General Fund:			
Payment in lieu of property taxes	547,523	-	547,523
Assets:			
Current assets	1,569,928	15,085,685	16,655,613
Capital assets, net of depreciation	37,131,384	40,200,814	77,332,198
Other assets	1,949,309	2,894,510	4,843,819
Total assets	40,650,621	58,181,009	98,831,630
Deferred outflows of resources	206,775	90,793	297,568
Liabilities:			
Current liabilities	1,289,755	534,062	1,823,817
Long-term liabilities	6,533,090	1,484,488	8,017,578
Other liabilities	5,791,866	804,571	6,596,437
Total liabilities	13,614,711	2,823,121	16,437,832
Deferred inflow of resources	77,617	35,409	113,026

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

D. Segment Information - continued

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Net position:			
January 1, 2016	\$ 27,276,973	54,437,397	81,714,370
Change in net position	(111,905)	975,875	863,970
December 31, 2016:			
Invested in capital assets, net of related debt	30,164,864	38,633,174	68,798,038
Restricted	741,988	38,742	780,730
Unrestricted	(3,741,784)	16,741,356	12,999,572
Net cash provided (used) by:			
Operating activities	864,168	1,273,366	2,137,534
Capital and related financing activities	252,783	143,298	396,081
Investing activities	10,164	106,906	117,070
Cash and cash equivalents:			
January 1, 2016	-	7,355,802	7,355,802
December 31, 2016	1,127,115	8,879,372	10,006,487

E. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 11, 2017 the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PEWAUKEE
BUDGETARY COMPARISON STATEMENT
General Fund and Storm Water Management Fund
Year Ended December 31, 2016

General Fund:	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary fund balance, January 1	\$ 4,904,244	4,904,244	4,904,244	-
Resources (inflows):				
Taxes	6,379,631	6,379,631	6,434,876	55,245
Intergovernmental	1,411,966	1,411,966	1,413,710	1,744
Regulation and compliance	1,629,335	1,629,335	1,896,963	267,628
Charges for services	3,161,074	3,161,074	3,900,437	739,363
Interest	81,940	81,940	77,331	(4,609)
Miscellaneous	126,100	126,100	246,689	120,589
Face value of long-term debt	-	-	9,478	9,478
Transfers in	530,000	530,000	547,523	17,523
Amounts available for appropriation	<u>18,224,290</u>	<u>18,224,290</u>	<u>19,431,251</u>	<u>1,206,961</u>
Charges to appropriations (outflows):				
General government	1,954,743	1,954,743	1,878,126	76,617
Public safety and judicial	6,874,544	6,874,544	6,657,029	217,515
Health and sanitation	959,304	959,304	936,798	22,506
Public works	1,504,503	1,504,503	1,442,101	62,402
Culture and recreation	1,883,952	1,883,952	1,760,878	123,074
Unclassified	143,000	143,000	119,698	23,302
Transfers out	12,350	905,350	905,348	2
Total charges to appropriations	<u>13,332,396</u>	<u>14,225,396</u>	<u>13,699,978</u>	<u>525,418</u>
Fund balance, December 31	\$ <u>4,891,894</u>	<u>3,998,894</u>	<u>5,731,273</u>	<u>1,732,379</u>
Storm Water Management Fund:				
Budgetary fund balance, January 1	\$ 2,959,519	2,959,519	2,959,519	-
Resources (inflows):				
Charges for services	1,523,200	1,523,200	1,575,813	52,613
Interest	10,270	10,270	12,703	2,433
Miscellaneous	-	-	2,198	2,198
Transfers in	12,794	12,794	12,768	(26)
Amounts available for appropriation	<u>4,505,783</u>	<u>4,505,783</u>	<u>4,563,001</u>	<u>57,218</u>
Charges to appropriations (outflows):				
Public works	515,496	515,496	464,751	50,745
Capital outlay	1,856,400	1,856,400	164,084	1,692,316
Transfer out	259,412	259,412	244,703	14,709
Total charges to appropriations	<u>2,631,308</u>	<u>2,631,308</u>	<u>873,538</u>	<u>1,757,770</u>
Fund balance, December 31	\$ <u>1,874,475</u>	<u>1,874,475</u>	<u>3,689,463</u>	<u>1,814,988</u>

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

CITY OF PEWAUKEE
WISCONSIN RETIREMENT SYSTEM
Year Ended December 31, 2016

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2015	0.03676663%	(\$903,089)	4,320,562	(20.9%)	102.74%
12/31/2016	0.03685216%	598,841	4,460,859	13.4%	98.2%

SCHEDULE OF THE EMPLOYER PENSION CONTRIBUTIONS

Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered - Employee Payroll
12/31/2015	\$365,736	365,736	-	4,320,562	8.5%
12/31/2016	360,217	360,217	-	4,460,859	8.1%

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

CITY OF PEWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) 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) to the basic financial statements. 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.

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		
Other financing uses:		
Transfer to capital equipment fund	\$ -	893,000

(2) Wisconsin Retirement System Pension

The City is required to present the last ten fiscal years' data; however, the standards allow the City to present as many years as are available until ten fiscal years are presented.

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

There were no changes in the assumptions.

SUPPORTING SCHEDULES

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2016

	Actual	Budget	Variance: Favorable (Unfavorable)
Taxes:			
General property	\$ 6,069,073	6,069,073	-
Public accommodation	250,229	207,858	42,371
Other	115,574	102,700	12,874
	<u>6,434,876</u>	<u>6,379,631</u>	<u>55,245</u>
Intergovernmental:			
State shared revenues	628,528	643,887	(15,359)
Exempt computer aids	69,327	80,000	(10,673)
Fire insurance dues	102,492	92,000	10,492
Transportation aids	486,711	487,579	(868)
Lake patrol reimbursements	9,146	13,000	(3,854)
Tank inspection aids	7,931	8,000	(69)
County recycling aids	109,573	87,500	22,073
Other	2	-	2
	<u>1,413,710</u>	<u>1,411,966</u>	<u>1,744</u>
Regulation and compliance:			
Licenses:			
Liquor class A	600	600	-
Liquor class B	13,427	12,400	1,027
Special class B licenses	10	10	-
Operator	5,770	5,000	770
Cigarette	500	500	-
Amusement	1,030	500	530
Hotel and motel	75	75	-
Dog and kennel	6,229	5,000	1,229
Permits:			
Building	505,550	450,000	55,550
Electrical	128,272	100,000	28,272
Plumbing	104,217	80,000	24,217
Erosion	87,397	80,000	7,397
State code stamps	3,354	4,000	(646)
Sign	5,058	4,000	1,058
Street opening	8,104	8,000	104

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance: Favorable (Unfavorable)</u>
Regulation and compliance - continued:			
Permits - continued:			
Outdoor entertainment	\$ 340	250	90
Fire inspection - commercial buildings	160,233	155,000	5,233
Special event	7,304	9,000	(1,696)
Other	6,120	-	6,120
Fines:			
Court	682,355	575,000	107,355
Lake patrol	2,226	3,000	(774)
Deposit forfeitures	36,080	-	36,080
Video service provider fee	101,688	104,000	(2,312)
AT&T video service fee	31,024	33,000	(1,976)
	<u>1,896,963</u>	<u>1,629,335</u>	<u>267,628</u>
Charges for services:			
Publication fees	840	1,500	(660)
Copies	146	500	(354)
Administrative fees	4,573	-	4,573
Planning and zoning fees	8,850	6,000	2,850
Special assessment letters	13,676	8,500	5,176
Certified survey maps and plat review fees	5,430	6,000	(570)
Zoning letter fees	425	200	225
Legal review fees	12,597	25,000	(12,403)
Engineering review fees	191,442	98,000	93,442
Refuse collection	741,375	734,124	7,251
House numbers	1,150	1,400	(250)
Highway materials and services	4,796	2,000	2,796
Weed cutting	196	500	(304)
Police sales and copies	3	50	(47)
Boat launch fees	15,550	7,500	8,050
Fire runs	-	3,000	(3,000)
Fire inspections	93,660	82,500	11,160
Ambulance runs	489,041	425,000	64,041
Fire and ambulance services	1,653,495	1,204,300	449,195
Private fire protection plan	14,160	6,000	8,160

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2016

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Charges for services - continued:			
Management services	\$ 60,000	60,000	-
Building inspection contract	100,185	50,000	50,185
Park equipment usage fees	30,584	8,000	22,584
Park and recreation contracts	193,209	195,000	(1,791)
Program fees	192,651	160,000	32,651
Field trips	18,997	22,000	(3,003)
Club use fees	15,860	18,000	(2,140)
Reservation fees	31,143	30,000	1,143
WPRA ticket sales	6,403	6,000	403
	<u>3,900,437</u>	<u>3,161,074</u>	<u>739,363</u>
Interest:			
Investments	71,985	77,690	(5,705)
Other	5,346	4,250	1,096
	<u>77,331</u>	<u>81,940</u>	<u>(4,609)</u>
Miscellaneous:			
Rent:			
Water and sewer utility	36,000	36,000	-
Other	5,403	5,000	403
Recycling	2,142	6,000	(3,858)
Sale of assets	66,700	45,000	21,700
Insurance recoveries	106,582	-	106,582
Credit card rebate	4,643	10,000	(5,357)
Gifts and donations	3,898	3,100	798
Insurance dividend	16,043	15,000	1,043
Delinquent personal property recoveries	3,443	1,000	2,443
Other	1,835	5,000	(3,165)
	<u>246,689</u>	<u>126,100</u>	<u>120,589</u>
 Total revenues	 \$ <u>13,970,006</u>	 <u>12,790,046</u>	 <u>1,179,960</u>

CITY OF PEWAUKEE
General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2016

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
General government:			
Mayor	\$ 8,744	9,624	880
Common council	45,979	44,573	(1,406)
Fire commission	-	212	212
Public works committee	172	265	93
Administration	195,605	197,080	1,475
Human resources	164,194	168,113	3,919
Clerk/treasurer	355,698	375,739	20,041
Assessor	74,329	78,300	3,971
Board of review	367	1,382	1,015
Outside services	282,576	245,486	(37,090)
Elections	48,024	46,547	(1,477)
Facilities	267,526	313,274	45,748
Information technology	277,598	318,714	41,116
Insurance	100,527	97,696	(2,831)
Plan commission	56,172	56,177	5
Board of appeals	615	1,561	946
	<u>1,878,126</u>	<u>1,954,743</u>	<u>76,617</u>
Public safety and judicial:			
Municipal court	129,688	132,183	2,495
Law enforcement	2,391,545	2,422,250	30,705
Fire and rescue	3,769,663	3,882,406	112,743
Building services	366,133	437,705	71,572
	<u>6,657,029</u>	<u>6,874,544</u>	<u>217,515</u>
Health and sanitation:			
Animal control	6,699	7,000	301
Weed, lake and wetlands	143,290	141,900	(1,390)
Refuse collection and recycling	786,809	810,404	23,595
	<u>936,798</u>	<u>959,304</u>	<u>22,506</u>

CITY OF PEWAUKEE
General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2016

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Public works:			
Engineering	\$ 433,873	393,004	(40,869)
Safety program	4,874	5,350	476
Highway and transportation	<u>1,003,354</u>	<u>1,106,149</u>	<u>102,795</u>
	<u>1,442,101</u>	<u>1,504,503</u>	<u>62,402</u>
 Culture and recreation:			
Library	715,463	715,463	-
Parks	429,861	471,927	42,066
Recreation	615,554	689,045	73,491
Sports complex	<u>-</u>	<u>7,517</u>	<u>7,517</u>
	<u>1,760,878</u>	<u>1,883,952</u>	<u>123,074</u>
 Unclassified	<u>119,698</u>	<u>143,000</u>	<u>23,302</u>
 Total expenditures	<u>\$ 12,794,630</u>	<u>13,320,046</u>	<u>525,416</u>

CITY OF PEWAUKEE
Storm Water Management Fund

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

Year Ended December 31, 2016

	Actual	Budget	Variance: Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,575,813	1,523,200	52,613
Interest earnings	12,703	10,270	2,433
Miscellaneous	2,198	-	2,198
Total revenues	1,590,714	1,533,470	57,244
Expenditures:			
Administration	252,924	211,349	(41,575)
Storm water maintenance	24,964	32,001	7,037
Ditch and culvert maintenance	109,006	108,057	(949)
Yard maintenance	-	6,506	6,506
Street sweeping	14,327	29,022	14,695
Catch basin maintenance	42,805	39,034	(3,771)
Permit compliance	20,725	89,527	68,802
Infrastructure improvements	164,084	1,856,400	1,692,316
Total expenditures	628,835	2,371,896	1,743,061
Excess (deficiency) of revenues over expenditures	961,879	(838,426)	1,800,305
Other financing sources (uses):			
Transfer from general fund	12,348	12,350	(2)
Transfer from cemetery fund	420	444	(24)
Transfer to debt service	(244,703)	(259,412)	14,709
Total other financing sources (uses)	(231,935)	(246,618)	14,683
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	729,944	(1,085,044)	1,814,988
Fund balance, January 1	2,959,519		
Fund balance, December 31	\$ 3,689,463		

CITY OF PEWAUKEE
Debt Service Fund

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

Year Ended December 31, 2016

	Actual	Budget	Variance: Favorable (Unfavorable)
Revenues:			
Taxes:			
General tax levy	\$ 1,200,000	1,200,000	-
Special assessments	267,365	150,000	117,365
Build America bond rebate	25,258	17,052	8,206
Interest earnings	15,247	2,020	13,227
Total revenues	1,507,870	1,369,072	138,798
Expenditures:			
Debt service:			
Principal	1,387,259	1,384,100	(3,159)
Interest	208,565	208,565	-
Total expenditures	1,595,824	1,592,665	(3,159)
Excess (deficiency) of revenues over expenditures	(87,954)	(223,593)	135,639
Other financing sources:			
Reoffering premium	66,532	-	66,532
Transfers in	244,703	259,412	(14,709)
Total other financing sources	311,235	259,412	51,823
Excess (deficiency) of revenues and other financing sources over expenditures	223,281	35,819	187,462
Fund balance, January 1	577,031		
Fund balance, December 31	\$ 800,312		

CITY OF PEWAUKEE
Non-Major Governmental Funds

COMBINING BALANCE SHEET

December 31, 2016

	Special Revenue	Capital Projects	Permanent	Total Non-Major Funds
Assets:				
Cash and cash equivalents	\$ 569,579	4,460,781	68,021	5,098,381
Investments	-	2,823,214	-	2,823,214
Receivables:				
Current taxes	6,836	697,277	-	704,113
Accounts	33,010	-	-	33,010
Restricted assets:				
Cash and cash equivalents:				
Capital projects	-	164,250	-	164,250
Total assets	\$ 609,425	8,145,522	68,021	8,822,968
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ -	68,433	-	68,433
Construction contracts payable	-	230,577	-	230,577
Unearned revenue	11,518	-	-	11,518
Total liabilities	11,518	299,010	-	310,528
Deferred Inflows of Resources				
Subsequent year's tax levy	15,000	1,400,000	-	1,415,000
Fund Balance:				
Nonspendable	-	-	68,021	68,021
Restricted	566,117	164,250	-	730,367
Committed	-	3,928,933	-	3,928,933
Assigned	16,790	2,353,329	-	2,370,119
Total fund balance	582,907	6,446,512	68,021	7,097,440
Total liabilities, deferred inflows of resources and fund balance				
	\$ 609,425	8,145,522	68,021	8,822,968

CITY OF PEWAUKEE
Non-Major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Non-Major Funds</u>
Revenues:				
Taxes	\$ 598,867	1,010,278	-	1,609,145
Intergovernmental	10,933	-	-	10,933
Charges for services	172,414	-	902	173,316
Interest	1,445	17,892	-	19,337
Total revenues	<u>783,659</u>	<u>1,028,170</u>	<u>902</u>	<u>1,812,731</u>
Expenditures:				
Current:				
Public safety	10,933	-	-	10,933
Health and sanitation	12,187	-	-	12,187
Economic development	484,965	-	-	484,965
Unclassified	-	31,953	-	31,953
Capital outlay	-	3,727,693	-	3,727,693
Total expenditures	<u>508,085</u>	<u>3,759,646</u>	<u>-</u>	<u>4,267,731</u>
Excess (deficiency) of revenues over expenditures	<u>275,574</u>	<u>(2,731,476)</u>	<u>902</u>	<u>(2,455,000)</u>
Other financing sources (uses):				
Face amount of long-term debt	-	2,995,000	-	2,995,000
Transfers in	-	1,391,544	-	1,391,544
Transfers out	<u>(498,964)</u>	<u>-</u>	<u>-</u>	<u>(498,964)</u>
Total other financing sources (uses)	<u>(498,964)</u>	<u>4,386,544</u>	<u>-</u>	<u>3,887,580</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(223,390)</u>	<u>1,655,068</u>	<u>902</u>	<u>1,432,580</u>
Fund balance, January 1	<u>806,297</u>	<u>4,791,444</u>	<u>67,119</u>	<u>5,664,860</u>
Fund balance, December 31	<u>\$ 582,907</u>	<u>6,446,512</u>	<u>68,021</u>	<u>7,097,440</u>

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 2016

	Impact Fee	Tourism and Convention	Green Space Facilities	Public Safety Grants	Cemetery	Total
Assets:						
Cash and cash equivalents	\$ 449,314	16,990	16,790	11,518	74,967	569,579
Taxes receivable	-	-	-	-	6,836	6,836
Accounts receivable	-	33,010	-	-	-	33,010
Total assets	\$ 449,314	50,000	16,790	11,518	81,803	609,425
Liabilities, Deferred Inflows of Resources and Fund Balance:						
Liabilities:						
Unearned revenue	\$ -	-	-	11,518	-	11,518
Total liabilities	-	-	-	11,518	-	11,518
Deferred inflows of resources:						
Subsequent year's tax levy	-	-	-	-	15,000	15,000
Fund balance:						
Restricted	449,314	50,000	-	-	66,803	566,117
Assigned	-	-	16,790	-	-	16,790
Total fund balance	449,314	50,000	16,790	-	66,803	582,907
Total liabilities, deferred inflows of resources and fund balance	\$ 449,314	50,000	16,790	11,518	81,803	609,425

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2016

	Impact Fee	Tourism and Convention	Green Space Facilities	Public Safety Grants	Cemetery	Total
Revenues:						
General tax levy	\$ -	-	-	-	15,000	15,000
Public accommodation tax	-	583,867	-	-	-	583,867
Intergovernmental	-	-	-	10,933	-	10,933
Charges for services:						
Impact fees	168,546	-	-	-	-	168,546
Interment fees	-	-	-	-	2,750	2,750
Lot sales	-	-	-	-	198	198
Columbarium niche sales	-	-	-	-	920	920
Interest earnings	312	818	-	-	315	1,445
Total revenues	<u>168,858</u>	<u>584,685</u>	<u>-</u>	<u>10,933</u>	<u>19,183</u>	<u>783,659</u>
Expenditures:						
Public safety	-	-	-	10,933	-	10,933
Health and sanitation	-	-	-	-	12,187	12,187
Economic development	-	484,965	-	-	-	484,965
Total expenditures	<u>-</u>	<u>484,965</u>	<u>-</u>	<u>10,933</u>	<u>12,187</u>	<u>508,085</u>
Excess of revenues over expenditures	168,858	99,720	-	-	6,996	275,574
Other financing uses:						
Transfers out	<u>(50,000)</u>	<u>(448,544)</u>	<u>-</u>	<u>-</u>	<u>(420)</u>	<u>(498,964)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	118,858	(348,824)	-	-	6,576	(223,390)
Fund balance, January 1	<u>330,456</u>	<u>398,824</u>	<u>16,790</u>	<u>-</u>	<u>60,227</u>	<u>806,297</u>
Fund balance, December 31	<u>\$ 449,314</u>	<u>50,000</u>	<u>16,790</u>	<u>-</u>	<u>66,803</u>	<u>582,907</u>

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

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

Year Ended December 31, 2016

	Impact Fee		Tourism and Convention		Green Space Facilities		Public Safety Grants		Cemetery		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenues:												
General tax levy	\$ -	-	-	-	-	-	-	-	15,000	15,000	15,000	15,000
Public accommodation tax	-	-	583,867	485,000	-	-	-	-	-	-	583,867	485,000
Intergovernmental	-	-	-	-	-	-	10,933	-	-	-	10,933	-
Charges for services:												
Impact fees	168,546	95,000	-	-	-	-	-	-	-	-	168,546	95,000
Interment fees	-	-	-	-	-	-	-	-	2,750	3,000	2,750	3,000
Lot sales	-	-	-	-	-	-	-	-	198	264	198	264
Columbarium niche sales	-	-	-	-	-	-	-	-	920	460	920	460
Interest earnings	312	100	818	400	-	-	-	-	315	25	1,445	525
Total revenues	<u>168,858</u>	<u>95,100</u>	<u>584,685</u>	<u>485,400</u>	<u>-</u>	<u>-</u>	<u>10,933</u>	<u>-</u>	<u>19,183</u>	<u>18,749</u>	<u>783,659</u>	<u>599,249</u>
Expenditures:												
Public safety	-	-	-	-	-	-	10,933	-	-	-	10,933	-
Health and sanitation	-	-	-	-	-	-	-	-	12,187	23,832	12,187	23,832
Economic development	-	-	484,965	493,950	-	-	-	-	-	-	484,965	493,950
Total expenditures	<u>-</u>	<u>-</u>	<u>484,965</u>	<u>493,950</u>	<u>-</u>	<u>-</u>	<u>10,933</u>	<u>-</u>	<u>12,187</u>	<u>23,832</u>	<u>508,085</u>	<u>517,782</u>
Excess (deficiency) of revenues over expenditures	168,858	95,100	99,720	(8,550)	-	-	-	-	6,996	(5,083)	275,574	81,467
Other financing uses:												
Transfers out	(50,000)	(50,000)	(448,544)	(100,000)	-	-	-	-	(420)	(444)	(498,964)	(150,444)
Excess (deficiency) of revenues over expenditures and other financing uses	118,858	<u>45,100</u>	(348,824)	<u>(108,550)</u>	-	<u>-</u>	-	<u>-</u>	6,576	<u>(5,527)</u>	(223,390)	<u>(68,977)</u>
Fund balance, January 1	<u>330,456</u>		<u>398,824</u>		<u>16,790</u>		<u>-</u>		<u>60,227</u>		<u>806,297</u>	
Fund balance, December 31	\$ <u>449,314</u>		<u>50,000</u>		<u>16,790</u>		<u>-</u>		<u>66,803</u>		<u>582,907</u>	

CITY OF PEWAUKEE
Non-Major Capital Projects Funds

COMBINING BALANCE SHEET

December 31, 2016

	<u>Road Construction</u>	<u>Sports Complex</u>	<u>Capital Equipment</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,500,194	825,587	2,135,000	4,460,781
Investments	-	-	2,823,214	2,823,214
Taxes receivable	100,262	-	597,015	697,277
Restricted assets:				
Cash and cash equivalents:				
Capital projects	83,899	80,351	-	164,250
Total assets	<u>\$ 1,684,355</u>	<u>905,938</u>	<u>5,555,229</u>	<u>8,145,522</u>
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 5,296	3,743	59,394	68,433
Construction contracts payable	28,567	202,010	-	230,577
Total liabilities	<u>33,863</u>	<u>205,753</u>	<u>59,394</u>	<u>299,010</u>
Deferred Inflows of Resources:				
Subsequent year's tax levy	<u>200,000</u>	<u>-</u>	<u>1,200,000</u>	<u>1,400,000</u>
Fund Balance:				
Restricted	83,899	80,351	-	164,250
Committed	-	-	3,928,933	3,928,933
Assigned	1,366,593	619,834	366,902	2,353,329
Total fund balance	<u>1,450,492</u>	<u>700,185</u>	<u>4,295,835</u>	<u>6,446,512</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,684,355</u>	<u>905,938</u>	<u>5,555,229</u>	<u>8,145,522</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, 2016

	Road Construction		Sports Complex		Capital Equipment		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenues:								
General property taxes	\$ 200,000	200,000	-	-	810,278	810,278	1,010,278	1,010,278
Intergovernmental	-	22,700	-	-	-	-	-	22,700
Interest earnings	3,286	10,890	200	1,620	14,406	5,780	17,892	18,290
Total revenues	<u>203,286</u>	<u>233,590</u>	<u>200</u>	<u>1,620</u>	<u>824,684</u>	<u>816,058</u>	<u>1,028,170</u>	<u>1,051,268</u>
Expenditures:								
Bond issue costs	12,429	25,000	19,524	-	-	-	31,953	25,000
Capital outlays	1,150,504	2,505,727	1,505,846	1,146,438	1,071,343	2,575,251	3,727,693	6,227,416
	<u>1,162,933</u>	<u>2,530,727</u>	<u>1,525,370</u>	<u>1,146,438</u>	<u>1,071,343</u>	<u>2,575,251</u>	<u>3,759,646</u>	<u>6,252,416</u>
Excess (deficiency) of revenues over expenditures	<u>(959,647)</u>	<u>(2,297,137)</u>	<u>(1,525,170)</u>	<u>(1,144,818)</u>	<u>(246,659)</u>	<u>(1,759,193)</u>	<u>(2,731,476)</u>	<u>(5,201,148)</u>
Other financing sources:								
Face amount of long-term debt	1,165,000	2,775,000	1,830,000	2,000,000	-	-	2,995,000	4,775,000
Transfers in	-	-	498,544	150,000	893,000	893,000	1,391,544	1,043,000
	<u>1,165,000</u>	<u>2,775,000</u>	<u>2,328,544</u>	<u>2,150,000</u>	<u>893,000</u>	<u>893,000</u>	<u>4,386,544</u>	<u>5,818,000</u>
Excess (deficiency) of revenues and other sources over expenditures	205,353	<u>477,863</u>	803,374	<u>1,005,182</u>	646,341	<u>(866,193)</u>	1,655,068	<u>616,852</u>
Fund balance, January 1	<u>1,245,139</u>		<u>(103,189)</u>		<u>3,649,494</u>		<u>4,791,444</u>	
Fund balance, December 31	\$ <u>1,450,492</u>		<u>700,185</u>		<u>4,295,835</u>		<u>6,446,512</u>	

CITY OF PEWAUKEE
Permanent Fund - Cemetery Perpetual Care

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2016

Revenues:	
Charges for services:	
Perpetual care	\$ 902
Expenditures:	
Unclassified	<u> -</u>
Excess of revenues over expenditures	902
Fund balance, January 1	<u>67,119</u>
Fund balance, December 31	\$ <u><u>68,021</u></u>

CITY OF PEWAUKEE
Enterprise Fund
Water Utility

STATEMENT OF OPERATING INCOME AND EXPENSES

Year Ended December 31,2016

Operating revenues:	
Sale of water:	
Residential	\$ 925,865
Commercial	592,309
Industrial	94,753
Public authorities	2,966
	<u>1,615,893</u>
Public fire protection	415,330
Private fire protection	68,077
Customer's forfeited discounts	10,106
Other revenue	6,838
Total operating revenues	<u>2,116,244</u>
Operating expenses:	
Plant operation and maintenance:	
Salaries and wages	141,850
Transportation expense	11,865
Power purchased for pumping	228,072
Chemicals	102,096
Operating supplies	112,146
Repairs of water plant	174,668
	<u>770,697</u>
General operating expenses:	
Administrative salaries	172,407
Office supplies and expenses	25,662
Outside services employed	65,635
Insurance	11,396
Employee benefits	135,383
Other general expenses	20,732
	<u>431,215</u>
Total operation and maintenance	<u>1,201,912</u>
Depreciation	1,022,572
Amortization	138,880
Taxes	2,217
Total operating expenses	<u>2,365,581</u>
Net operating loss	<u>(249,337)</u>
Non-operating income (expenses)	
Interest income	11,210
Interest expense	(112,501)
Bond premium	48,646
Bond issue costs	(27,206)
Total non-operating income (expenses)	<u>(79,851)</u>
Loss before contributions and transfers	(329,188)
Contributions	764,806
Transfer out	(547,523)
Change in net position	<u>\$ (111,905)</u>

CITY OF PEWAUKEE
Enterprise Fund
Sewer Utility

STATEMENT OF OPERATING INCOME AND EXPENSES

Year Ended December 31, 2016

Operating revenues:	
Sewer service charges:	
Residential	\$ 1,828,483
Commercial	1,179,887
Industrial	171,089
Public authorities	8,124
Other revenue	24,195
Total operating revenues	<u>3,211,778</u>
Operating expenses:	
Plant operation and maintenance:	
Sewage treatment charges	1,262,591
Salaries and wages	85,719
Power purchased for pumping	46,695
Supplies and expenses	16,185
Maintenance	254,750
	<u>1,665,940</u>
General operating expenses:	
Administrative salaries	157,099
Office supplies and expenses	25,460
Outside services employed	88,129
Insurance	11,396
Employee benefits	54,573
Other general expenses	20,692
	<u>357,349</u>
Total operation and maintenance	2,023,289
Depreciation	1,375,689
Total operating expenses	<u>3,398,978</u>
Net operating loss	<u>(187,200)</u>
Non-operating income (expenses)	
Interest income	139,496
Interest expense	(45,068)
Total non-operating income (expenses)	<u>94,428</u>
Loss before contributions	(92,772)
Contributions	<u>1,068,647</u>
Change in net position	<u>\$ 975,875</u>

CITY OF PEWAUKEE
Enterprise Funds
Water and Sewer Utility

ANALYSIS OF UTILITY PLANT IN SERVICE

Years Ended December 31, 2016 and 2015

	Utility Plant				% Rate	Accumulated Depreciation			
	Balance	Additions	Disposals	Balance		Balance	Additions	Disposals	Balance
	Dec. 31, 2015			Dec. 31, 2016		Dec. 31, 2015			Dec. 31, 2016
Water Utility:									
Source of supply plant:									
Wells and springs	\$ 2,352,135	-	-	2,352,135	2.90	862,916	68,212	-	931,128
Supply mains	237,834	-	-	237,834	1.80	77,123	4,281	-	81,404
Pumping plant:									
Land	530,387	-	-	530,387	-	-	-	-	-
Structures and improvements	5,823,683	-	-	5,823,683	3.20	2,219,354	186,359	-	2,405,713
Electric pumping equipment	1,633,047	-	-	1,633,047	4.40	434,522	71,820	-	506,342
Other pumping equipment	201,872	-	-	201,872	4.40	143,577	8,882	-	152,459
Water treatment plant	382,284	-	-	382,284	6.00	193,552	22,937	-	216,489
Transmission and distribution plant:									
Distribution reservoirs and standpipes	2,002,834	-	-	2,002,834	1.90	682,637	38,054	-	720,691
Transmission and distribution mains	25,914,187	224,027	-	26,138,214	1.30	4,362,831	338,340	-	4,701,171
Services	4,018,488	93,531	-	4,112,019	2.90	1,482,128	117,892	-	1,600,020
Meters	575,001	105,815	22,400	658,416	5.50	259,703	34,534	22,400	271,837
Hydrants	3,361,565	52,303	-	3,413,868	2.20	916,489	74,531	-	991,020
General plant:									
Transportation equipment	260,000	43,711	-	303,711	13.30	215,338	37,487	-	252,825
Office furniture and equipment	180,982	10,099	-	191,081	Var.	169,878	6,971	-	176,849
Other general equipment	304,268	-	-	304,268	Var.	277,171	12,272	-	289,443
Power operating equipment	175	-	-	175	7.50	175	-	-	175
	<u>47,778,742</u>	<u>529,486</u>	<u>22,400</u>	<u>48,285,828</u>		<u>12,297,394</u>	<u>1,022,572</u>	<u>22,400</u>	<u>13,297,566</u>
Sewer Utility:									
Buildings and structures	3,800,396	-	-	3,800,396	2.00	782,576	76,007	-	858,583
Collection sewers	33,403,784	403,828	-	33,807,612	1.00	5,082,732	336,057	-	5,418,789
Force mains	2,300,854	-	-	2,300,854	3.33	796,316	76,618	-	872,934
Services	5,032,409	160,960	-	5,193,369	1.00	695,988	51,129	-	747,117
Pumping equipment	4,029,806	-	-	4,029,806	5.00	2,221,328	201,490	-	2,422,818
Other equipment	351,701	2,838	-	354,539	Var.	302,745	25,569	-	328,314
Treatment plant	12,054,562	243,642	-	12,298,204	5.00	10,392,999	608,819	-	11,001,818
	<u>60,973,512</u>	<u>811,268</u>	<u>-</u>	<u>61,784,780</u>		<u>20,274,684</u>	<u>1,375,689</u>	<u>-</u>	<u>21,650,373</u>
Construction in progress									
Water	175,086	1,968,036	-	2,143,122		-	-	-	-
Sewer	66,407	-	-	66,407		-	-	-	-
	<u>241,493</u>	<u>1,968,036</u>	<u>-</u>	<u>2,209,529</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>108,993,747</u>	<u>3,308,790</u>	<u>22,400</u>	<u>112,280,137</u>		<u>32,572,078</u>	<u>2,398,261</u>	<u>22,400</u>	<u>34,947,939</u>