

CITY OF PEWAUKEE

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

CITY OF PEWAUKEE
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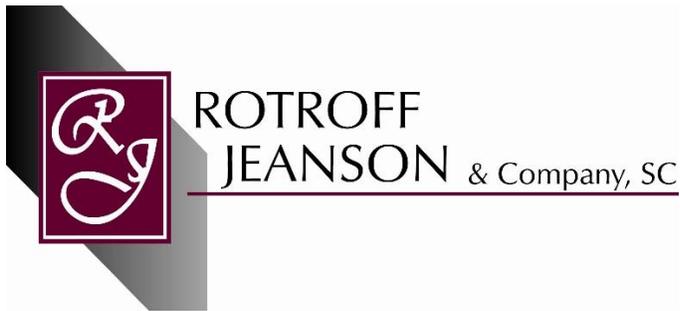
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Independent Auditors' Report

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 50 - 52 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.

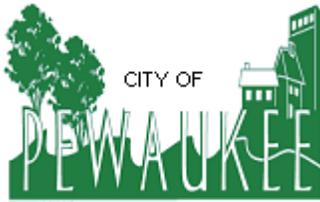
Other Information

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
June 18, 2018



The City in the Country

Office of the Mayor

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

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, 2017. 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 \$141,186,267 (net position). Of this amount, \$108,085,597 relates to the net investment in capital assets. \$1,917,234 is restricted for capital projects, pension benefits and other various purposes. \$31,183,436 is considered unrestricted and available to meet the government's ongoing obligations to citizens and creditors.

During 2017, the City's net position increased by \$3,379,996 or 2.5%. The City's governmental activities increased \$3,331,887 while the business-type activities increased by \$48,109.

At December 31, 2017, the City's governmental funds reported combined ending fund balances of \$17,264,057, a decrease of \$54,431 from the previous year. The General Fund comprised \$4,863,990, or 28.2% of the combined fund balances. The Capital Equipment Fund comprised \$4,791,455, or 27.8% of the combined fund balances. The Storm Water Management Fund comprised \$4,201,550 or 24.3% of the combined fund balances. The Road Construction Fund comprised \$1,041,793, or 6% of the combined fund balances, of which \$63,630 remains from long-term borrowings and is considered restricted. The Sport Complex Capital Project Fund comprised \$608,152, or 3.5% of the combined fund balances. Additional restricted funds from various special revenue funds totaled \$729,007.

The Common Council adopted resolutions and ordinances committing \$8,169,768 for future capital projects of which \$4,201,550 is for future storm water management, \$1,511,368 for public safety capital equipment, \$1,432,392 for public works capital equipment and a new salt shed, \$681,684 for property improvements, \$246,740 for park and recreation equipment replacement and \$96,034 for other capital needs within the City.

Components of the assigned fund balance include \$978,163 for road construction, \$957,177 for future debt service expenditures, \$608,152 for construction of the sports complex, \$1,069,977 for future capital purchases, and \$17,502 for community policing events.

The General Fund balance decreased by \$867,283 in 2017 to \$4,863,990. Unassigned general fund balance was \$4,413,252 or approximately 34% of current year general fund revenues.

During 2017, the City's fixed assets, net of accumulated depreciation, increased \$754,951, from \$124,239,186 to \$124,994,137.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

The City's long-term obligations, including \$474,820 of vested employee benefits, totaled \$17,838,718 at December 31, 2017. At December 31, 2016 total long-term obligations had been \$19,677,083.

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, 2017. 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, 2017

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 twelve governmental funds, only the general, storm water management and debt service funds are "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 classified as "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, 2017

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 - 49 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 2017 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, 2017 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 50 -52 of this report.

Supporting Schedules

Readers desiring additional supplementary information can find it in the supporting schedules found on pages 53 - 74, 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, 2017

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 \$141,186,267 and \$137,806,271 at the close of the most recent fiscal years.

Statement of Net Position at December 31, 2016 and 2017
(in thousands)

	Governmental		Business-Type		Total		Total Change	
	Activities		Activities				Dollars	%
	2016	2017	2016	2017	2016	2017	2016 - 2017	
Current and other assets	\$ 31,051	32,743	15,639	16,661	46,690	49,404	2,714	5.8%
Capital assets	46,907	48,722	77,332	76,272	124,239	124,994	755	.6%
Total assets	77,958	81,465	92,971	92,933	170,929	174,398	3,469	2.0%
Deferred outflows of resources	3,044	2,492	298	235	3,342	2,727	(615)	(18.4)%
Current and other liabilities	3,628	4,438	1,276	1,638	4,904	6,076	1,172	23.9%
Long-term liabilities	10,344	8,678	9,302	8,788	19,646	17,466	(2,180)	(11.1)%
Total liabilities	13,972	13,116	10,578	10,426	24,550	23,542	(1,008)	(4.1)%
Deferred inflows of resources	11,802	12,281	113	116	11,915	12,397	482	4.0%
Net position:								
Net investment in capital assets	36,825	39,831	68,798	68,254	105,623	108,085	2,462	2.3%
Restricted	1,970	1,816	781	102	2,751	1,918	(833)	(30.3)%
Unrestricted	16,433	16,913	12,999	14,270	29,432	31,183	1,751	5.9%
Total net position	\$ 55,228	58,560	82,578	82,626	137,806	141,186	3,380	2.5%

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

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

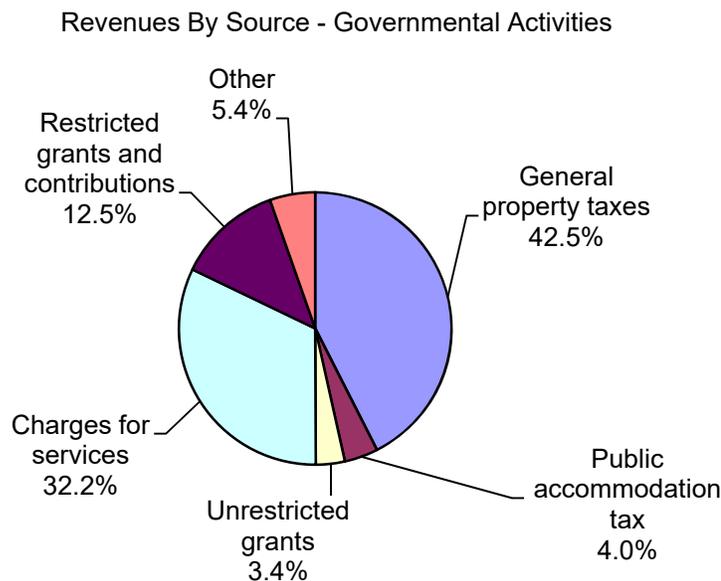
A portion of the year-end net position is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. These include development charges and other collections limited to the repayment of debt and amounts payable for future pension benefits. Of the amounts shown as "Restricted net assets", \$1,015,702 has been restricted for potential future pension costs.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Statement of Activities

Governmental Activities

The City's net position from governmental activities increased \$3,331,887 in 2017. The increase in net position is a combination of increases in restricted grants and contributions which include infrastructure assets contributed to the City by developers and reduced spending. As shown by the following graph, taxes (general property and public accommodation) totaling \$9,559,182 made up 46.5% of the total governmental revenues during the current fiscal year.



Program charges for services, which directly offset related program expenses, totaled \$6,618,610 and \$7,286,751 respectively, for the years ended December 31, 2017 and 2016 and included the following:

	<u>2016</u>	<u>2017</u>
Public safety and judicial	\$ 4,045,195	3,551,660
Health and sanitation	748,287	726,582
Public works	1,816,418	1,671,644
Culture and recreation	607,126	603,875
Miscellaneous	69,725	64,849

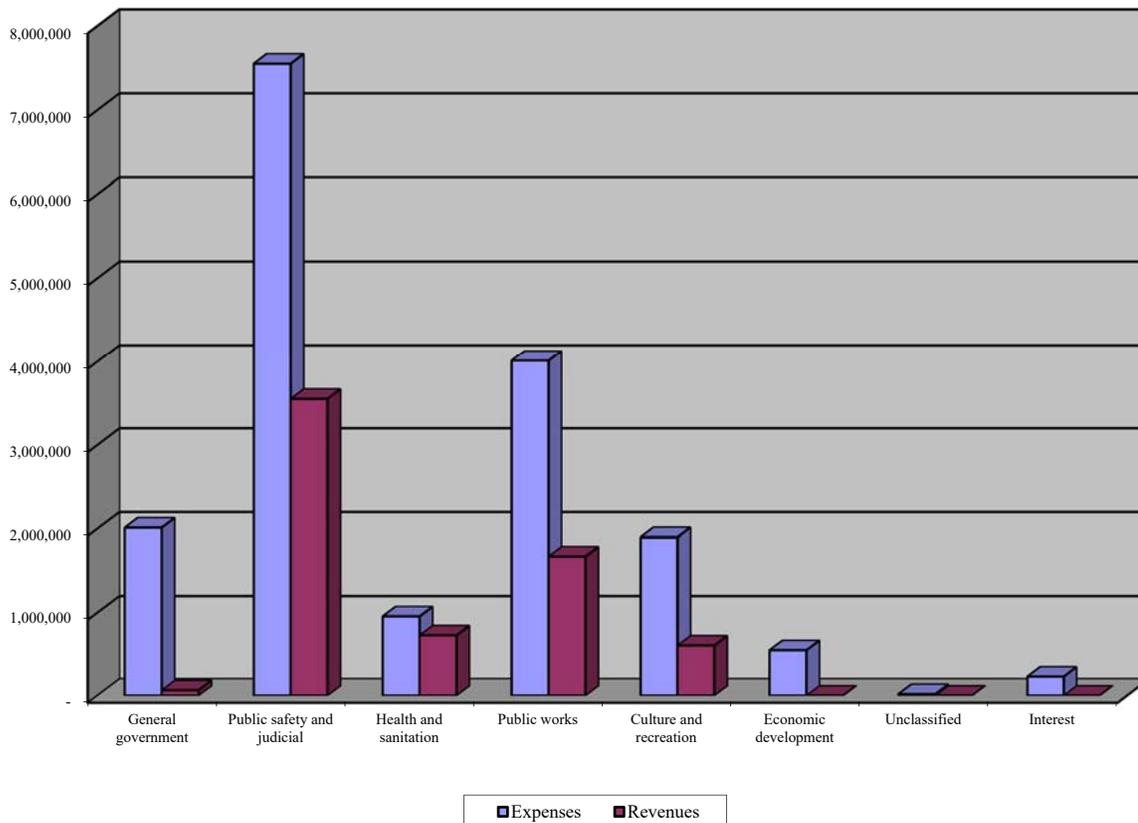
Restricted program grants and contributions include special assessments for road improvements charged to the benefitting property owners, developer financed improvements subsequently contributed to the City, aids received from the State of Wisconsin for public safety and highway and transportation, and 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 23.3% was spent for public works, i.e. maintenance of City streets, roads and storm water management. The City spent \$1,898,511, or 11%, towards its culture and recreation programs in 2017. 76.1% of health and sanitation program expenses were directly offset by charges for related services. Depreciation of the City governmental activity fixed assets of \$2,692,730 was allocated to the various governmental activities during 2017 based upon actual usage of the various capital assets, compared to \$2,607,605 in 2016. 69.1% 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, 2017

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 \$48,109. 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	
	2016	2017	2016	2017	2016	2017	Dollars	%
Revenues	\$ 2,116	2,107	3,212	3,280	5,328	5,387	59	1.1%
Expenses	2,365	2,276	3,399	3,168	5,764	5,444	(320)	(5.6)%
Operating income (loss)	\$ (249)	(169)	(187)	112	(436)	(57)	(379)	(86.9)%

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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

Statement of Activities for the Years Ended December 31, 2017 and 2016
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total Change</u>	
	2016	2017	2016	2017	2016	2017	Dollars	%
REVENUES								
Program revenues:								
Charges for services	\$ 7,287	6,619	5,328	5,387	12,615	12,006	(609)	(4.8)%
Grants and contributions:								
Operating	727	729	-	-	727	729	2	0.3%
Capital	908	1,839	1,834	741	2,742	2,580	(162)	(5.9)%
General revenues:								
General property taxes	8,410	8,739	-	-	8,410	8,739	329	3.9%
Public accommodation taxes	834	820	-	-	834	820	(14)	(1.7)%
Unrestricted grants	723	705	-	-	723	705	(18)	(2.5)%
Interest earnings	124	168	151	123	275	291	16	5.8%
Other	273	379	48	-	321	379	58	18.1%
Total revenues	<u>19,286</u>	<u>19,998</u>	<u>7,361</u>	<u>6,251</u>	<u>26,647</u>	<u>26,249</u>	<u>(398)</u>	<u>(1.5)%</u>
EXPENSES								
General government	2,024	2,012	-	-	2,024	2,012	(12)	(0.6)%
Public safety and judicial	7,418	7,552	-	-	7,418	7,552	134	1.8%
Health and sanitation	950	955	-	-	950	955	5	0.5%
Public works	3,875	4,011	-	-	3,875	4,011	136	3.5%
Culture and recreation	1,779	1,899	-	-	1,779	1,899	120	6.7%
Economic development	485	547	-	-	485	547	62	12.8%
Unclassified	152	19	-	-	152	19	(133)	(87.5)%
Interest and fiscal charges	213	229	-	-	213	229	16	7.5%
Water utility operations	-	-	2,505	2,440	2,505	2,440	(65)	(2.6)%
Sewer utility operations	-	-	3,444	3,205	3,444	3,205	(239)	(6.9)%
Total expenses	<u>16,896</u>	<u>17,224</u>	<u>5,949</u>	<u>5,645</u>	<u>22,845</u>	<u>22,869</u>	<u>24</u>	<u>0.1%</u>
Change in net position before transfers	2,390	2,774	1,412	606	3,802	3,380	(422)	
Transfers	548	558	(548)	(558)	-	-	-	
Change in net position	<u>2,938</u>	<u>3,332</u>	<u>864</u>	<u>48</u>	<u>3,802</u>	<u>3,380</u>	<u>(422)</u>	
Net position:								
Beginning of year	<u>52,290</u>	<u>55,228</u>	<u>81,714</u>	<u>82,578</u>	<u>134,004</u>	<u>137,806</u>	<u>3,802</u>	
End of year	<u>\$55,228</u>	<u>58,560</u>	<u>82,578</u>	<u>82,626</u>	<u>137,806</u>	<u>141,186</u>	<u>3,380</u>	

Financial Analysis of the City's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,264,057. Approximately 25.6% of this total amount, or \$4,413,252, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The assigned fund balance, \$3,630,971 indicates that the City has set these balances aside for specific future purposes. These include \$978,163 for road construction projects, \$608,152 for sports complex construction, \$1,069,977 for future capital equipment purchases, \$957,177 for debt service payments, and \$17,502 is for community policing.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Committed fund balances of \$8,169,768 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	\$ 246,740
Storm water management	4,201,550
Capital equipment	3,721,478

The restricted fund balance of \$792,637 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 –	
Unexpended debt proceeds	\$ 63,630
Impact fees	580,709
Tourism and convention	77,208
Cemetery – Expendable	71,090

Although the Common Council originally approved a balanced budget for the general fund in 2017, the fund balance actually decreased by \$867,283. General fund revenues and other financing sources exceeded the originally approved 2017 budget by \$74,532 and general fund expenditures were \$1,058,185 less than budgeted. These were offset by transfers from the general fund to other funds which exceeded originally budgeted amounts by \$2,000,000.

The majority of departmental expenditures were less than originally budgeted. Overall the general fund expenditures totaled \$12,815,830, \$1,058,185 or 7.6% less than budgeted. This was primarily the result of the following being under budget: General government - \$336,668, Public safety - \$331,174, Public works - \$188,357 and Culture and recreation - \$59,469.

The City's general fund transferred \$1,000,000 to both the road construction fund and the capital equipment fund in 2017; neither of which had been budgeted for.

The City also spent \$845,662, \$1,723,893 and \$1,634,045 on storm water management, capital equipment purchases and road construction projects, respectively, during 2017.

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

General	\$ (867,283)
Storm water management	512,087
Debt service fund	156,865
Impact fee	131,395
Tourism and convention	27,208
Green space facilities	(16,790)
Expendable cemetery	4,287
Road construction	(408,699)
Sports complex	(92,033)
Capital equipment	495,620
Cemetery – perpetual care	2,912
	<u>\$ (54,431)</u>

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2017, the City had invested \$124,994,137 in capital assets, net of accumulated depreciation. During 2017 the City's gross capital assets increased \$4,780,732. This included developer donated assets of \$1,002,232 contributed to the City in the form of roads, and the sewer utility's system.

Capital Assets at December 31, 2017
(in thousands)

	Governmental Activities	Business-type Activities	Total Government
Land	\$ 3,736	530	4,266
Buildings	12,956	9,624	22,580
Furniture and equipment	9,578	1,222	10,800
Infrastructure and improvements other than buildings	50,679	101,936	152,615
Construction in progress	2,790	296	3,086
Total capital assets	79,739	113,608	193,347
Less: Accumulated depreciation	31,017	37,336	68,353
Total net assets	<u>\$ 48,722</u>	<u>76,272</u>	<u>124,994</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	\$ 46,907	77,332	124,239
Additions	4,797	1,390	6,187
Disposals, net	(289)	(16)	(305)
Depreciation	(2,693)	(2,434)	(5,127)
Ending balance	<u>\$ 48,722</u>	<u>76,272</u>	<u>124,994</u>

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

General government	\$ 250,482
Public safety	435,903
Health and sanitation	1,119
Public works, including infrastructure	1,860,882
Culture and recreation	<u>144,344</u>
	<u>\$ 2,692,730</u>

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Debt Outstanding

The City has \$17,838,718 in long-term obligations outstanding at December 31, 2017, including long-term employee benefits of \$474,820. \$1,901,802 of the obligations comes due within one year

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

Governmental:	
General obligation notes	\$ 2,318
General obligation bonds	7,028
Compensated absences	<u>475</u>
	<u>9,821</u>
Business-type:	
General obligation bonds	7,737
Intermunicipal loans	<u>281</u>
	<u>8,018</u>
	<u>\$ 17,839</u>

2017 debt repayments, including long-term employee benefits were:

Governmental activities	\$ 1,344,729
Proprietary activities	<u>516,582</u>
	<u>\$ 1,861,311</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.

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 11.6% of our \$150.1 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.

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 2017, the City issued 69 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.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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 2017 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, 2017

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 13,332,347	11,271,105	24,603,452
Investments	2,526,319	-	2,526,319
Property taxes receivable	5,232,971	-	5,232,971
Other receivables (net)	977,396	1,403,837	2,381,233
Special assessments	-	188,009	188,009
Internal balances	557,342	(557,342)	-
Inventories and prepaid expenses	185,522	8,329	193,851
Restricted assets:			
Cash and cash equivalents:			
Capital projects	63,630	11,260	74,890
Non-current assets:			
Fixed assets:			
Land and construction in progress	6,526,615	825,905	7,352,520
Capital assets, net of			
accumulated depreciation	42,195,604	75,446,013	117,641,617
Investments	9,017,470	-	9,017,470
Special assessments	849,606	3,824,227	4,673,833
Unamortized charges	-	512,096	512,096
Total assets	<u>81,464,822</u>	<u>92,933,439</u>	<u>174,398,261</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>2,491,608</u>	<u>235,087</u>	<u>2,726,695</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,152,585	1,162,512	3,315,097
Unearned revenue	859,453	-	859,453
Current portion of long-term obligations	1,425,995	475,807	1,901,802
Noncurrent liabilities:			
Noncurrent portion of long-term obligatic	8,395,145	7,541,771	15,936,916
Assessments due developers	-	1,166,492	1,166,492
Construction contracts payable	-	50,740	50,740
Net pension liability	<u>282,282</u>	<u>28,602</u>	<u>310,884</u>
Total liabilities	<u>13,115,460</u>	<u>10,425,924</u>	<u>23,541,384</u>
Deferred Inflows of Resources:			
Subsequent year's tax levy	9,178,302	-	9,178,302
Special assessments	341,919	-	341,919
Storm water fees	1,567,307	-	1,567,307
Deferred inflows related to pensions	<u>1,193,624</u>	<u>116,153</u>	<u>1,309,777</u>
Total deferred inflows or resources	<u>12,281,152</u>	<u>116,153</u>	<u>12,397,305</u>
Net Position:			
Net investment in capital assets	39,831,257	68,254,340	108,085,597
Restricted	1,815,642	101,592	1,917,234
Unrestricted	<u>16,912,919</u>	<u>14,270,517</u>	<u>31,183,436</u>
Total net position	<u>\$ 58,559,818</u>	<u>82,626,449</u>	<u>141,186,267</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

	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	\$ 2,011,995	64,849	-	-	(1,947,146)	-	(1,947,146)
Public safety and judicial	7,552,406	3,551,660	130,839	-	(3,869,907)	-	(3,869,907)
Health and sanitation	954,851	726,582	108,576	-	(119,693)	-	(119,693)
Public works	4,011,298	1,671,644	489,840	1,838,721	(11,093)	-	(11,093)
Culture and recreation	1,898,511	603,875	-	-	(1,294,636)	-	(1,294,636)
Economic development	547,050	-	-	-	(547,050)	-	(547,050)
Unclassified	18,509	-	-	-	(18,509)	-	(18,509)
Indirect expenses:							
Interest and other related charges	229,378	-	-	-	(229,378)	-	(229,378)
Total governmental activities	<u>17,223,998</u>	<u>6,618,610</u>	<u>729,255</u>	<u>1,838,721</u>	<u>(8,037,412)</u>	<u>-</u>	<u>(8,037,412)</u>
Business-type activities:							
Water utility	2,423,206	2,106,877	-	386,784	-	70,455	70,455
Sewer utility	3,204,879	3,279,818	-	353,717	-	428,656	428,656
Total business-type activities	<u>5,628,085</u>	<u>5,386,695</u>	<u>-</u>	<u>740,501</u>	<u>-</u>	<u>499,111</u>	<u>499,111</u>
Total primary government	<u>\$ 22,852,083</u>	<u>12,005,305</u>	<u>729,255</u>	<u>2,579,222</u>	<u>(8,037,412)</u>	<u>499,111</u>	<u>(7,538,301)</u>
General revenues, losses and transfers:							
Property taxes					\$ 8,739,256	-	8,739,256
Public accommodation taxes					819,926	-	819,926
Grants not restricted to specific programs					705,703	-	705,703
Video service provider fee					128,191	-	128,191
Interest and investment earnings					168,149	122,762	290,911
Miscellaneous					303,613	(16,422)	287,191
Claims and settlements					(52,881)	-	(52,881)
Transfers					557,342	(557,342)	-
Total general revenues, losses and transfers					<u>11,369,299</u>	<u>(451,002)</u>	<u>10,918,297</u>
Change in Net Position					3,331,887	48,109	3,379,996
Net Position - Beginning of Year					55,227,931	82,578,340	137,806,271
Net Position - End of Year					<u>\$ 58,559,818</u>	<u>82,626,449</u>	<u>141,186,267</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
BALANCE SHEET
Governmental Funds
December 31, 2017

	General	Storm Water Management	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 899,983	5,614,628	1,605,805	5,211,931	13,332,347
Investments	8,088,780	-	-	3,455,009	11,543,789
Receivables:					
Current taxes	3,871,610	277,072	597,777	486,512	5,232,971
Accounts	272,107	-	-	31,048	303,155
Special assessments	-	-	849,606	-	849,606
Intergovernmental	213,417	-	-	-	213,417
Inventory of supplies	161,298	-	-	-	161,298
Prepaid expenditures	24,224	-	-	-	24,224
Due from other fund	557,342	-	-	-	557,342
Restricted assets:					
Cash and cash equivalents - capital projects	-	-	-	63,630	63,630
Total assets	<u>\$ 14,088,761</u>	<u>5,891,700</u>	<u>3,053,188</u>	<u>9,248,130</u>	<u>32,281,779</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:					
Liabilities:					
Accounts payable	\$ 550,574	116,090	-	111,774	778,438
Construction contracts payable	-	6,753	-	869,791	876,544
Accrued payroll	209,699	-	-	-	209,699
Other accrued liabilities	223,731	-	-	-	223,731
Unearned revenue	846,728	-	-	12,725	859,453
Total liabilities	<u>1,830,732</u>	<u>122,843</u>	<u>-</u>	<u>994,290</u>	<u>2,947,865</u>
Deferred Inflows of Resources:					
Subsequent year's tax levy	7,065,802	-	1,100,000	1,012,500	9,178,302
Special assessments	328,237	-	996,011	-	1,324,248
Storm water fees	-	1,567,307	-	-	1,567,307
Total deferred inflows of resources	<u>7,394,039</u>	<u>1,567,307</u>	<u>2,096,011</u>	<u>1,012,500</u>	<u>12,069,857</u>
Fund Balance:					
Nonspendable	186,496	-	-	70,933	257,429
Restricted	-	-	-	792,637	792,637
Committed	246,740	4,201,550	-	3,721,478	8,169,768
Assigned	17,502	-	957,177	2,656,292	3,630,971
Unassigned	4,413,252	-	-	-	4,413,252
Total fund balance	<u>4,863,990</u>	<u>4,201,550</u>	<u>957,177</u>	<u>7,241,340</u>	<u>17,264,057</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 14,088,761</u>	<u>5,891,700</u>	<u>3,053,188</u>	<u>9,248,130</u>	<u>32,281,779</u>

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, 2017

Total fund balances - governmental funds	\$	17,264,057
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		460,824
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 79,738,739	
Less: Accumulated depreciation	<u>(31,016,520)</u>	48,722,219
Other long-term assets are not available to pay for current year expenditures and therefore are deferred in the funds.		982,329
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.		(282,282)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the governmental funds.		1,297,984
Accrued employee benefits are not due and payable in the current period and therefore are not reported in the governmental funds.		(474,820)
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.		(64,173)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.		<u>(9,346,320)</u>
Total net position - governmental activities	\$	<u><u>58,559,818</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, 2017

	General	Storm Water Management	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,488,526	-	1,443,172	1,988,948	9,920,646
Intergovernmental	1,419,266	-	12,643	25,002	1,456,911
Regulation and compliance	1,496,745	-	-	-	1,496,745
Charges for services	3,450,230	1,551,489	-	141,487	5,143,206
Interest	104,311	17,647	18,319	27,872	168,149
Miscellaneous	92,749	83,999	-	-	176,748
Total revenues	<u>13,051,827</u>	<u>1,653,135</u>	<u>1,474,134</u>	<u>2,183,309</u>	<u>18,362,405</u>
Expenditures:					
Current:					
General government	1,739,913	-	-	-	1,739,913
Public safety and judicial	6,805,733	-	-	3,049	6,808,782
Health and sanitation	935,042	-	-	18,690	953,732
Public works	1,401,628	625,779	-	-	2,027,407
Culture and recreation	1,892,048	-	-	-	1,892,048
Economic development	-	-	-	547,050	547,050
Unclassified	41,466	-	-	-	41,466
Capital outlay	-	219,883	-	3,453,410	3,673,293
Debt service:					
Principal	-	-	1,344,729	-	1,344,729
Interest	-	-	232,877	-	232,877
Total expenditures	<u>12,815,830</u>	<u>845,662</u>	<u>1,577,606</u>	<u>4,022,199</u>	<u>19,261,297</u>
Excess (deficiency) of revenues over expenditures	<u>235,997</u>	<u>807,473</u>	<u>(103,472)</u>	<u>(1,838,890)</u>	<u>(898,892)</u>
Other financing sources (uses):					
Sale of assets	340,000	-	-	-	340,000
Claims and settlements	-	(52,881)	-	-	(52,881)
Transfers in	574,132	17,832	260,337	2,000,000	2,852,301
Transfers out	(2,017,412)	(260,337)	-	(17,210)	(2,294,959)
Total other financing sources (uses)	<u>(1,103,280)</u>	<u>(295,386)</u>	<u>260,337</u>	<u>1,982,790</u>	<u>844,461</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(867,283)</u>	<u>512,087</u>	<u>156,865</u>	<u>143,900</u>	<u>(54,431)</u>
Fund balance:					
January 1	<u>5,731,273</u>	<u>3,689,463</u>	<u>800,312</u>	<u>7,097,440</u>	<u>17,318,488</u>
December 31	<u>\$ 4,863,990</u>	<u>4,201,550</u>	<u>957,177</u>	<u>7,241,340</u>	<u>17,264,057</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, 2017

Net change in fund balances - total governmental funds	\$ (54,431)
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.	102,262
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.	463,772
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.	1,032,246
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.	991,532
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.	(208,547)
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	(320,229)
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.	(22,946)
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.	3,499
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>1,344,729</u>
Change in net position of governmental activities	<u>\$ 3,331,887</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF NET POSITION
Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,260,335	10,010,770	11,271,105
Other receivables	494,575	909,262	1,403,837
Due from water	-	6,263,171	6,263,171
Special assessments	12,048	175,961	188,009
Inventory of supplies	8,329	-	8,329
Restricted assets - cash and cash equivalents:			
Capital projects	11,260	-	11,260
Non-current assets:			
Fixed assets:			
Non-depreciable:			
Land	530,387	-	530,387
Construction in progress	229,111	66,407	295,518
Depreciable:			
Capital assets, net of accumulated depreciation	36,357,131	39,088,882	75,446,013
Special assessments	1,295,341	2,528,886	3,824,227
Unamortized charges	512,096	-	512,096
Total assets	<u>40,710,613</u>	<u>59,043,339</u>	<u>99,753,952</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>158,206</u>	<u>76,881</u>	<u>235,087</u>
Liabilities:			
Current liabilities:			
Accounts payable	127,314	836,701	964,015
Construction contracts payable	76,991	12,555	89,546
Due to general fund	557,342	-	557,342
Customer advances on construction	53,408	-	53,408
Accrued interest on long-term debt	44,922	10,621	55,543
Current portion of long-term obligations	387,165	88,642	475,807
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	6,145,925	1,395,846	7,541,771
Due to sewer	6,263,171	-	6,263,171
Assessments due developers	442,882	723,610	1,166,492
Long-term contract payable	-	50,740	50,740
Net pension liability	20,616	7,986	28,602
Total liabilities	<u>14,119,736</u>	<u>3,126,701</u>	<u>17,246,437</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	<u>79,871</u>	<u>36,282</u>	<u>116,153</u>
Net Position:			
Net investment in capital assets	30,583,539	37,670,801	68,254,340
Restricted for:			
Capital projects	11,260	-	11,260
Pension	57,719	32,613	90,332
Unrestricted	(3,983,306)	18,253,823	14,270,517
Total net position	<u>\$ 26,669,212</u>	<u>55,957,237</u>	<u>82,626,449</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, 2017

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues	\$ 2,106,877	3,279,818	5,386,695
Operating expenses:			
Operation and maintenance	1,079,150	1,790,272	2,869,422
Depreciation	1,055,800	1,377,949	2,433,749
Amortization	138,880	-	138,880
Taxes	2,022	-	2,022
Total operating expenses	<u>2,275,852</u>	<u>3,168,221</u>	<u>5,444,073</u>
Net operating income (loss)	<u>(168,975)</u>	<u>111,597</u>	<u>(57,378)</u>
Non-operating income (expense):			
Interest income	7,453	115,309	122,762
Interest expense	(147,354)	(36,658)	(184,012)
Loss on disposal of fixed assets	(16,422)	-	(16,422)
Total non-operating income (expense)	<u>(156,323)</u>	<u>78,651</u>	<u>(77,672)</u>
Income (loss) before contributions and transfers	(325,298)	190,248	(135,050)
Contributions	386,784	353,717	740,501
Transfers out	(557,342)	-	(557,342)
Change in net position	(495,856)	543,965	48,109
Total net position:			
January 1	<u>27,165,068</u>	<u>55,413,272</u>	<u>82,578,340</u>
December 31	<u>\$ 26,669,212</u>	<u>55,957,237</u>	<u>82,626,449</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, 2017

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Receipts from customers	\$ 2,033,775	3,088,136	5,121,911
Payments to suppliers	(645,150)	(1,110,283)	(1,755,433)
Payments to employees	(380,746)	(276,933)	(657,679)
Net cash provided by operating activities	<u>1,007,879</u>	<u>1,700,920</u>	<u>2,708,799</u>
Cash flows from non-capital and related financing activities:			
Transfers to other funds	<u>(547,523)</u>	<u>-</u>	<u>(547,523)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,087,277)	(309,169)	(1,396,446)
Advance from sewer division	950,594	-	950,594
Advance to water division	-	(950,594)	(950,594)
Reserve capacity assessments received	315,751	214,329	530,080
Long-term debt retirements	(433,430)	(83,152)	(516,582)
Collection of special assessments, net	76,072	497,790	573,862
Interest and fiscal charges paid on long-term debt	(143,959)	(37,173)	(181,132)
Net cash used by capital and related financing activities	<u>(322,249)</u>	<u>(667,969)</u>	<u>(990,218)</u>
Cash flows from investing activities:			
Interest received on cash and investments	<u>6,373</u>	<u>98,447</u>	<u>104,820</u>
Net increase in cash and cash equivalents	144,480	1,131,398	1,275,878
Cash and cash equivalents, January 1	1,127,115	8,879,372	10,006,487
Cash and cash equivalents, December 31	<u>\$ 1,271,595</u>	<u>10,010,770</u>	<u>11,282,365</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Unrestricted	\$ 1,260,335	10,010,770	11,271,105
Restricted - Debt retirement and capital projects	<u>11,260</u>	<u>-</u>	<u>11,260</u>
	<u>\$ 1,271,595</u>	<u>10,010,770</u>	<u>11,282,365</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (168,975)	111,597	(57,378)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	1,194,680	1,377,949	2,572,629
Changes in assets and liabilities:			
Accounts receivable, net	(73,102)	(191,682)	(264,784)
Inventory of supplies	(5)	-	(5)
Accounts payable and accrued expenses	55,281	403,056	458,337
Net cash provided by operating activities	<u>\$ 1,007,879</u>	<u>1,700,920</u>	<u>2,708,799</u>
Schedule of non-cash activities:			
Plant assets contributed by developers	<u>\$ -</u>	<u>10,700</u>	<u>10,700</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE
 STATEMENT OF FIDUCIARY NET POSITION
 Agency Fund
 December 31, 2017

Assets:	
Cash and cash equivalents	\$ 18,683,001
Taxes receivable	<u>16,591,595</u>
Total assets	<u>\$ 35,274,596</u>
Liabilities:	
Due to other taxing units:	
School districts	\$ 28,764,917
Waukesha County	5,861,134
State of Wisconsin	261
Deposits:	
Ditch and erosion	272,000
Developer	277,529
Holding tank	44,050
Occupancy	44,500
Street opening	9,000
Park reservation	<u>1,205</u>
Total liabilities	<u>\$ 35,274,596</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 4 (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 2017 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, 2017, 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 – 2017 tax roll:

Levy:

Tax lien and levy date	December 2017
Tax bills mailed	December 2017

Due dates:

Real property taxes:

Payment in full or first installment	January 31, 2018
Second installment payable to County	July 31, 2018

Personal property taxes, special assessments and special charges, in full	January 31, 2018
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Tax settlements with taxing jurisdictions:

First settlement	January 15, 2018
Second settlement	February 20, 2018
Final settlement	August 20, 2018

Tax sale - 2017 delinquent real estate taxes	October 2020
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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.

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

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

Buildings and improvements	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.

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

8. Long-Term Obligations - continued

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

9. Claims and Judgments

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

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.

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

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

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

11. Use of Estimates

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

(2) 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.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) Detailed Notes on All Funds

A. Deposits and Investments

The City's deposits and investments at December 31, 2017 were comprised of the following:

	Carrying Value	Bank and Investment Balances	<u>Associated Risks</u>
Deposits	\$ 37,091,231	32,687,109	Custodial credit risk
Negotiable certificates of deposit	5,006,706	5,006,706	Custodial credit risk
Investments:			
Federal Home Loan Bank	2,956,531	2,956,531	Credit risk, interest rate risk
Federal Farm Credit Bank	1,907,098	1,907,098	Credit risk, interest rate risk
Federal National Mortgage Association	1,252,269	1,252,269	Credit risk, interest rate risk
Municipal Bonds	421,185	421,185	Credit risk, interest rate risk
LGIP	6,269,289	6,269,289	Credit risk, interest rate risk
Petty cash	823	823	
	<u>\$ 54,905,132</u>	<u>50,501,010</u>	

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	\$ 24,603,452
Restricted	74,890
Investments	
Current	2,526,319
Non-current	9,017,470
Per Statement of Fiduciary Net Position	<u>18,683,001</u>
	<u>\$ 54,905,132</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.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) Detailed Notes on All Funds - Continued

A. Deposits and Investments - continued

The fair value of negotiable certificates of deposits and investments grouped by maturity at December 31, 2017 is:

<u>Maturity</u>	
Current to one year	\$ 2,526,319
One to two years	4,001,141
Two to three years	2,853,562
Three to four years	2,125,916
Four to five years	<u>36,851</u>
	<u>\$ 11,543,789</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, \$31,473,683 was collateralized by securities held by the pledging financial institution in excess of federal depository insurance limits. The remaining balance of \$145,667 was exposed to custodial credit risk as uninsured and uncollateralized.

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

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

Credit and Interest Rate Risk

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

At December 31, 2017 the City's investments include United States Government securities and local municipal bonds totaling \$6,537,083. The City also held investments with a fair value of \$6,269,289 in the LGIP. The average maturity date for investments held by the LGIP is 35 days. The State Investment Fund, which the LGIP is a part of, had 90% of its investments in U.S. government securities at December 31, 2017.

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.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) Detailed Notes on All Funds - Continued

B. Receivables - continued

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	\$ 3,870,636	-	3,870,636
Storm water management fund	277,072	-	277,072
Debt service fund	597,777	-	597,777
Road construction fund	143,990	-	143,990
Capital equipment fund	325,069	-	325,069
Expendable cemetery fund	17,453	-	17,453
Special assessments not yet due	-	<u>849,606</u>	<u>849,606</u>
	<u>\$ 5,231,997</u>	<u>849,606</u>	<u>6,081,603</u>

In addition, other receivables are reported in the government-wide financial statements net of amounts estimated to be uncollectible of \$358,060.

C. Capital Assets

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

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/17</u>
Capital Assets Not Being Depreciated:				
Land	\$ 3,936,474	-	200,000	3,736,474
Construction in progress	<u>2,866,750</u>	<u>95,472</u>	<u>172,081</u>	<u>2,790,141</u>
	<u>6,803,224</u>	<u>95,472</u>	<u>372,081</u>	<u>6,526,615</u>
Capital Assets Being Depreciated:				
Buildings and improvements	11,491,735	1,463,676	-	12,955,411
Land improvements	1,743,047	18,200	-	1,761,247
Equipment	9,276,679	616,043	314,875	9,577,847
Infrastructure	<u>46,970,946</u>	<u>2,776,270</u>	<u>829,597</u>	<u>48,917,619</u>
	<u>69,482,407</u>	<u>4,874,189</u>	<u>1,144,472</u>	<u>73,212,124</u>
	<u>76,285,631</u>	<u>4,969,661</u>	<u>1,516,553</u>	<u>79,738,739</u>
Less Accumulated Depreciation:				
Buildings and improvements	(4,334,296)	(339,532)	-	(4,673,828)
Land improvements	(952,122)	(79,338)	-	(1,031,460)
Equipment	(4,050,798)	(716,676)	(225,256)	(4,542,218)
Infrastructure	<u>(20,041,427)</u>	<u>(1,557,184)</u>	<u>(829,597)</u>	<u>(20,769,014)</u>
	<u>(29,378,643)</u>	<u>(2,692,730)</u>	<u>(1,054,853)</u>	<u>(31,016,520)</u>
Capital assets, net of depreciation	<u>\$ 46,906,988</u>	<u>2,276,931</u>	<u>461,700</u>	<u>48,722,219</u>

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

General government	\$ 250,482
Public safety	435,903
Health and sanitation	1,119
Public works, including infrastructure	1,860,882
Culture and recreation	<u>144,344</u>
	<u>\$ 2,692,730</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) Detailed Notes on All Funds - Continued

C. Capital Assets - continued

Capital asset activity in the business-type activities for the year ended December 31, 2017 was as follows:

	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/17</u>
Capital Assets Not Being Depreciated:				
Land	\$ 530,387	-	-	530,387
Construction in process	<u>2,209,529</u>	-	<u>1,914,011</u>	<u>295,518</u>
	<u>2,739,916</u>	-	<u>1,914,011</u>	<u>825,905</u>
Capital Assets Being Depreciated:				
Buildings	9,624,079	-	-	9,624,079
Improvements other than buildings	98,762,368	3,235,673	62,266	101,935,775
Furniture and equipment	<u>1,153,774</u>	<u>68,228</u>	-	<u>1,222,002</u>
	<u>109,540,221</u>	<u>3,303,901</u>	<u>62,266</u>	<u>112,781,856</u>
	<u>112,280,137</u>	<u>3,303,901</u>	<u>1,976,277</u>	<u>113,607,761</u>
Less Accumulated Depreciation:				
Buildings	(3,264,296)	(262,365)	-	(3,526,661)
Improvements other than buildings	(30,636,037)	(2,102,033)	(45,845)	(32,692,225)
Furniture and equipment	<u>(1,047,606)</u>	<u>(69,351)</u>	-	<u>(1,116,957)</u>
	<u>(34,947,939)</u>	<u>(2,433,749)</u>	<u>(45,845)</u>	<u>(37,335,843)</u>
Capital assets, net of depreciation	\$ <u>77,332,198</u>	<u>870,152</u>	<u>1,930,432</u>	<u>76,271,918</u>

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

Water utility	\$ 1,055,800
Sewer utility	<u>1,377,949</u>
	\$ <u>2,433,749</u>

D. Payables

Payables as of December 31, 2017 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	\$ 550,574	116,090	111,774	778,438
Construction contracts payable	-	6,753	869,791	876,544
Accrued payroll	209,699	-	-	209,699
Accrued compensated absences	171,646	-	-	171,646
Other accrued liabilities	<u>52,085</u>	-	-	<u>52,085</u>
Total per fund balance sheet	\$ <u>984,004</u>	<u>122,843</u>	<u>981,565</u>	2,088,412
Accrued interest				<u>64,173</u>
Total per government-wide statement of net position				\$ <u>2,152,585</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.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) Detailed Notes on All Funds - Continued

E. Interfund Receivables/Payables and Transfers - continued

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 road construction and 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 green space facilities fund transferred the remaining fund balance to the general fund. 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	\$ 557,342
General fund	Green space facilities	16,790
Storm Water Management fund	General fund	17,412
Storm Water Management fund	Non-major governmental fund -	
	Expendable Cemetery fund	420
Debt Service fund	Storm Water Management fund	260,337
Non-major governmental fund -		
Road Construction fund	General fund	1,000,000
Capital Equipment fund	General fund	<u>1,000,000</u>
Total per fund statements		2,852,301
Interfund eliminations		<u>(2,294,959)</u>
Total per statement of activities		<u>\$ 557,342</u>

F. Long-Term Obligations

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

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>12/31/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/17</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 10,691,049	-	1,344,729	9,346,320	1,425,995
Other liabilities:					
Vested compensated absences	<u>451,874</u>	<u>22,946</u>	-	<u>474,820</u>	-
Total governmental long-term liabilities	<u>\$ 11,142,923</u>	<u>22,946</u>	<u>1,344,729</u>	<u>9,821,140</u>	<u>1,425,995</u>
Business-type Activities:					
Bonds and notes payable:					
General obligation debt	\$ 8,534,160	-	516,582	8,017,578	475,807
Total business-type long-term liabilities	<u>\$ 8,534,160</u>	<u>-</u>	<u>516,582</u>	<u>8,017,578</u>	<u>475,807</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 \$3,001,079,100. The debt limit as of December 31, 2017, was \$150,053,955. Total general obligation debt outstanding at year-end was \$17,363,898.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) Detailed Notes on All Funds - Continued

F. Long-Term Obligations - continued

The following is a list of long-term obligations at December 31, 2017:

Governmental Activities

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>	<u>Amounts Due Within One Year</u>
General obligation debt:						
2010 G.O. note	4/1/10	9/1/19	3.6-4.2%	\$ 2,910,000	665,000	325,000
2011 G.O. note	2/24/11	3/1/20	2.5-2.75%	4,937,095	1,650,000	535,000
2012 G.O. bonds	6/12/12	12/1/24	.9-2.15%	3,040,788	1,703,160	227,835
2013 G.O. bonds	5/30/13	9/1/32	2.0-3.0%	3,060,000	2,455,000	140,000
2016 G.O. bonds	10/12/16	9/1/27	2.0-2.25%	2,995,000	2,870,000	195,000
2016 G.O. note	6/11/16	2018	0.0%	9,478	3,160	3,160
					<u>\$ 9,346,320</u>	<u>1,425,995</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	715,245	99,196	814,441
2023-2027	2,907,960	293,697	3,201,657
2028-2032	910,000	80,776	990,776
	<u>\$ 9,346,320</u>	<u>1,099,326</u>	<u>10,445,646</u>

Business-type Activities

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>	<u>Amounts Due Within One Year</u>
2010 G.O. note	5/1/10	5/1/29	2.91%	\$ 222,618	155,127	10,987
2011 G.O. note	7/13/11	5/1/31	2.4%	174,403	125,611	7,655
2012 G.O. bonds	6/12/12	12/1/24	.9-2.15%	834,212	576,840	77,165
2013 G.O. bonds	5/30/13	9/1/32	2.0-3.0%	5,915,000	4,765,000	275,000
2016 G.O. bonds	10/12/16	9/1/36	2.0-2.25%	2,550,000	2,395,000	105,000
					<u>\$ 8,017,578</u>	<u>475,807</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	515,494	139,626	655,120
2023-2027	2,459,460	542,081	3,001,541
2028-2032	2,504,936	265,202	2,770,138
2033-2036	580,000	32,753	612,753
	<u>\$ 8,017,578</u>	<u>1,634,664</u>	<u>9,652,242</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) 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, 2017 includes the following:

Governmental Activities	
Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 48,722,219
Less: related long-term debt outstanding, excluding unspent capital related debt proceeds and non-capital borrowings	<u>(8,890,962)</u>
	39,831,257
Restricted	
Non-Expendable - Cemetery perpetual care	70,933
Expendable	
Impact fee	580,709
Tourism and convention	77,208
Cemetery	71,090
Pension benefits	1,015,702
Unrestricted	<u>16,912,919</u>
Total Governmental Activities Net Position	\$ <u>58,559,818</u>

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

Nonspendable - Major Funds	
General Fund	
Delinquent personal property taxes	\$ 974
Inventory of supplies	161,298
Prepaid expenditures	24,224
Non-major Funds	
Permanent Fund - Cemetery Perpetual Care	70,933
Restricted - Non-Major Funds	
Impact fee	580,709
Tourism and convention	77,208
Cemetery - Expendable	71,090
Road construction – unspent debt proceeds	63,630
Committed - Major Funds	
General Fund – Park and recreation equipment	246,740
Storm Water Management	4,201,550
Non-Major Funds	
Capital equipment – Future capital outlays	3,721,478
Assigned - Major Funds	
General fund –Community policing	17,502
Debt service	957,177
Non-Major Funds	
Road construction	978,163
Sports complex	608,152
Capital equipment	1,069,977
Unassigned – Major Fund	
General fund	<u>4,413,252</u>
Total Governmental fund balance	\$ <u>17,264,057</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) 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.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Other Information - Continued

A. Defined Benefit Pension Plan - continued

By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. During the reporting period, the WRS recognized \$367,821 in contributions from the employer.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2017, the City of Pewaukee reported a liability of \$310,884 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2016, the City of Pewaukee's proportion was .03771766%, which was an increase of .0008655% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017 the City of Pewaukee recognized pension expense of \$791,783.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Other Information - Continued

A. Defined Benefit Pension Plan - continued

At December 31, 2017, 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	\$ 118,540	(977,702)
Net differences between projected and actual earnings on pension plan investments	1,547,479	-
Changes in assumptions	325,041	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	100	(25,551)
Employer contributions subsequent to the measurement date	<u>429,011</u>	<u>-</u>
Total	\$ <u>2,420,171</u>	<u>(1,003,253)</u>

Deferred outflows of resources of 429,011 related to pension resulting from the City of Pewaukee's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability the year ended December 31, 2018.

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 Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 724,432	(320,343)
2019	724,431	(320,343)
2020	593,429	(317,524)
2021	(51,674)	(44,871)
2022	542	(172)

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

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

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

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Other Information - Continued

A. Defined Benefit Pension Plan - continued

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

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

Asset Allocation Targets and Expected Returns
As of December 31, 2016

<u>Core Fund Asset Class</u>	<u>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>
Global Equities	50	45	8.3	5.4
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) 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)	\$ 4,089,873	\$ 310,884	\$ (2,599,109)

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 2017 were \$1,147,905 and the City received \$214,472 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

(4) 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 \$744,143 to the library for 2017, 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, 2017 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, 2017 is as follows:

	Water Utility	Sewer Utility	Total
Operating revenues	\$ 2,106,877	3,279,818	5,386,695
Operating expenses:			
Operations and maintenance	1,079,150	1,790,272	2,869,422
Depreciation	1,055,800	1,377,949	2,433,749
Amortization	138,880	-	138,880
Taxes	2,022	-	2,022
Net operating income (loss)	(168,975)	111,597	(57,378)
Non-operating revenues	7,453	115,309	122,762
Non-operating expenses	163,776	36,658	200,434
Grants and contributions	386,784	353,717	740,501
Transfers to General Fund:			
Payment in lieu of property taxes	557,342	-	557,342
Assets:			
Current assets	1,786,547	17,359,164	19,145,711
Capital assets, net of depreciation	37,116,629	39,155,289	76,271,918
Other assets	1,807,437	2,528,886	4,336,323
Total assets	40,710,613	59,043,339	99,753,952
Deferred outflows of resources	158,206	76,881	235,087
Liabilities:			
Current liabilities	1,247,142	948,519	2,195,661
Long-term liabilities	6,145,925	1,395,846	7,541,771
Other liabilities	6,726,669	782,336	7,509,005
Total liabilities	14,119,736	3,126,701	17,246,437
Deferred inflow of resources	79,871	36,282	116,153

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Other Information - Continued

D. Segment Information - continued

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Net position:			
January 1, 2017	\$ 27,165,068	55,413,272	82,578,340
Change in net position	(495,856)	543,965	48,109
December 31, 2017:			
Invested in capital assets, net of related debt	30,583,539	37,670,801	68,254,340
Restricted	68,979	32,613	101,592
Unrestricted	(3,983,306)	18,253,823	14,270,517
Net cash provided (used) by:			
Operating activities	1,007,879	1,700,920	2,708,799
Non-capital and related financing activities	(547,523)	-	(547,523)
Capital and related financing activities	(322,249)	(667,969)	(990,218)
Investing activities	6,373	98,447	104,820
Cash and cash equivalents:			
January 1, 2017	1,127,115	8,879,372	10,006,487
December 31, 2017	1,271,595	10,010,770	11,282,365

E. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 18, 2018 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, 2017

	Original and Final Budget	Actual Amounts	Variance with Final Budget
General Fund:			
Budgetary fund balance, January 1	\$ 5,731,273	5,731,273	-
Resources (inflows):			
Taxes	6,457,198	6,488,526	31,328
Intergovernmental	1,374,725	1,419,266	44,541
Regulation and compliance	1,559,685	1,496,745	(62,940)
Charges for services	3,400,519	3,450,230	49,711
Interest	108,700	104,311	(4,389)
Miscellaneous	70,600	92,749	22,149
Sale of assets	345,000	340,000	(5,000)
Transfers in	575,000	574,132	(868)
Amounts available for appropriation	<u>19,622,700</u>	<u>19,697,232</u>	<u>74,532</u>
Charges to appropriations (outflows):			
General government	2,076,581	1,739,913	336,668
Public safety and judicial	7,136,907	6,805,733	331,174
Health and sanitation	945,926	935,042	10,884
Public works	1,589,985	1,401,628	188,357
Culture and recreation	1,951,517	1,892,048	59,469
Unclassified	173,099	41,466	131,633
Transfers out	17,412	2,017,412	(2,000,000)
Total charges to appropriations	<u>13,891,427</u>	<u>14,833,242</u>	<u>(941,815)</u>
Fund balance, December 31	<u>\$ 5,731,273</u>	<u>4,863,990</u>	<u>(867,283)</u>
Storm Water Management Fund:			
Budgetary fund balance, January 1	\$ 3,689,463	3,689,463	-
Resources (inflows):			
Charges for services	1,558,748	1,551,489	(7,259)
Interest	10,000	17,647	7,647
Miscellaneous	44,600	83,999	39,399
Transfers in	17,832	17,832	-
Amounts available for appropriation	<u>5,320,643</u>	<u>5,360,430</u>	<u>39,787</u>
Charges to appropriations (outflows):			
Public works	644,921	625,779	19,142
Capital outlay	4,067,401	219,883	3,847,518
Claims and settlements	-	52,881	(52,881)
Transfer out	260,337	260,337	-
Total charges to appropriations	<u>4,972,659</u>	<u>1,158,880</u>	<u>3,813,779</u>
Fund balance, December 31	<u>\$ 347,984</u>	<u>4,201,550</u>	<u>3,853,566</u>

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

CITY OF PEWAUKEE
WISCONSIN RETIREMENT SYSTEM
Year Ended December 31, 2017

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%	98.20%
12/31/2017	0.03771766%	310,884	4,631,126	6.7%	99.12%

SCHEDULE OF THE CITY'S 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	8.46%
12/31/2016	360,217	360,217	-	4,460,859	8.08%
12/31/2017	367,821	367,821	-	4,631,126	7.94%

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. There were no amendments made to the original approved 2017 budget.

(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.

SUPPLEMENTARY INFORMATION

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Taxes:			
General property	\$ 6,123,597	6,123,597	-
Public accommodation	245,978	225,000	20,978
Other	<u>118,951</u>	<u>108,601</u>	<u>10,350</u>
	<u>6,488,526</u>	<u>6,457,198</u>	<u>31,328</u>
Intergovernmental:			
State shared revenues	628,966	610,049	18,917
Exempt computer aids	61,967	62,804	(837)
Fire insurance dues	112,938	92,500	20,438
Transportation aids	489,840	485,872	3,968
Lake patrol reimbursements	9,619	8,500	1,119
Tank inspection aids	5,233	4,000	1,233
County recycling aids	108,576	111,000	(2,424)
Other	<u>2,127</u>	<u>-</u>	<u>2,127</u>
	<u>1,419,266</u>	<u>1,374,725</u>	<u>44,541</u>
Regulation and compliance:			
Licenses:			
Liquor class A	572	600	(28)
Liquor class B	14,952	12,000	2,952
Special class B licenses	20	10	10
Operator	8,114	5,000	3,114
Cigarette	500	500	-
Amusement	1,090	800	290
Hotel and motel	75	75	-
Dog and kennel	8,408	5,400	3,008
Permits:			
Building	510,715	450,000	60,715
Electrical	117,339	100,000	17,339
Plumbing	115,728	80,000	35,728
Erosion	58,170	80,000	(21,830)
State code stamps	3,053	4,000	(947)
Sign	3,366	4,000	(634)
Street opening	6,850	8,000	(1,150)

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2017

	Actual	Budget	Variance: Favorable (Unfavorable)
Regulation and compliance - continued:			
Permits - continued:			
Outdoor entertainment	\$ 300	300	-
Fire inspection - commercial building:	166,309	160,000	6,309
Special event	6,010	9,000	(2,990)
Other	8,630	500	8,130
Fines:			
Court	336,323	500,000	(163,677)
Lake patrol	2,030	2,500	(470)
Video service provider fee	100,951	104,000	(3,049)
AT&T video service fee	27,240	33,000	(5,760)
	1,496,745	1,559,685	(62,940)
Charges for services:			
Publication fees	1,020	1,000	20
Copies	60	300	(240)
Administrative fees	1,760	4,000	(2,240)
Planning and zoning fees	5,170	6,000	(830)
Special assessment letters	11,438	11,000	438
Certified survey maps and plat review fees	2,820	6,000	(3,180)
Zoning letter fees	600	225	375
Legal review fees	10,923	25,000	(14,077)
Engineering review fees	52,724	98,000	(45,276)
Refuse collection	711,124	691,920	19,204
House numbers	1,062	1,400	(338)
Weed cutting	-	500	(500)
Boat launch fees	12,485	8,000	4,485
Ambulance runs	502,347	429,000	73,347
Fire and ambulance services	1,477,604	1,500,000	(22,396)
Private fire protection plan	17,975	8,000	9,975

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Charges for services - continued:			
Management services	\$ 60,000	60,000	-
Building inspection contract	74,560	50,000	24,560
Park equipment usage fees	9,853	6,000	3,853
Park and recreation contracts	214,472	243,174	(28,702)
Recreational program fees	210,895	175,000	35,895
Field trips	19,966	22,000	(2,034)
Club use fees	15,579	18,000	(2,421)
Reservation fees	29,556	30,000	(444)
WPRA ticket sales	6,237	6,000	237
	<u>3,450,230</u>	<u>3,400,519</u>	<u>49,711</u>
Interest:			
Investments	98,551	106,000	(7,449)
Other	5,760	2,700	3,060
	<u>104,311</u>	<u>108,700</u>	<u>(4,389)</u>
Miscellaneous:			
Rent:			
Water and sewer utility	36,000	36,000	-
Other	5,619	5,600	19
Recycling	4,588	3,000	1,588
Insurance recoveries	3,491	-	3,491
Credit card rebate	5,956	5,000	956
Gifts and donations	12,360	2,500	9,860
Insurance dividend	20,837	15,000	5,837
Delinquent personal property recoveries	347	1,500	(1,153)
Other	3,551	2,000	1,551
	<u>92,749</u>	<u>70,600</u>	<u>22,149</u>
Total revenues	<u>\$ 13,051,827</u>	<u>12,971,427</u>	<u>80,400</u>

CITY OF PEWAUKEE
General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
General government:			
Mayor	\$ 7,054	9,624	2,570
Common council	43,167	45,003	1,836
Fire commission	172	240	68
Public works committee	65	265	200
Administration	185,851	207,333	21,482
Human resources	171,037	172,306	1,269
Clerk/treasurer	345,784	384,834	39,050
Assessor	75,883	78,750	2,867
Board of review	219	601	382
Outside services	201,329	254,141	52,812
Elections	12,738	20,675	7,937
Facilities	236,990	292,819	55,829
Information technology	296,976	340,989	44,013
Insurance	107,912	110,200	2,288
Plan commission	54,422	157,090	102,668
Board of appeals	314	1,711	1,397
	<u>1,739,913</u>	<u>2,076,581</u>	<u>336,668</u>
Public safety and judicial:			
Municipal court	127,336	149,672	22,336
Law enforcement	2,423,712	2,470,810	47,098
Fire and rescue	3,890,232	4,078,664	188,432
Building services	364,453	437,761	73,308
	<u>6,805,733</u>	<u>7,136,907</u>	<u>331,174</u>
Health and sanitation:			
Animal control	6,699	7,000	301
Weed, lake and wetlands	146,469	146,900	431
Refuse collection and recycling	781,874	792,026	10,152
	<u>935,042</u>	<u>945,926</u>	<u>10,884</u>

CITY OF PEWAUKEE
General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Public works:			
Engineering	\$ 366,146	440,360	74,214
Safety program	5,997	7,850	1,853
Highway and transportation	<u>1,029,485</u>	<u>1,141,775</u>	<u>112,290</u>
	<u>1,401,628</u>	<u>1,589,985</u>	<u>188,357</u>
Culture and recreation:			
Library	744,143	744,143	-
Parks	491,328	550,806	59,478
Recreation	<u>656,577</u>	<u>656,568</u>	<u>(9)</u>
	<u>1,892,048</u>	<u>1,951,517</u>	<u>59,469</u>
Unclassified	<u>41,466</u>	<u>173,099</u>	<u>131,633</u>
Total expenditures	<u>\$ 12,815,830</u>	<u>13,874,015</u>	<u>1,058,185</u>

CITY OF PEWAUKEE
Storm Water Management Fund

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

Year Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,551,489	1,558,748	(7,259)
Interest earnings	17,647	10,000	7,647
Miscellaneous	83,999	44,600	39,399
Total revenues	<u>1,653,135</u>	<u>1,613,348</u>	<u>39,787</u>
Expenditures:			
Administration	354,440	273,410	(81,030)
Storm water maintenance	22,957	70,130	47,173
Ditch and culvert maintenance	163,260	131,168	(32,092)
Street sweeping	14,755	19,290	4,535
Catch basin maintenance	36,579	66,306	29,727
Permit compliance	33,788	84,617	50,829
Capital outlays	-	15,000	15,000
Infrastructure improvements	219,883	4,067,401	3,847,518
Total expenditures	<u>845,662</u>	<u>4,727,322</u>	<u>3,881,660</u>
Excess (deficiency) of revenues over expenditures	<u>807,473</u>	<u>(3,113,974)</u>	<u>3,921,447</u>
Other financing sources (uses):			
Claims and settlements	(52,881)	-	(52,881)
Transfer from general fund	17,412	17,412	-
Transfer from cemetery fund	420	420	-
Transfer to debt service	(260,337)	(260,337)	-
Total other financing sources (uses)	<u>(295,386)</u>	<u>(242,505)</u>	<u>(52,881)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	512,087	<u>(3,356,479)</u>	<u>3,868,566</u>
Fund balance, January 1	<u>3,689,463</u>		
Fund balance, December 31	<u>\$ 4,201,550</u>		

CITY OF PEWAUKEE
Debt Service Fund

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

Year Ended December 31, 2017

	Actual	Budget	Variance: Favorable (Unfavorable)
Revenues:			
Taxes:			
General tax levy	\$ 1,081,708	1,081,708	-
Special assessments	361,464	90,600	270,864
Build America bond rebate	12,643	13,580	(937)
Interest earnings	18,319	16,800	1,519
Total revenues	1,474,134	1,202,688	271,446
Expenditures:			
Debt service:			
Principal	1,344,729	1,341,570	(3,159)
Interest	232,877	221,455	(11,422)
Total expenditures	1,577,606	1,563,025	(14,581)
Excess (deficiency) of revenues over expenditures	(103,472)	(360,337)	256,865
Other financing sources:			
Transfers in	260,337	260,337	-
Total other financing sources	260,337	260,337	-
Excess (deficiency) of revenues and other financing sources over expenditures	156,865	(100,000)	256,865
Fund balance, January 1	800,312		
Fund balance, December 31	\$ 957,177		

CITY OF PEWAUKEE
Non-Major Governmental Funds

COMBINING BALANCE SHEET

December 31, 2017

	Special Revenue	Capital Projects	Permanent	Total Non-Major Funds
Assets:				
Cash and cash equivalents	\$ 742,142	4,398,856	70,933	5,211,931
Investments	-	3,455,009	-	3,455,009
Receivables:				
Current taxes	17,453	469,059	-	486,512
Accounts	30,337	711	-	31,048
Restricted assets:				
Cash and cash equivalents:				
Capital projects	-	63,630	-	63,630
Total assets	\$ 789,932	8,387,265	70,933	9,248,130
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ 13,200	98,574	-	111,774
Construction contracts payable	-	869,791	-	869,791
Unearned revenue	12,725	-	-	12,725
Total liabilities	25,925	968,365	-	994,290
Deferred Inflows of Resources				
Subsequent year's tax levy	35,000	977,500	-	1,012,500
Fund Balance:				
Nonspendable	-	-	70,933	70,933
Restricted	729,007	63,630	-	792,637
Committed	-	3,721,478	-	3,721,478
Assigned	-	2,656,292	-	2,656,292
Total fund balance	729,007	6,441,400	70,933	7,241,340
Total liabilities, deferred inflows of resources and fund balance				
	\$ 789,932	8,387,265	70,933	9,248,130

CITY OF PEWAUKEE
Non-Major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2017

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Non-Major Funds</u>
Revenues:				
Taxes	\$ 588,948	1,400,000	-	1,988,948
Intergovernmental	3,049	21,953	-	25,002
Charges for services	138,575	-	2,912	141,487
Interest	1,527	26,345	-	27,872
Total revenues	<u>732,099</u>	<u>1,448,298</u>	<u>2,912</u>	<u>2,183,309</u>
Expenditures:				
Current:				
Public safety	3,049	-	-	3,049
Health and sanitation	18,690	-	-	18,690
Economic development	547,050	-	-	547,050
Capital outlay	-	3,453,410	-	3,453,410
Total expenditures	<u>568,789</u>	<u>3,453,410</u>	<u>-</u>	<u>4,022,199</u>
Excess (deficiency) of revenues over expenditures	<u>163,310</u>	<u>(2,005,112)</u>	<u>2,912</u>	<u>(1,838,890)</u>
Other financing sources (uses):				
Transfers in	-	2,000,000	-	2,000,000
Transfers out	(17,210)	-	-	(17,210)
Total other financing sources (uses)	<u>(17,210)</u>	<u>2,000,000</u>	<u>-</u>	<u>1,982,790</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	146,100	(5,112)	2,912	143,900
Fund balance, January 1	<u>582,907</u>	<u>6,446,512</u>	<u>68,021</u>	<u>7,097,440</u>
Fund balance, December 31	<u>\$ 729,007</u>	<u>6,441,400</u>	<u>70,933</u>	<u>7,241,340</u>

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 2017

	Impact Fee	Tourism and Convention	Public Safety Grants	Cemetery	Total
Assets:					
Cash and cash equivalents	\$ 580,709	57,022	15,774	88,637	742,142
Taxes receivable	-	-	-	17,453	17,453
Accounts receivable	-	30,337	-	-	30,337
Total assets	\$ 580,709	87,359	15,774	106,090	789,932
Liabilities, Deferred Inflows of Resources and Fund Balance:					
Liabilities:					
Accounts payable	\$ -	10,151	3,049	-	13,200
Unearned revenue	-	-	12,725	-	12,725
Total liabilities	-	10,151	15,774	-	25,925
Deferred inflows of resources:					
Subsequent year's tax levy	-	-	-	35,000	35,000
Fund balance:					
Restricted	580,709	77,208	-	71,090	729,007
Total fund balance	580,709	77,208	-	71,090	729,007
Total liabilities, deferred inflows of resources and fund balance	\$ 580,709	87,359	15,774	106,090	789,932

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2017

	Impact Fee	Tourism and Convention	Green Space Facilities	Public Safety Grants	Cemetery	Total
Revenues:						
General tax levy	\$ -	-	-	-	15,000	15,000
Public accommodation tax	-	573,948	-	-	-	573,948
Intergovernmental	-	-	-	3,049	-	3,049
Charges for services:						
Impact fees	130,617	-	-	-	-	130,617
Interment fees	-	-	-	-	5,750	5,750
Lot sales	-	-	-	-	1,188	1,188
Columbarium niche sales	-	-	-	-	1,020	1,020
Interest earnings	778	310	-	-	439	1,527
Total revenues	<u>131,395</u>	<u>574,258</u>	<u>-</u>	<u>3,049</u>	<u>23,397</u>	<u>732,099</u>
Expenditures:						
Public safety	-	-	-	3,049	-	3,049
Health and sanitation	-	-	-	-	18,690	18,690
Economic development	-	547,050	-	-	-	547,050
Total expenditures	<u>-</u>	<u>547,050</u>	<u>-</u>	<u>3,049</u>	<u>18,690</u>	<u>568,789</u>
Excess of revenues over expenditures	131,395	27,208	-	-	4,707	163,310
Other financing uses:						
Transfers out	<u>-</u>	<u>-</u>	<u>(16,790)</u>	<u>-</u>	<u>(420)</u>	<u>(17,210)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	131,395	27,208	(16,790)	-	4,287	146,100
Fund balance, January 1	<u>449,314</u>	<u>50,000</u>	<u>16,790</u>	<u>-</u>	<u>66,803</u>	<u>582,907</u>
Fund balance, December 31	<u>\$ 580,709</u>	<u>77,208</u>	<u>-</u>	<u>-</u>	<u>71,090</u>	<u>729,007</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, 2017

	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	-	-	573,948	525,000	-	-	-	-	-	-	573,948	525,000
Intergovernmental	-	-	-	-	-	-	3,049	-	-	-	3,049	-
Charges for services:												
Impact fees	130,617	59,520	-	-	-	-	-	-	-	-	130,617	59,520
Interment fees	-	-	-	-	-	-	-	-	5,750	3,000	5,750	3,000
Lot sales	-	-	-	-	-	-	-	-	1,188	264	1,188	264
Columbarium niche sales	-	-	-	-	-	-	-	-	1,020	460	1,020	460
Interest earnings	778	300	310	1,500	-	-	-	-	439	60	1,527	1,860
Total revenues	<u>131,395</u>	<u>59,820</u>	<u>574,258</u>	<u>526,500</u>	<u>-</u>	<u>-</u>	<u>3,049</u>	<u>-</u>	<u>23,397</u>	<u>18,784</u>	<u>732,099</u>	<u>605,104</u>
Expenditures:												
Public safety	-	-	-	-	-	-	3,049	-	-	-	3,049	-
Health and sanitation	-	-	-	-	-	-	-	-	18,690	24,500	18,690	24,500
Economic development	-	-	547,050	459,700	-	-	-	-	-	-	547,050	459,700
Total expenditures	<u>-</u>	<u>-</u>	<u>547,050</u>	<u>459,700</u>	<u>-</u>	<u>-</u>	<u>3,049</u>	<u>-</u>	<u>18,690</u>	<u>24,500</u>	<u>568,789</u>	<u>484,200</u>
Excess (deficiency) of revenues over expenditures	131,395	59,820	27,208	66,800	-	-	-	-	4,707	(5,716)	163,310	120,904
Other financing uses:												
Transfers out	-	-	-	-	(16,790)	-	-	-	(420)	(420)	(17,210)	(420)
Excess (deficiency) of revenues over expenditures and other financing uses	131,395	<u>59,820</u>	27,208	<u>66,800</u>	(16,790)	<u>-</u>	-	<u>-</u>	4,287	<u>(6,136)</u>	146,100	<u>120,484</u>
Fund balance, January 1	<u>449,314</u>		<u>50,000</u>		<u>16,790</u>		<u>-</u>		<u>66,803</u>		<u>582,907</u>	
Fund balance, December 31	\$ <u>580,709</u>		<u>77,208</u>		<u>-</u>		<u>-</u>		<u>71,090</u>		<u>729,007</u>	

CITY OF PEWAUKEE
Non-Major Capital Projects Funds

COMBINING BALANCE SHEET

December 31, 2017

	<u>Road Construction</u>	<u>Sports Complex</u>	<u>Capital Equipment</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,893,861	730,995	1,774,000	4,398,856
Investments	-	-	3,455,009	3,455,009
Taxes receivable	143,990	-	325,069	469,059
Accounts receivable	-	711	-	711
Restricted assets:				
Cash and cash equivalents:				
Capital projects	63,630	-	-	63,630
Total assets	<u>\$ 2,101,481</u>	<u>731,706</u>	<u>5,554,078</u>	<u>8,387,265</u>
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 71,712	-	26,862	98,574
Construction contracts payable	687,976	123,554	58,261	869,791
Total liabilities	<u>759,688</u>	<u>123,554</u>	<u>85,123</u>	<u>968,365</u>
Deferred Inflows of Resources:				
Subsequent year's tax levy	<u>300,000</u>	-	<u>677,500</u>	<u>977,500</u>
Fund Balance:				
Restricted	63,630	-	-	63,630
Committed	-	-	3,721,478	3,721,478
Assigned	978,163	608,152	1,069,977	2,656,292
Total fund balance	<u>1,041,793</u>	<u>608,152</u>	<u>4,791,455</u>	<u>6,441,400</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,101,481</u>	<u>731,706</u>	<u>5,554,078</u>	<u>8,387,265</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, 2017

	Road Construction		Sports Complex		Capital Equipment		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenues:								
General property taxes	\$ 200,000	200,000	-	-	1,200,000	1,200,000	1,400,000	1,400,000
Intergovernmental	21,953	-	-	-	-	-	21,953	-
Interest earnings	3,393	8,500	3,439	-	19,513	-	26,345	8,500
Total revenues	<u>225,346</u>	<u>208,500</u>	<u>3,439</u>	<u>-</u>	<u>1,219,513</u>	<u>1,200,000</u>	<u>1,448,298</u>	<u>1,408,500</u>
Expenditures:								
Capital outlays	1,634,045	2,135,000	95,472	190,000	1,723,893	1,951,541	3,453,410	4,276,541
	<u>1,634,045</u>	<u>2,135,000</u>	<u>95,472</u>	<u>190,000</u>	<u>1,723,893</u>	<u>1,951,541</u>	<u>3,453,410</u>	<u>4,276,541</u>
Excess (deficiency) of revenues over expenditures	<u>(1,408,699)</u>	<u>(1,926,500)</u>	<u>(92,033)</u>	<u>(190,000)</u>	<u>(504,380)</u>	<u>(751,541)</u>	<u>(2,005,112)</u>	<u>(2,868,041)</u>
Other financing sources:								
Face amount of long-term debt	-	1,145,900	-	-	-	-	-	1,145,900
Transfers in	1,000,000	-	-	-	1,000,000	-	2,000,000	-
	<u>1,000,000</u>	<u>1,145,900</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>1,145,900</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(408,699)</u>	<u>(780,600)</u>	<u>(92,033)</u>	<u>(190,000)</u>	<u>495,620</u>	<u>(751,541)</u>	<u>(5,112)</u>	<u>(1,722,141)</u>
Fund balance, January 1	<u>1,450,492</u>		<u>700,185</u>		<u>4,295,835</u>		<u>6,446,512</u>	
Fund balance, December 31	<u>\$ 1,041,793</u>		<u>608,152</u>		<u>4,791,455</u>		<u>6,441,400</u>	

CITY OF PEWAUKEE
Permanent Fund - Cemetery Perpetual Care

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2017

Revenues:	
Charges for services:	
Perpetual care	\$ 2,912
Expenditures:	
Unclassified	<u>-</u>
Excess of revenues over expenditures	2,912
Fund balance, January 1	<u>68,021</u>
Fund balance, December 31	<u>\$ 70,933</u>

CITY OF PEWAUKEE
Enterprise Funds
Water Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,260,335	477,878
Other receivables	494,575	421,473
Special assessments	12,048	13,016
Inventory of supplies	8,329	8,324
Restricted assets - cash and cash equivalents	<u>11,260</u>	<u>649,237</u>
Total current assets	<u>1,786,547</u>	<u>1,569,928</u>
Fixed assets:		
Land	530,387	530,387
Construction in progress	229,111	2,143,122
Buildings	5,823,683	5,823,683
Improvements other than buildings	43,995,370	41,132,523
Furniture and equipment	<u>845,599</u>	<u>799,235</u>
	51,424,150	50,428,950
Less: Accumulated depreciation	<u>14,307,521</u>	<u>13,297,566</u>
Net fixed assets	<u>37,116,629</u>	<u>37,131,384</u>
Other assets:		
Special assessments	1,295,341	1,298,333
Unamortized charges	<u>512,096</u>	<u>650,976</u>
Total other assets	<u>1,807,437</u>	<u>1,949,309</u>
Total assets	<u>40,710,613</u>	<u>40,650,621</u>
Deferred outflows of resources:		
Deferred outflows related to pensions	<u>158,206</u>	<u>206,775</u>

CITY OF PEWAUKEE
Enterprise Funds
Water Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Liabilities and Net Position:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 127,314	107,065
Construction contracts payable	76,991	106,802
Due to general fund	557,342	547,523
Customer advances on construction	53,408	53,408
Accrued interest on long-term debt	44,922	41,527
Current portion of long-term debt	<u>387,165</u>	<u>433,430</u>
Total current liabilities	1,247,142	1,289,755
Long-term liabilities (net of current portion):		
General obligation debt	6,145,925	6,533,090
Due to sewer	6,263,171	5,312,577
Assessments due developers	442,882	442,882
Net pension liability	<u>20,616</u>	<u>36,407</u>
Total liabilities	<u>14,119,736</u>	<u>13,614,711</u>
Deferred Inflows of Resources:		
Deferred inflows related to pensions	<u>79,871</u>	<u>77,617</u>
Net position, restated:		
Net investment in capital assets	30,583,539	30,164,864
Restricted for:		
Capital projects	11,260	649,237
Pension	57,719	92,751
Unrestricted	<u>(3,983,306)</u>	<u>(3,741,784)</u>
Total net position	<u>\$ 26,669,212</u>	<u>27,165,068</u>

CITY OF PEWAUKEE
Enterprise Fund
Water Utility

COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Sale of water:		
Residential	\$ 920,650	925,865
Multi-family	168,936	178,775
Commercial	402,500	413,534
Industrial	99,534	94,753
Public authorities	5,416	2,966
	<u>1,597,036</u>	<u>1,615,893</u>
Public fire protection	424,709	415,330
Private fire protection	72,112	68,077
Customer's forfeited discounts	7,301	10,106
Other revenue	5,719	6,838
Total operating revenues	<u>2,106,877</u>	<u>2,116,244</u>
Operating expenses:		
Plant operation and maintenance:		
Salaries and wages	133,146	141,850
Transportation expense	10,847	11,865
Power purchased for pumping	232,142	228,072
Chemicals	111,120	102,096
Operating supplies	56,649	112,146
Repairs of water plant	105,795	174,668
	<u>649,699</u>	<u>770,697</u>
General operating expenses:		
Administrative salaries	148,897	172,407
Office supplies and expenses	29,971	25,662
Outside services employed	83,301	65,635
Insurance	13,267	11,396
Employee benefits	133,735	135,383
Other general expenses	20,280	20,732
	<u>429,451</u>	<u>431,215</u>
Total operation and maintenance	1,079,150	1,201,912
Depreciation	1,055,800	1,022,572
Amortization	138,880	138,880
Taxes	2,022	2,217
Total operating expenses	<u>2,275,852</u>	<u>2,365,581</u>
Net operating loss	<u>(168,975)</u>	<u>(249,337)</u>
Non-operating income (expenses)		
Interest income	7,453	11,210
Interest expense	(147,354)	(112,501)
Bond premium	-	48,646
Bond issue costs	-	(27,206)
Loss on disposal of fixed assets	(16,422)	-
Total non-operating income (expenses)	<u>(156,323)</u>	<u>(79,851)</u>
Loss before contributions and transfers	(325,298)	(329,188)
Contributions	386,784	764,806
Transfer out	(557,342)	(547,523)
Change in net position	<u>\$ (495,856)</u>	<u>(111,905)</u>

CITY OF PEWAUKEE
Enterprise Funds
Sewer Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 10,010,770	8,879,372
Other receivables	909,262	717,580
Due from water	6,263,171	5,312,577
Special assessments	175,961	176,156
Total current assets	<u>17,359,164</u>	<u>15,085,685</u>
Fixed assets:		
Construction in progress	66,407	66,407
Buildings	3,800,396	3,800,396
Improvements other than buildings	<u>58,316,808</u>	<u>57,984,384</u>
	62,183,611	61,851,187
Less: Accumulated depreciation	<u>23,028,322</u>	<u>21,650,373</u>
Net fixed assets	<u>39,155,289</u>	<u>40,200,814</u>
Other assets:		
Special assessments	<u>2,528,886</u>	<u>2,894,510</u>
Total assets	<u>59,043,339</u>	<u>58,181,009</u>
Deferred outflows of resources:		
Deferred outflows related to pensions	<u>76,881</u>	<u>90,793</u>

CITY OF PEWAUKEE
Enterprise Funds
Sewer Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Liabilities and Net Position:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 836,701	439,774
Construction contracts payable	12,555	-
Accrued interest on long-term debt	10,621	11,136
Current portion of long-term debt	<u>88,642</u>	<u>83,152</u>
Total current liabilities	948,519	534,062
Long-term liabilities (net of current portion):		
General obligation debt	1,395,846	1,484,488
Assessments due developers	723,610	737,189
Long-term contract payable	50,740	50,740
Net pension liability	<u>7,986</u>	<u>16,642</u>
Total liabilities	<u>3,126,701</u>	<u>2,823,121</u>
Deferred Inflows of Resources:		
Deferred inflows related to pensions	<u>36,282</u>	<u>35,409</u>
Net position, restated:		
Net investment in capital assets	37,670,801	38,633,174
Restricted for:		
Pension	32,613	38,742
Unrestricted	<u>18,253,823</u>	<u>16,741,356</u>
Total net position	<u>\$ 55,957,237</u>	<u>55,413,272</u>

CITY OF PEWAUKEE
Enterprise Fund
Sewer Utility

COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Sewer service charges:		
Residential	\$ 2,290,455	2,239,492
Commercial	779,778	768,878
Industrial	176,169	171,089
Public authorities	7,804	8,124
Other revenue	<u>25,612</u>	<u>24,195</u>
Total operating revenues	<u>3,279,818</u>	<u>3,211,778</u>
Operating expenses:		
Plant operation and maintenance:		
Sewage treatment charges	1,263,084	1,262,591
Salaries and wages	77,845	85,719
Power purchased for pumping	44,373	46,695
Supplies and expenses	15,912	16,185
Maintenance	<u>67,943</u>	<u>254,750</u>
	<u>1,469,157</u>	<u>1,665,940</u>
General operating expenses:		
Administrative salaries	136,179	157,099
Office supplies and expenses	29,971	25,460
Outside services employed	52,276	88,129
Insurance	13,266	11,396
Employee benefits	69,038	54,573
Other general expenses	<u>20,385</u>	<u>20,692</u>
	<u>321,115</u>	<u>357,349</u>
Total operation and maintenance	1,790,272	2,023,289
Depreciation	<u>1,377,949</u>	<u>1,375,689</u>
Total operating expenses	<u>3,168,221</u>	<u>3,398,978</u>
Net operating income (loss)	<u>111,597</u>	<u>(187,200)</u>
Non-operating income (expenses)		
Interest income	115,309	139,496
Interest expense	<u>(36,658)</u>	<u>(45,068)</u>
Total non-operating income (expenses)	<u>78,651</u>	<u>94,428</u>
Income (loss) before contributions	190,248	(92,772)
Contributions	<u>353,717</u>	<u>1,068,647</u>
Change in net position	<u>\$ 543,965</u>	<u>975,875</u>

CITY OF PEWAUKEE

Enterprise Funds

Water and Sewer Utility

ANALYSIS OF UTILITY PLANT IN SERVICE

Years Ended December 31, 2017 and 2016

	Utility Plant				% Rate	Accumulated Depreciation			
	Balance	Additions	Disposals	Balance		Balance	Additions	Disposals	Balance
	Dec. 31, 2016			Dec. 31, 2017		Dec. 31, 2016			Dec. 31, 2017
Water Utility:									
Source of supply plant:									
Wells and springs	\$ 2,352,135	-	-	2,352,135	2.90	931,128	68,212	-	999,340
Supply mains	237,834	-	-	237,834	1.80	81,404	4,281	-	85,685
Pumping plant:									
Land	530,387	-	-	530,387	-	-	-	-	-
Structures and improvements	5,823,683	-	-	5,823,683	3.20	2,405,713	186,357	-	2,592,070
Electric pumping equipment	1,633,047	188,747	53,586	1,768,208	4.40	506,342	75,972	40,082	542,232
Other pumping equipment	201,872	-	-	201,872	4.40	152,459	5,157	-	157,616
Water treatment plant	382,284	-	-	382,284	6.00	216,489	22,937	-	239,426
Transmission and distribution plant:									
Distribution reservoirs and standpipes	2,002,834	2,709,534	-	4,712,368	1.90	720,691	63,795	-	784,486
Transmission and distribution mains	26,138,214	-	-	26,138,214	1.30	4,701,171	339,796	-	5,040,967
Services	4,112,019	-	4,845	4,107,174	2.90	1,600,020	119,248	1,928	1,717,340
Meters	658,416	26,832	3,835	681,413	5.50	271,837	36,951	3,835	304,953
Hydrants	3,413,868	-	-	3,413,868	2.20	991,020	75,106	-	1,066,126
General plant:									
Transportation equipment	303,711	-	-	303,711	13.30	252,825	40,394	-	293,219
Office furniture and equipment	191,081	-	-	191,081	Var.	176,849	9,342	-	186,191
Other general equipment	304,268	46,364	-	350,632	Var.	289,443	8,252	-	297,695
Power operating equipment	175	-	-	175	7.50	175	-	-	175
	<u>48,285,828</u>	<u>2,971,477</u>	<u>62,266</u>	<u>51,195,039</u>		<u>13,297,566</u>	<u>1,055,800</u>	<u>45,845</u>	<u>14,307,521</u>
Sewer Utility:									
Buildings and structures	3,800,396	-	-	3,800,396	2.00	858,583	76,008	-	934,591
Collection sewers	33,807,612	10,700	-	33,818,312	1.00	5,418,789	338,130	-	5,756,919
Force mains	2,300,854	-	-	2,300,854	3.33	872,934	76,618	-	949,552
Services	5,193,369	-	-	5,193,369	1.00	747,117	51,934	-	799,051
Pumping equipment	4,029,806	-	-	4,029,806	5.00	2,422,818	201,490	-	2,624,308
Other equipment	354,539	21,864	-	376,403	Var.	328,314	11,363	-	339,677
Treatment plant	12,298,204	299,860	-	12,598,064	5.00	11,001,818	622,406	-	11,624,224
	<u>61,784,780</u>	<u>332,424</u>	<u>-</u>	<u>62,117,204</u>		<u>21,650,373</u>	<u>1,377,949</u>	<u>-</u>	<u>23,028,322</u>
Construction in progress									
Water	2,143,122	-	1,914,011	229,111		-	-	-	-
Sewer	66,407	-	-	66,407		-	-	-	-
	<u>2,209,529</u>	<u>-</u>	<u>1,914,011</u>	<u>295,518</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>112,280,137</u>	<u>3,303,901</u>	<u>1,976,277</u>	<u>113,607,761</u>		<u>34,947,939</u>	<u>2,433,749</u>	<u>45,845</u>	<u>37,335,843</u>