

# **City of Pewaukee**

Financial Statements and  
Supplementary Information

December 31, 2024

# City of Pewaukee

---

Table of Contents  
December 31, 2024

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements</b>	
Government Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	11
Statement of Cash Flows - Proprietary Funds	12
Statement of Fiduciary Net Position - Fiduciary Fund	14
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17

# City of Pewaukee

---

Table of Contents  
December 31, 2024

	<u>Page</u>
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Storm Water Management Fund	50
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System	51
Notes to Required Supplementary Information	52
<b>Supplementary Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	54

## **Independent Auditors' Report**

To the City Council of  
City of Pewaukee

### **Opinions**

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, (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2024 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

### **Supplementary Information**

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

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
December 19, 2025

## **BASIC FINANCIAL STATEMENTS**

# City of Pewaukee

## Statement of Net Position

December 31, 2024

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 24,430,650	\$ 14,947,985	\$ 39,378,635
Receivables (net):			
Taxes	13,878,453	-	13,878,453
Accounts	711,012	1,723,495	2,434,507
Special assessments	937,024	243,074	1,180,098
Internal balances	(112,416)	112,416	-
Investment in Pewaukee Public Library	503,986	-	503,986
Inventories and prepaid expenses	508,338	13,602	521,940
Restricted assets:			
Cash and investments	-	6,874,857	6,874,857
Capital assets:			
Land	7,285,126	530,387	7,815,513
Construction in progress	17,731,391	8,314,985	26,046,376
Other capital assets, net of accumulated depreciation	65,824,047	74,436,585	140,260,632
Total assets	<u>131,697,611</u>	<u>107,197,386</u>	<u>238,894,997</u>
<b>Deferred Outflows of Resources</b>			
Pension related items	<u>6,501,540</u>	<u>468,930</u>	<u>6,970,470</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	3,014,118	3,059,077	6,073,195
Deposits	438,588	26,197	464,785
Unearned revenue	1,089,239	-	1,089,239
Due to other governments	56,021	-	56,021
Current portion of long-term obligations	2,763,738	925,327	3,689,065
Noncurrent liabilities:			
Net pension liability	724,729	44,944	769,673
Noncurrent portion of long-term obligations	36,976,292	13,827,041	50,803,333
Total liabilities	<u>45,062,725</u>	<u>17,882,586</u>	<u>62,945,311</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenue	15,432,386	-	15,432,386
Pension related items	<u>3,874,442</u>	<u>294,091</u>	<u>4,168,533</u>
Total deferred inflows of resources	<u>19,306,828</u>	<u>294,091</u>	<u>19,600,919</u>
<b>Net Position</b>			
Net investment in capital assets	55,588,461	70,563,658	126,152,119
Restricted	3,149,912	2,921,672	6,071,584
Unrestricted	<u>15,091,225</u>	<u>16,004,309</u>	<u>31,095,534</u>
Total net position	<u>\$ 73,829,598</u>	<u>\$ 89,489,639</u>	<u>\$ 163,319,237</u>

See notes to the financial statements

**City of Pewaukee**

Statement of Activities

Year Ended December 31, 2024

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 3,030,908	\$ 1,272,525	\$ 198,106	\$ -	\$ (1,560,277)	\$ -	\$ (1,560,277)
Public safety	11,716,535	3,955,746	8,653	14,942	(7,737,194)	-	(7,737,194)
Public works	6,714,764	3,936,869	483,847	-	(2,294,048)	-	(2,294,048)
Health and sanitation	34,316	13,160	-	-	(21,156)	-	(21,156)
Culture and recreation	2,773,632	987,110	-	149,590	(1,636,932)	-	(1,636,932)
Conservation and development	480,338	-	-	-	(480,338)	-	(480,338)
Interest and other related charges	1,234,466	-	-	-	(1,234,466)	-	(1,234,466)
Total governmental activities	25,984,959	10,165,410	690,606	164,532	(14,964,411)	-	(14,964,411)
Business-type activities:							
Water utility	3,269,255	3,457,391	-	323,019	-	511,155	511,155
Sewer utility	4,630,882	4,281,503	-	366,648	-	17,269	17,269
Total business-type activities	7,900,137	7,738,894	-	689,667	-	528,424	528,424
Total primary government	\$ 33,885,096	\$ 17,904,304	\$ 690,606	\$ 854,199	(14,964,411)	528,424	(14,435,987)
<b>General Revenues and Transfers</b>							
Taxes:							
Property taxes					11,584,272	-	11,584,272
Other taxes					247,012	-	247,012
Intergovernmental revenues not restricted to specific programs					1,975,935	-	1,975,935
Investment income					2,194,812	558,405	2,753,217
Miscellaneous					204,838	17,098	221,936
Transfers					431,530	(431,530)	-
Total general revenues and transfers					16,638,399	143,973	16,782,372
Change in net position					1,673,988	672,397	2,346,385
<b>Net Position, Beginning</b>					72,155,610	88,817,242	160,972,852
<b>Net Position, Ending</b>					\$ 73,829,598	\$ 89,489,639	\$ 163,319,237

See notes to the financial statements

**City of Pewaukee**

Balance Sheet -  
Governmental Funds  
December 31, 2024

	General	Storm Water Management	Debt Service	Road Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Investments	\$ 8,135,388	\$ 3,754,470	\$ 1,250,669	\$ 1,091,173	\$ 10,198,950	\$ 24,430,650
Receivables (net):						
Taxes	9,456,594	659,339	3,312,520	-	450,000	13,878,453
Accounts	707,088	3,924	-	-	-	711,012
Special assessments	-	-	937,024	-	-	937,024
Due from other funds	2,407	-	-	-	-	2,407
Inventories	301,570	-	-	-	-	301,570
Prepaid items	206,768	-	-	-	-	206,768
Advance to other fund	1,290,100	-	-	-	-	1,290,100
<b>Total assets</b>	<b>\$ 20,099,915</b>	<b>\$ 4,417,733</b>	<b>\$ 5,500,213</b>	<b>\$ 1,091,173</b>	<b>\$ 10,648,950</b>	<b>\$ 41,757,984</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>						
<b>Liabilities</b>						
Accounts payable	\$ 443,673	\$ 245,381	\$ -	\$ 1,090,774	\$ 319,674	\$ 2,099,502
Accrued liabilities	445,182	-	-	-	-	445,182
Deposits	438,588	-	-	-	-	438,588
Unearned revenues	-	-	-	-	1,089,239	1,089,239
Due to other governments	56,021	-	-	-	-	56,021
Due to other funds	112,416	-	-	-	2,407	114,823
Advance from other fund	-	-	-	-	1,290,100	1,290,100
<b>Total liabilities</b>	<b>1,495,880</b>	<b>245,381</b>	<b>-</b>	<b>1,090,774</b>	<b>2,701,420</b>	<b>5,533,455</b>
<b>Deferred Inflows of Resources</b>						
Unearned revenues	9,963,663	1,706,203	3,312,520	-	450,000	15,432,386
Unavailable revenues	159,543	-	942,404	-	-	1,101,947
<b>Total deferred inflows of resources</b>	<b>10,123,206</b>	<b>1,706,203</b>	<b>4,254,924</b>	<b>-</b>	<b>450,000</b>	<b>16,534,333</b>
<b>Fund Balances (Deficit)</b>						
Nonspendable	1,798,438	-	-	-	-	1,798,438
Restricted	-	2,466,149	1,245,289	-	2,529,886	6,241,324
Committed	-	-	-	-	6,385,248	6,385,248
Assigned	864,698	-	-	399	128,017	993,114
Unassigned (deficit)	5,817,693	-	-	-	(1,545,621)	4,272,072
<b>Total fund balances (deficit)</b>	<b>8,480,829</b>	<b>2,466,149</b>	<b>1,245,289</b>	<b>399</b>	<b>7,497,530</b>	<b>19,690,196</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 20,099,915</b>	<b>\$ 4,417,733</b>	<b>\$ 5,500,213</b>	<b>\$ 1,091,173</b>	<b>\$ 10,648,950</b>	<b>\$ 41,757,984</b>

See notes to the financial statements

## City of Pewaukee

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
December 31, 2024

---

**Total Fund Balances, Governmental Funds** \$ 19,690,196

Amounts reported for governmental activities in the Statement of  
Net Position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds (See Note 2).	90,840,564
The City's investment in the library joint venture is not a financial resource and, therefore, is not reported in the fund statements.	503,986
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,101,947
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(724,729)
Deferred inflows and outflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds.	2,627,098
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds (See Note 2).	<u>(40,209,464)</u>

**Net Position of Governmental Activities** \$ 73,829,598

**City of Pewaukee**

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended December 31, 2024

	General	Storm Water Management	Debt Service	Road Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 9,962,640	\$ -	\$ 1,879,010	\$ -	\$ 1,209,726	\$ 13,051,376
Intergovernmental	2,089,903	-	-	-	706,399	2,796,302
Licenses and permits	1,010,198	100	-	-	-	1,010,298
Fines forfeitures and penalties	296,922	-	-	-	-	296,922
Public charges for services	2,580,575	1,664,836	-	-	177,692	4,423,103
Intergovernmental charges for services	3,227,430	47,075	-	-	-	3,274,505
Investment income	2,052,652	4	36,332	-	97,055	2,186,043
Miscellaneous	222,578	53,148	-	-	14,823	290,549
Total revenues	21,442,898	1,765,163	1,915,342	-	2,205,695	27,329,098
<b>Expenditures</b>						
Current:						
General government	2,631,892	-	-	-	-	2,631,892
Public safety	11,316,557	-	-	-	2,603	11,319,160
Public works	3,716,883	755,008	-	-	-	4,471,891
Health and human services	-	-	-	-	16,084	16,084
Culture and recreation	2,553,731	-	-	-	-	2,553,731
Conservation and development	-	-	-	-	310,691	310,691
Capital outlay	37,092	2,624,896	-	2,575,677	3,611,246	8,848,911
Debt service:						
Principal	-	-	2,338,980	-	-	2,338,980
Interest, issuance costs and fiscal charges	-	-	1,455,588	-	-	1,455,588
Total expenditures	20,256,155	3,379,904	3,794,568	2,575,677	3,940,624	33,946,928
Excess (deficiency) of revenues over expenditures	1,186,743	(1,614,741)	(1,879,226)	(2,575,677)	(1,734,929)	(6,617,830)
<b>Other Financing Sources (Uses)</b>						
Property sales	-	-	-	-	69,825	69,825
Transfers in	461,530	19,572	426,101	243,402	765,357	1,915,962
Transfers out	(841,509)	(612,503)	-	-	(30,420)	(1,484,432)
Total other financing sources (uses)	(379,979)	(592,931)	426,101	243,402	804,762	501,355
Net change in fund balances	806,764	(2,207,672)	(1,453,125)	(2,332,275)	(930,167)	(6,116,475)
<b>Fund Balances, Beginning</b>	7,674,065	4,673,821	2,698,414	2,332,674	8,427,697	25,806,671
<b>Fund Balances, Ending</b>	\$ 8,480,829	\$ 2,466,149	\$ 1,245,289	\$ 399	\$ 7,497,530	\$ 19,690,196

See notes to the financial statements

## City of Pewaukee

### Reconciliation of the Statement of Revenues, Expenditures and Changes in

#### Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2024

**Net Change in Fund Balances, Total Governmental Funds** \$ (6,116,475)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Net Position, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the Statement of Activities:

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide statements	8,848,911
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	165,364
Depreciation is reported in the government-wide statements	(3,600,867)
Net book value of assets retired	(191,834)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(171,506)
---	-----------

The proportionate share of the change in net position related to joint ventures reported in the Statement of Activities neither provides nor uses current financial resources and is not reported in the fund financial statements.	13,832
---	--------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal repaid	2,338,980

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(121,235)
Accrued interest on debt	25,207
Net pension liability	1,751,296
Deferred inflows/outflows of resources related to pension	(1,463,600)

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the Statement of Net Position, these are reported as additions or deductions from long-term debt. These are allocated over the period the debt is outstanding in the Statement of Activities and are reported as interest expense:

Amortization of debt premiums	195,915
-------------------------------	---------

**Change in Net Position of Governmental Activities** \$ 1,673,988

**City of Pewaukee**

Statement of Net Position -  
Proprietary Funds  
December 31, 2024

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 1,042,870	\$ 13,905,115	\$ 14,947,985
Receivables:			
Accounts	756,755	966,740	1,723,495
Special assessments	188,847	54,227	243,074
Due from other funds	61,908	50,508	112,416
Advance to water	-	69,734	69,734
Inventory	13,602	-	13,602
Restricted assets, cash and investments	1,826,722	5,048,135	6,874,857
Total current assets	<u>3,890,704</u>	<u>20,094,459</u>	<u>23,985,163</u>
Noncurrent Assets			
Capital assets:			
Land	530,387	-	530,387
Construction in progress	2,996,536	5,318,449	8,314,985
Capital assets, net of accumulated depreciation	36,745,231	37,691,354	74,436,585
Advance to water	-	1,952,564	1,952,564
Total noncurrent assets	<u>40,272,154</u>	<u>44,962,367</u>	<u>85,234,521</u>
Total assets	<u>44,162,858</u>	<u>65,056,826</u>	<u>109,219,684</u>
Deferred Outflows of Resources			
Pension related items	<u>313,416</u>	<u>155,514</u>	<u>468,930</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	462,963	2,428,880	2,891,843
Accrued liabilities	108,787	6,685	115,472
Deposits	26,197	-	26,197
Current portion of advance from sewer	69,734	-	69,734
Current portion of general obligation debt	600,000	217,468	817,468
Current portion of compensated absences	26,447	14,241	40,688
Liabilities payable from restricted assets:			
Accrued interest payable	-	51,762	51,762
Current portion of revenue bonds	-	67,171	67,171
Total current liabilities	<u>1,294,128</u>	<u>2,786,207</u>	<u>4,080,335</u>
Noncurrent liabilities:			
General obligation debt	8,530,000	3,436,711	11,966,711
Revenue bonds	-	1,135,980	1,135,980
Unamortized premium	438,649	231,423	670,072
Compensated absences	35,281	18,997	54,278
Net pension liability	29,213	15,731	44,944
Advance from sewer	1,952,564	-	1,952,564
Total noncurrent liabilities	<u>10,985,707</u>	<u>4,838,842</u>	<u>15,824,549</u>
Total liabilities	<u>12,279,835</u>	<u>7,625,049</u>	<u>19,904,884</u>
Deferred Inflows of Resources			
Pension related items	<u>188,279</u>	<u>105,812</u>	<u>294,091</u>
Net Position			
Net investment in capital assets	32,139,816	38,423,842	70,563,658
Restricted for:			
Redemption account	-	8,492	8,492
Equipment replacement	-	2,853,024	2,853,024
Radium capital projects	60,156	-	60,156
Unrestricted (deficit)	<u>(191,812)</u>	<u>16,196,121</u>	<u>16,004,309</u>
Total net position	<u>\$ 32,008,160</u>	<u>\$ 57,481,479</u>	<u>\$ 89,489,639</u>

See notes to the financial statements

**City of Pewaukee**

Statement of Revenues, Expenses and Changes in Net Position -

Proprietary Funds

Year Ended December 31, 2024

	<b>Business-Type Activities -</b>		
	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating Revenues</b>	<u>\$ 3,457,391</u>	<u>\$ 4,281,503</u>	<u>\$ 7,738,894</u>
<b>Operating Expenses</b>			
Operation and maintenance	1,690,754	3,623,315	5,314,069
Depreciation	1,275,907	854,112	2,130,019
Taxes	<u>3,546</u>	<u>-</u>	<u>3,546</u>
Total operating expenses	<u>2,970,207</u>	<u>4,477,427</u>	<u>7,447,634</u>
Operating income (loss)	<u>487,184</u>	<u>(195,924)</u>	<u>291,260</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	12,124	546,281	558,405
Interest and fiscal charges	(330,017)	(153,455)	(483,472)
Miscellaneous revenue	-	1,098	1,098
Gain on sale of capital assets	16,000	-	16,000
Amortization	<u>30,969</u>	<u>-</u>	<u>30,969</u>
Total nonoperating income (expense)	<u>(270,924)</u>	<u>393,924</u>	<u>123,000</u>
Income before contributions and transfers	<u>216,260</u>	<u>198,000</u>	<u>414,260</u>
<b>Contributions and Transfers</b>			
Capital contributions	323,019	366,648	689,667
Transfers	<u>(431,530)</u>	<u>-</u>	<u>(431,530)</u>
Total contributions and transfers	<u>(108,511)</u>	<u>366,648</u>	<u>258,137</u>
Change in net position	107,749	564,648	672,397
<b>Net Position, Beginning</b>	<u>31,900,411</u>	<u>56,916,831</u>	<u>88,817,242</u>
<b>Net Position, Ending</b>	<u>\$ 32,008,160</u>	<u>\$ 57,481,479</u>	<u>\$ 89,489,639</u>

See notes to the financial statements

**City of Pewaukee**

Statement of Cash Flows -  
Proprietary Funds  
Year Ended December 31, 2024

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 3,321,653	\$ 4,308,815	\$ 7,630,468
Paid to vendors for goods and services	(1,263,218)	(3,422,494)	(4,685,712)
Paid to employees for services	(337,528)	(333,117)	(670,645)
Net cash flows from operating activities	<u>1,720,907</u>	<u>553,204</u>	<u>2,274,111</u>
<b>Cash Flows From Noncapital and Related Financing Activities</b>			
Transfers to other funds	(431,530)	-	(431,530)
Net cash flows from noncapital and related financing activities	<u>(431,530)</u>	<u>-</u>	<u>(431,530)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(1,578,784)	(2,553,203)	(4,131,987)
Principal paid on long-term debt retirements	(666,020)	(278,065)	(944,085)
Proceeds from sale of capital assets	16,000	-	16,000
Collection of special assessments, net	46,676	65,377	112,053
Interest paid	(335,988)	(170,857)	(506,845)
Net cash from capital and related financing activities	<u>(2,518,116)</u>	<u>(2,936,748)</u>	<u>(5,454,864)</u>
<b>Cash Flows From Investing Activities</b>			
Investment income	12,124	546,281	558,405
Net change in cash and investments	(1,216,615)	(1,837,263)	(3,053,878)
<b>Cash and Investments, Beginning</b>	<u>4,086,207</u>	<u>20,790,513</u>	<u>24,876,720</u>
<b>Cash and Investments, Ending</b>	<u>\$ 2,869,592</u>	<u>\$ 18,953,250</u>	<u>\$ 21,822,842</u>

See notes to the financial statements

**City of Pewaukee**

Statement of Cash Flows -  
Proprietary Funds  
Year Ended December 31, 2024

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>			
Operating income (loss)	\$ 487,184	\$ (195,924)	\$ 291,260
Nonoperating income	-	1,098	1,098
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation expense	1,275,907	854,112	2,130,019
Changes in assets, deferred outflows/inflows of resources and liabilities:			
Accounts receivable	(146,374)	(5,203)	(151,577)
Due from other funds	10,636	31,417	42,053
Pension related deferrals and liabilities	(26,178)	(605)	(26,783)
Accounts payable	132,708	(130,141)	2,567
Inventory	(1,593)	-	(1,593)
Accrued liabilities	(11,383)	(1,550)	(12,933)
Net cash flows from operating activities	<u>\$ 1,720,907</u>	<u>\$ 553,204</u>	<u>\$ 2,274,111</u>
<b>Reconciliation of Cash and Investments to the Statement of Net Position, Proprietary Funds</b>			
Cash and investments, statement of net position	\$ 1,042,870	\$ 13,905,115	\$ 14,947,985
Restricted cash and investments, statement of net position	<u>1,826,722</u>	<u>5,048,135</u>	<u>6,874,857</u>
Cash and cash equivalents, ending	<u>\$ 2,869,592</u>	<u>\$ 18,953,250</u>	<u>\$ 21,822,842</u>
<b>Noncash Capital and Related Financing Activities</b>			
Amortization on premiums	<u>\$ 30,969</u>	<u>\$ 14,872</u>	

See notes to the financial statements

# City of Pewaukee

Statement of Fiduciary Net Position -  
Fiduciary Fund  
December 31, 2024

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>Assets</b>	
Cash and investments	\$ 19,285,946
Taxes receivable	<u>19,127,878</u>
Total assets	<u>38,413,824</u>
<b>Liabilities</b>	
Due to other governmental units	<u>38,413,824</u>
<b>Net Position</b>	
Total net position	<u>\$ -</u>

See notes to the financial statements

## City of Pewaukee

Statement of Changes in Fiduciary Net Position -  
Fiduciary Fund  
Year Ended December 31, 2024

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>Additions</b>	
Property tax collections	<u>\$ 27,625,865</u>
<b>Deductions</b>	
Property taxes paid to overlying districts	<u>27,625,865</u>
Change in net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to the financial statements

# City of Pewaukee

Index to Notes to Financial Statements

December 31, 2024

	<u>Page</u>
<b>1. Summary of Significant Accounting Policies</b>	17
Reporting Entity	17
Government-Wide and Fund Financial Statements	17
Measurement Focus, Basis of Accounting and Financial Statement Presentation	19
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	21
Deposits and Investments	21
Receivables	22
Inventories and Prepaid Items	22
Restricted Assets	22
Capital Assets	23
Deferred Outflows of Resources	23
Compensated Absences	23
Long-Term Obligations	24
Deferred Inflows of Resources	24
Equity Classifications	24
Pension	26
Basis for Existing Rates	26
<b>2. Reconciliation of Government-Wide and Fund Financial Statements</b>	26
Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	26
<b>3. Stewardship, Compliance and Accountability</b>	27
Budgetary Information	27
Excess Expenditures and Other Financing Uses Over Budget	27
Deficit Balances	27
Limitations on the City's Tax Levy	28
<b>4. Detailed Notes on All Funds</b>	28
Deposits and Investments	28
Receivables	30
Restricted Assets	31
Capital Assets	32
Interfund Receivables/Payables, Advances and Transfers	34
Long-Term Obligations	36
Net Position/Fund Balances	40
<b>5. Other Information</b>	42
Employees' Retirement System	42
Risk Management	47
Commitments and Contingencies	48
Joint Ventures	48
Effect of New Accounting Standards on Current-Period Financial Statements	48

# City of Pewaukee

---

Notes to Financial Statements  
December 31, 2024

## 1. Summary of Significant Accounting Policies

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

### Reporting Entity

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

### Government-Wide and Fund Financial Statements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024; however, the impact of this implementation was not material to the 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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

### Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

## **General Fund**

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

## **Special Revenue Fund**

Storm Water Management Special Revenue Fund is used to account for and report resources accumulated and payments made for storm water management projects.

## **Debt Service Fund**

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

## **Capital Projects Fund**

Road Construction Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of infrastructure and other related capital assets.

## **Enterprise Funds**

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system.

Sewer utility accounts for operations of the sewer system.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

---

The City reports the following nonmajor governmental funds:

## Special Revenue Funds

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

Impact Fee	Tourism and Convention
Public Safety Grants	Expendable Cemetery
American Rescue Plan	

## Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Equipment	Bike Path
City Hall Remodel	DPW Building

## Permanent Fund

Permanent Fund is used to account for and report resources that are 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.

Cemetery Perpetual Care

In addition, the City reports the following fund type:

## Custodial Fund

Custodial Fund is used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

## Measurement Focus, Basis of Accounting and Financial Statement Presentation

### Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the 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 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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 unavailable revenues. Delinquent special assessments being held by the County are reported as receivables and unavailable revenues. At December 31, 2024, there were \$2,746, \$3,744,590 and \$921,760 of unrecorded anticipated future assessments for City, Water and Sewer utilities respectively, which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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

## Proprietary and Fiduciary Funds

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. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## All Financial Statements

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

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

### **Deposits and Investments**

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The City's investment policy addresses custodial credit risk. Collateralization is required on two types of investments: certificates of deposit that exceed the state and FDIC insurance limits and repurchase agreements. The collateralization level is 102% of the market value of principal and accrued interest.

Interest rate risk is also addressed by the City's investment policy. The City will diversify its investments according to type, maturity and institution. The portfolio will contain both short-term and long-term investments. No more than fifty percent (50%) of total investments should extend beyond one year and never extend beyond 5 years. See Note 4 for further details.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 4. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2024, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

---

See Note 4 for further information.

## Receivables

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

Property tax calendar - 2024 tax roll:

Lien date and levy date	December 2024
Tax bills mailed	December 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025
Tax sale - 2024 delinquent real estate taxes	October 2027

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

## Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## 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 position.

**Capital Assets**

**Government-Wide Financial Statements**

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 general capital assets and for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings and improvements	15-40 Years
Land improvements	10-40 Years
Equipment	2-20 Years
Water and sewer plant	4-100 Years
Infrastructure	20-60 Years
Intangibles	3-20 Years
Library	15-50 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.

**Deferred Outflows of Resources**

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

**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 (resign or retirement) at a rate of 25% of total accrued benefits or 50% of total accrued benefits after 5 years of service. A liability is recorded in the full-accrual government-wide and proprietary fund financial statements accordingly based on hours accrued at year end and current pay rate.

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. A liability is recorded in the full-accrual government-wide and proprietary fund financial statements accordingly based on hours accrued at year end and current pay rate.

## Long-Term Obligations

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

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

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

## Deferred Inflows of Resources

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

## 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/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

## Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Common Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Common Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

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

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 10% of subsequent years general fund budgeted expenditures. The balance at year end was \$2,264,471, and is included in unassigned general fund balance. Furthermore, the City's policy states that the unassigned fund balance shall be maintained as of December 31 of each year equal to a minimum of 20% of the ensuing year's budgeted general fund revenue. As of December 31, 2024, the City's unassigned fund balance was 25% of subsequent year's budgeted general fund revenue.

See Note 4 for further information.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

## Basis for Existing Rates

### Water and Sewer Rates

Current water rates were approved by the Public Service Commission of Wisconsin and effective on March 1, 2024.

Current sewer rates were approved by the Common Council January 2021.

## 2. Reconciliation of Government-Wide and Fund Financial Statements

### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$ 7,285,126
Construction in progress	17,731,391
Buildings and improvements	28,494,757
Land improvements	5,153,764
Equipment	14,060,788
Infrastructure	66,304,167
Intangibles	225,780
Library	1,038,298
Less accumulated depreciation	<u>(49,453,507)</u>
Combined adjustment for capital assets	<u>\$ 90,840,564</u>

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

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

Bonds and notes payable	\$ 36,635,000
Compensated absences	923,545
Accrued interest	469,434
Unamortized debt premium	<u>2,181,485</u>
Combined adjustment for long-term liabilities	<u>\$ 40,209,464</u>

### 3. Stewardship, Compliance and Accountability

#### Budgetary Information

A budget has been formally adopted for all funds except for DPW Building, American Rescue Plan, Public Safety Grants, and Cemetery Perpetual Care. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Tourism and Convention Fund	\$ 1,086,500	\$ 1,935,333	\$ 848,833
General Fund	19,872,260	21,097,664	1,225,404

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

#### Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2024, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Projects - DPW Building Fund	\$ 1,290,100	Expenditures exceeded original funding source
Special Revenue - Tourism and Convention	255,521	Expenditures exceeded original funding source

The Tourism and Convention Fund deficit is anticipated to be funded with future public accommodation (room) tax revenues and the DPW building deficit is anticipated to be funded with general tax revenue.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Limitations on the City's Tax Levy

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

## 4. Detailed Notes on All Funds

### Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 22,275,422	\$ 19,098,126	Custodial credit
U.S. agencies, implicitly guaranteed	3,870,831	3,870,831	Credit, custodial credit, interest rate, concentration of credit
Mutual funds, other than bond funds	6,982,000	6,982,000	N/A
U.S. treasuries	399,544	399,544	Custodial credit, interest rate
Certificate of deposits, negotiable	500,522	500,522	Credit, custodial credit, interest rate, concentration of credit
Municipal bonds	454,628	454,628	Credit, custodial credit, interest rate, concentration of credit
LGIP	31,055,472	31,055,472	Credit
Petty cash	1,019	-	N/A
	<u>\$ 65,539,438</u>	<u>\$ 62,361,123</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 39,378,635		
Restricted cash and investments	6,874,857		
Per statement of fiduciary net position, custodial funds:			
Tax Collection Fund	<u>19,285,946</u>		
Total deposits and investments	<u>\$ 65,539,438</u>		

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

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The City maintains collateral agreements with its banks. At December 31, 2024, the banks had pledged various government securities in the amount of \$14,804,170 to secure the City's deposits.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Quoted market prices for similar or identical assets in active markets
- Matrix pricing techniques / yield curves

Investment Type	December 31, 2024			Total
	Level 1	Level 2	Level 3	
Certificate of deposit, negotiable	\$ -	\$ 500,522	\$ -	\$ 500,522
Municipal bonds	-	454,628	-	454,628
U.S. treasuries	-	399,544	-	399,544
Mutual funds, other than bond funds	6,982,000	-	-	6,982,000
U.S. agencies, implicitly guaranteed	-	3,870,831	-	3,870,831
Total	<u>\$ 6,982,000</u>	<u>\$ 5,225,525</u>	<u>\$ -</u>	<u>\$ 12,207,525</u>

## Custodial Credit Risk

### Deposits

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

As of December 31, 2024, \$8,390,917 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,390,917
--------------------------------	--------------

### Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City does not have any investments exposed to custodial credit risk.

## Credit Risk

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

## City of Pewaukee

Notes to Financial Statements  
December 31, 2024

As of December 31, 2024, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>	<u>Moody's Investors Services</u>
U.S. agencies, implicitly guaranteed	AA+	Aaa
Municipal bonds	AA, AAA	Aaa
Certificates of deposit, negotiable	NR	NR

The City also held investments in the following external pool which is not rated:

LGIP

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2024, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. treasuries	\$ 399,544	\$ 399,544	\$ -	\$ -
U.S. agencies, implicitly guaranteed	3,870,831	1,238,892	2,631,939	-
Certificate of deposits, negotiable	500,522	500,522	-	-
Municipal bonds	<u>454,628</u>	<u>406,259</u>	<u>48,369</u>	-
Total	<u>\$ 5,225,525</u>	<u>\$ 2,545,217</u>	<u>\$ 2,680,308</u>	<u>\$ -</u>

### Investments Highly Sensitive to Interest Rate Changes

At December 31, 2024, the City held \$3,870,831, \$500,522, \$454,628, and \$399,544 in U.S. agencies, implicitly guaranteed, certificates of deposit, negotiable, municipal bonds and U.S. treasuries, respectively. With all fixed income securities, as interest rates rise, the value will fall. The longer the time to maturity, the more sensitive the value will be to a change in interest rates. The longest time to maturity on any holding is 1-5 years.

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

### Receivables

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

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 15,432,386	\$ -
Grants received prior to meeting all eligibility requirements	832,939	-
Naming rights revenue received prior to being earned	256,300	-
Special assessments not yet due	-	942,404
Ambulance revenue	-	159,543
	<u>                    </u>	<u>                    </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 16,521,625</u>	<u>\$ 1,101,947</u>
Unearned revenue included in liabilities	\$ 1,089,239	
Unearned revenue included in deferred inflows	<u>15,432,386</u>	
Total unearned revenue for governmental funds	<u>\$ 16,521,625</u>	

## Restricted Assets

The following represent the balances of the restricted assets:

### Long-Term Debt Accounts

**Redemption** - Used to segregate resources accumulated for debt service payments over the next twelve months.

**Construction** - Used to report proceeds of debt issuances that are restricted for use in construction and unspent at year-end.

### Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

### Capital Projects

The water utility established a reserve account for future radium removal projects.

Following is a list of restricted assets at December 31, 2024:

Restricted assets:	
Redemption account	\$ 8,492
Replacement account	2,853,024
Construction account	2,186,619
Capital projects	<u>60,156</u>
Total restricted assets	<u>\$ 5,108,291</u>

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 7,256,326	\$ 28,800	\$ -	\$ 7,285,126
Construction in progress	29,428,699	7,198,539	18,895,847	17,731,391
Total capital assets not being depreciated/amortized	<u>36,685,025</u>	<u>7,227,339</u>	<u>18,895,847</u>	<u>25,016,517</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	14,705,483	13,789,274	-	28,494,757
Land improvements	5,122,443	31,321	-	5,153,764
Equipment	12,430,999	1,754,646	124,857	14,060,788
Infrastructure	62,094,637	5,050,810	841,280	66,304,167
Intangibles	181,150	44,630	-	225,780
Library	1,026,196	12,102	-	1,038,298
Total capital assets being depreciated/amortized	<u>95,560,908</u>	<u>20,682,783</u>	<u>966,137</u>	<u>115,277,554</u>
Total capital assets	<u>132,245,933</u>	<u>27,910,122</u>	<u>19,861,984</u>	<u>140,294,071</u>
Less accumulated for:				
Buildings and improvements	(7,006,024)	(583,540)	-	(7,589,564)
Land improvements	(2,372,797)	(243,384)	-	(2,616,181)
Equipment	(6,551,991)	(940,748)	70,801	(7,421,938)
Infrastructure	(30,253,197)	(1,774,200)	703,502	(31,323,895)
Intangibles	(102,300)	(39,942)	-	(142,242)
Library	(340,634)	(19,053)	-	(359,687)
Total accumulated	<u>(46,626,943)</u>	<u>(3,600,867)</u>	<u>774,303</u>	<u>(49,453,507)</u>
Net capital assets being depreciated/amortized	<u>48,933,965</u>	<u>17,081,916</u>	<u>191,834</u>	<u>65,824,047</u>
Total governmental activities capital assets, net as reported in the statement of net position	<u>\$ 85,618,990</u>	<u>\$ 24,309,255</u>	<u>\$ 19,087,681</u>	<u>\$ 90,840,564</u>

Depreciation/amortization expense was charged to functions as follows:

### Governmental Activities

General government	\$ 507,740
Public safety	506,907
Public works	2,183,586
Culture and recreation	<u>402,634</u>
Total governmental activities depreciation/amortization expense	<u>\$ 3,600,867</u>

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 530,387	\$ -	\$ -	\$ 530,387
Construction in progress	<u>3,226,438</u>	<u>6,452,641</u>	<u>1,364,094</u>	<u>8,314,985</u>
Total capital assets not being depreciated/amortized	<u>3,756,825</u>	<u>6,452,641</u>	<u>1,364,094</u>	<u>8,845,372</u>
Capital assets being depreciated/amortized:				
Buildings	11,091,867	-	-	11,091,867
Improvements other than buildings	98,298,236	1,385,199	116,213	99,567,222
Furniture and equipment	1,991,340	171,057	104,638	2,057,759
Intangibles	<u>10,772,106</u>	<u>-</u>	<u>-</u>	<u>10,772,106</u>
Total capital assets being depreciated/amortized	<u>122,153,549</u>	<u>1,556,256</u>	<u>220,851</u>	<u>123,488,954</u>
Total capital assets	<u>125,910,374</u>	<u>8,008,897</u>	<u>1,584,945</u>	<u>132,334,326</u>
Less accumulated for:				
Buildings	(5,289,940)	(304,687)	-	(5,594,627)
Improvements other than buildings	(29,545,282)	(1,692,298)	116,213	(31,121,367)
Furniture and equipment	(1,535,874)	(133,034)	104,638	(1,564,270)
Intangibles	<u>(10,772,105)</u>	<u>-</u>	<u>-</u>	<u>(10,772,105)</u>
Total accumulated	<u>(47,143,201)</u>	<u>(2,130,019)</u>	<u>220,851</u>	<u>(49,052,369)</u>
Net capital assets being depreciated/amortized	<u>75,010,348</u>	<u>(573,763)</u>	<u>-</u>	<u>74,436,585</u>
Business-type activities capital assets, net as reported in the statement of net position	<u>\$ 78,767,173</u>	<u>\$ 5,878,878</u>	<u>\$ 1,364,094</u>	<u>\$ 83,281,957</u>

Depreciation/amortization expense was charged to functions as follows:

## Business-Type Activities

Sewer	\$ 854,112
Water	<u>1,275,907</u>

Total business-type activities, net as reported in the statement of net position expense \$ 2,130,019

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Interfund Receivables/Payables, Advances and Transfers

### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General Fund	\$ 61,908
Sewer Utility	General Fund	50,508
General Fund	Tourism and Convention	<u>2,407</u>
Total, fund financial statements		114,823
Less fund eliminations		<u>(2,407)</u>
Total internal balances, government-wide statement of net position		<u>\$ 112,416</u>

  

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ -
Business-type activities	Governmental activities	<u>112,416</u>
Total government-wide financial statements		<u>\$ 112,416</u>

All amounts are due within one year.

The principal purpose of these interfunds is to fund timing differences and fund temporary cash deficits. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

### Advances

The sewer utility has advanced funds to the water utility totaling \$7,404,609. The amount advanced is determined by the water utility asset balance as of May 31, 2016 when the water and sewer divisions were split along with the debt payments from 2016-2021 for the water utility that were funded by the sewer utility. During 2023, the sewer utility established a repayment plan with the water utility which included forgiving \$5,312,577 of the original advance. No interest is being charged.

The general fund has advance funds to the DPW building fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the funds' inceptions. No interest is being charged on the advance and no repayment schedule has been established. The advance is expected to be repaid with future borrowings.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Sewer Utility	Water Utility	\$ 2,022,298	\$ 1,952,564
General Fund	DPW Building	<u>1,290,100</u>	1,290,100
Total, fund financial statements		3,312,398	
Less fund eliminations		<u>(3,312,398)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>	
		<b>Water Utility Repayment Principal</b>	
<b>Years</b>			
2025		\$ 69,734	
2026		69,734	
2027		69,734	
2028		69,734	
2029		348,672	
2030-2034		348,672	
2035-2039		348,672	
2040-2044		348,672	
		<u>348,674</u>	
Total		<u>\$ 2,022,298</u>	

## Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Water Utility	\$ 431,530	Tax equivalent
Debt Service	Storm Water Management	426,101	Debt service
Capital Equipment	General	700,000	Capital equipment
Storm Water Management	General	19,152	Council approved contribution
General	Tourism and Convention	30,000	Operating subsidy
Road Construction	General	57,000	Operating subsidy
Storm Water Management	Cemetery	420	Funding for projects
American Rescue Plan	General	65,357	Allocate interest earned
Road Construction	Storm Water Management	<u>186,402</u>	Capital Projects
Total, fund financial statements		1,915,962	
Less fund eliminations		<u>(1,484,432)</u>	
Total transfers, government-wide statement of activities		<u>\$ 431,530</u>	

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 431,530
Business-type activities	Governmental activities	<u>-</u>
Total government-wide financial statements		<u>\$ 431,530</u>

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

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 38,973,980	\$ -	\$ 2,338,980	\$ 36,635,000	\$ 2,460,000
(Discounts)/Premiums	<u>2,377,400</u>	<u>-</u>	<u>195,915</u>	<u>2,181,485</u>	<u>-</u>
Total bonds and notes payable	<u>41,351,380</u>	<u>-</u>	<u>2,534,895</u>	<u>38,816,485</u>	<u>2,460,000</u>
Other liabilities:					
Compensated absences*	<u>802,310</u>	<u>121,235</u>	<u>-</u>	<u>923,545</u>	<u>303,738</u>
Total governmental activities long-term liabilities	<u>\$ 42,153,690</u>	<u>\$ 121,235</u>	<u>\$ 2,534,895</u>	<u>\$ 39,740,030</u>	<u>\$ 2,763,738</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 13,501,020	\$ -	\$ 856,020	\$ 12,645,000	\$ 795,000
General obligation notes from direct borrowings and direct placements	161,056	-	21,877	139,179	22,468
Revenue debt from direct borrowings and direct placements	1,269,339	-	66,188	1,203,151	67,171
(Discounts)/Premiums	<u>715,912</u>	<u>-</u>	<u>45,840</u>	<u>670,072</u>	<u>-</u>
Total bonds and notes payable	<u>15,647,327</u>	<u>-</u>	<u>989,925</u>	<u>14,657,402</u>	<u>884,639</u>
Other liabilities:					
Compensated absences*	<u>108,430</u>	<u>-</u>	<u>13,464</u>	<u>94,966</u>	<u>40,688</u>
Total business-type activities long-term liabilities	<u>\$ 15,755,757</u>	<u>\$ -</u>	<u>\$ 1,003,389</u>	<u>\$ 14,752,368</u>	<u>\$ 925,327</u>

\*The change in the compensated absences liability is presented as a net change.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2024, was \$248,584,790. Total general obligation debt outstanding at year end was \$49,149,179.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2024</u>
<b>General Obligation Debt</b>					
2013 G.O. Debt	05/30/13	09/01/32	2.0-3.0%	\$ 3,060,000	\$ 1,405,000
2016 G.O. Debt	10/12/16	09/01/27	2.0-2.25	2,995,000	980,000
2021 G.O. Debt	12/01/21	03/01/29	2.00	7,730,000	5,415,000
2022 G.O. Debt	09/01/22	03/01/32	3.0-5.0	11,090,000	10,060,000
2022 G.O. Debt	09/01/22	03/01/42	4.0-5.0	19,620,000	<u>18,775,000</u>
Total governmental activities, general obligation debt					<u>\$ 36,635,000</u>

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2024</u>
<b>General Obligation Debt</b>					
2010 G.O. Note, direct	05/01/10	05/01/29	2.91%	\$ 222,618	\$ 71,171
2011 G.O. Note, direct	07/13/11	05/01/31	2.40	174,403	68,008
2013 G.O. Debt	05/30/13	09/01/32	2.0-3.0	5,915,000	2,730,000
2016 G.O. Debt	10/12/16	09/01/36	2.0-2.25	2,550,000	1,620,000
2018 G.O. Debt	11/01/18	09/01/38	3.0-4.0	1,425,000	1,065,000
2022 G.O. Debt	09/01/22	03/01/42	4.0-5.0	7,785,000	<u>7,230,000</u>
Total business-type activities, general obligation debt					<u>\$ 12,784,179</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General Obligation Debt</u>	<u>General Obligation Debt</u>	<u>General Obligation Debt</u>	<u>General Obligation Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,460,000	\$ 1,369,203	\$ 795,000	\$ 457,838
2026	2,545,000	1,279,503	815,000	432,188
2027	2,605,000	1,186,513	830,000	405,643
2028	2,670,000	1,084,025	860,000	377,479
2029	2,760,000	984,225	880,000	347,904
2030-2034	11,640,000	3,447,675	4,025,000	1,256,318
2035-2039	7,385,000	1,659,800	2,915,000	584,013
2040-2042	<u>4,570,000</u>	<u>272,200</u>	<u>1,525,000</u>	<u>89,700</u>
Total	<u>\$ 36,635,000</u>	<u>\$ 11,283,144</u>	<u>\$ 12,645,000</u>	<u>\$ 3,951,083</u>

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

<u>Years</u>	<b>Business-Type Activities General Obligation Notes From Direct Borrowings and Direct Placements</b>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 22,468	\$ 3,400
2026	23,076	2,784
2027	23,700	2,151
2028	24,340	1,500
2029	45,595	1,329
Total	<u>\$ 139,179</u>	<u>\$ 11,164</u>

## Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the sewer utility.

The City has pledged future sewer utility revenues, net of specified operating expenses, to repay revenue bonds issued in 2021. Proceeds from the bonds provided financing for the Fox River Water Pollution Control Center Phosphorus Reduction Project. The bonds are payable solely from sewer revenues and are payable through May 1, 2040. Annual principal and interest payments on the bonds are expected to require 7.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,351,676. Principal and interest paid for the current year and total customer net revenues were \$84,382 and \$1,572,215, respectively.

Revenue debt payable at December 31, 2024, consists of the following:

### Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2024</u>
<u>Sewer utility</u>					
2021 Clean Water Loan	01/27/21	05/01/40	1.485%	\$ 1,398,666	\$ 1,203,151 (1)
				Total sewer utility	<u>1,203,151</u>

(1) - During 2021, the utility was authorized to issue \$1,619,516 of sewer system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2024. The repayment schedule is for the amount issued.

Total business-type activities, revenue debt \$ 1,203,151

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements</b>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 67,171	\$ 17,368
2026	68,169	16,363
2027	69,181	15,343
2028	70,208	14,308
2029	366,994	55,471
2030-2034	395,065	27,192
2035-2040	166,363	2,480
Total	<u>\$ 1,203,151</u>	<u>\$ 148,525</u>

## Other Debt Information

### Bond Covenant Disclosures

#### Insurance

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

#### Debt Coverage - Sewer Utility

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2024 as follows:

Operating revenues	\$ 4,281,503
Investment income	546,281
Miscellaneous nonoperating income	1,098
Connection fees	366,648
Less operation and maintenance expenses	<u>(3,623,315)</u>
Net defined earnings	<u>\$ 1,572,215</u>
Minimum required earnings per resolution: Highest annual debt service	\$ 84,382
Coverage factor	<u>1.10</u>
Minimum required earnings	<u>\$ 92,820</u>
Actual debt coverage	<u>18.63</u>

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

---

## Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2024, includes the following:

### Governmental Activities

Net investment in capital assets:

Land	\$ 7,285,126
Construction in progress	17,731,391
Other capital assets, net of accumulated depreciation/amortization	65,824,047
Less long-term debt outstanding	(36,635,000)
Plus unspent capital related debt proceeds	3,564,382
Less unamortized debt premium	<u>(2,181,485)</u>
 Total net investment in capital assets	 <u>55,588,461</u>

Restricted:

Debt service	1,718,259
Cemetery	190,591
Stormwater	468,341
Public safety grants	18,673
Impact fees	650,031
Cemetery perpetual care	<u>104,017</u>
 Total restricted	 <u>3,149,912</u>

Unrestricted

15,091,225

Total governmental activities net position

\$ 73,829,598

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2024, include the following:

	<u>General</u>	<u>Storm Water Management</u>	<u>Debt Service</u>	<u>Road Construction</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Prepaid items	\$ 206,768	\$ -	\$ -	\$ -	\$ -	\$ 206,768
Inventories	301,570	-	-	-	-	301,570
Advance to other fund	1,290,100	-	-	-	-	1,290,100
Subtotal	<u>1,798,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,798,438</u>
<b>Restricted for:</b>						
Debt service	-	-	1,245,289	-	-	1,245,289
Impact fees	-	-	-	-	650,031	650,031
Cemetery	-	-	-	-	312,133	312,133
Public safety	-	-	-	-	18,673	18,673
Capital projects	-	2,466,149	-	-	1,549,049	4,015,198
Subtotal	<u>-</u>	<u>2,466,149</u>	<u>1,245,289</u>	<u>-</u>	<u>2,529,886</u>	<u>6,241,324</u>
<b>Committed to:</b>						
Capital projects	-	-	-	-	6,385,248	6,385,248
<b>Assigned to:</b>						
Grants	-	-	-	-	128,017	128,017
Subsequent budget	864,698	-	-	-	-	864,698
Capital projects	-	-	-	399	-	399
Subtotal	<u>864,698</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>128,017</u>	<u>993,114</u>
<b>Unassigned (Deficit):</b>	<u>5,817,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,545,621)</u>	<u>4,272,072</u>
Total fund balances	<u>\$ 8,480,829</u>	<u>\$ 2,466,149</u>	<u>\$ 1,245,289</u>	<u>\$ 399</u>	<u>\$ 7,497,530</u>	<u>\$ 19,690,196</u>

## Business-Type Activities

Net investment in capital assets:

Land	\$ 530,387
Construction in progress	8,314,985
Other capital assets, net of accumulated depreciation	74,436,585
Less capital-related long-term debt outstanding	(13,987,330)
Plus unspent capital related debt proceeds	3,953,185
Less unamortized debt premium	(670,072)
Less capital-related accounts payable	<u>(2,014,082)</u>

Total net investment in capital assets \$ 70,563,658

## 5. Other Information

### Employees' Retirement System

#### Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

#### 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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

## 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, 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 \$697,267 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2024 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.80 %	6.80 %
Protective with Social Security	6.80	13.20
Protective without Social Security	6.80	18.10

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Pension Asset, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the City reported a liability of \$769,673 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.05176689%, which was an increase of 0.00180542% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2024, the City recognized pension expense (revenue) of \$398,362.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experience	\$ 3,103,314	\$ 4,110,359
Changes in assumptions	335,478	-
Net differences between projected and actual earnings on pension plan investments	2,682,186	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,321	58,174
Employer contributions subsequent to the measurement date	<u>846,171</u>	<u>-</u>
Total	<u>\$ 6,970,470</u>	<u>\$ 4,168,533</u>

\$846,171 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Years Ending December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</b>
2025	\$ 393,701
2026	411,410
2027	1,670,110
2028	(519,455)

## City of Pewaukee

Notes to Financial Statements  
December 31, 2024

---

### Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

\* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## 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 geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns* as of December 31, 2023</b>			
<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %**</b>
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage***	(12)	3.7	1.0
Total Core Fund	100	7.4	4.6
<b>Variable Fund Asset</b>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

\* *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations*

\*\* *New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.7%*

\*\*\* *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used subject to an allowable range of up to 20%.*

**City of Pewaukee**

Notes to Financial Statements  
December 31, 2024

**Single Discount Rate**

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City'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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	\$ 7,439,263	\$ 769,673	\$ (3,897,321)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2024, the City reported a payable to the pension plan of \$130,386, which represents contractually required contributions outstanding as of the end of the year.

**Risk Management**

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

# City of Pewaukee

Notes to Financial Statements  
December 31, 2024

## Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

The City has active construction projects as of December 31, 2024. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The City has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

Sewer	\$	2,799,014
Road construction		278,237
Capital equipment		1,244,147

## Joint Ventures

### Pewaukee Public Library

The City of Pewaukee and the Village of Pewaukee jointly operate the library, which is called the Pewaukee Public Library (Library) and provides library services to both communities.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the library. The City is obligated by the joint venture agreement to remit an amount annually to the library. The City made a payment to the library of \$896,675 in 2024.

Financial information of the library as of December 31, 2024 is available directly from the library's office.

The equity interest (50% interest for the City) is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities.

## Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Pewaukee**

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2024

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 10,033,147	\$ 9,962,640	\$ (70,507)
Intergovernmental	1,979,384	2,089,903	110,519
Licenses and permits	1,162,750	1,010,198	(152,552)
Fines forfeitures and penalties	507,000	296,922	(210,078)
Public charges for services	2,474,660	2,580,575	105,915
Intergovernmental charges for services	2,827,500	3,227,430	399,930
Investment income	553,250	2,052,652	1,499,402
Miscellaneous	117,200	222,578	105,378
	<u>19,654,891</u>	<u>21,442,898</u>	<u>1,788,007</u>
Total revenues			
<b>Expenditures</b>			
Current:			
General government	2,864,598	2,631,892	232,706
Public safety	10,699,370	11,316,557	(617,187)
Public works	3,625,032	3,716,883	(91,851)
Culture and recreation	2,654,760	2,553,731	101,029
Capital outlay	28,500	37,092	(8,592)
	<u>19,872,260</u>	<u>20,256,155</u>	<u>(383,895)</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(217,369)</u>	<u>1,186,743</u>	<u>1,404,112</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	515,000	461,530	(53,470)
Transfers out	-	(841,509)	(841,509)
	<u>515,000</u>	<u>(379,979)</u>	<u>(894,979)</u>
Total other financing sources (uses)			
Net change in fund balance	<u>\$ 297,631</u>	<u>806,764</u>	<u>\$ 509,133</u>
<b>Fund Balance, Beginning</b>		<u>7,674,065</u>	
<b>Fund Balance, Ending</b>		<u>\$ 8,480,829</u>	

See notes to required supplementary information

## City of Pewaukee

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

#### Storm Water Management Fund

Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Licenses and permits	\$ -	\$ 100	\$ 100
Public charges for services	1,615,000	1,664,836	49,836
Intergovernmental charges for services	20,000	47,075	27,075
Investment income	500	4	(496)
Miscellaneous	50,000	53,148	3,148
	<u>1,685,500</u>	<u>1,765,163</u>	<u>79,663</u>
Total revenues			
<b>Expenditures</b>			
Current:			
Public works	974,523	755,008	219,515
Capital outlay	3,435,500	2,624,896	810,604
	<u>4,410,023</u>	<u>3,379,904</u>	<u>1,030,119</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(2,724,523)</u>	<u>(1,614,741)</u>	<u>1,109,782</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	19,572	19,572	-
Transfers out	<u>(533,077)</u>	<u>(612,503)</u>	<u>(79,426)</u>
Total other financing sources (uses)	<u>(513,505)</u>	<u>(592,931)</u>	<u>(79,426)</u>
Net change in fund balance	<u>\$ (3,238,028)</u>	<u>(2,207,672)</u>	<u>\$ 1,030,356</u>
<b>Fund Balance, Beginning</b>		<u>4,673,821</u>	
<b>Fund Balance, Ending</b>		<u>\$ 2,466,149</u>	

See notes to required supplementary information

## City of Pewaukee

Schedule of Proportionate Share of the Net Pension Liability/(Asset) - Wisconsin Retirement System  
Year Ended December 31, 2024

<b>WRS Fiscal Year Ending</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
12/31/14	0.03676663%	\$ (903,089)	\$ 4,320,562	-20.90%	102.74%
12/31/15	0.03685216%	598,841	4,450,859	13.42%	98.20%
12/31/16	0.03771766%	310,884	4,631,126	6.71%	99.12%
12/31/17	0.03933083%	(1,167,779)	4,938,228	-23.70%	102.93%
12/31/18	0.04138922%	1,472,498	5,206,135	28.28%	96.45%
12/31/19	0.04334531%	(1,397,650)	5,544,374	-25.21%	102.96%
12/31/20	0.04516810%	(2,819,907)	5,889,106	-47.88%	105.26%
12/31/21	0.04744068%	(3,823,806)	6,435,329	-59.42%	106.02%
12/31/22	0.04996147%	2,646,810	6,775,317	39.07%	95.72%
12/31/23	0.05176689%	769,673	7,067,833	10.89%	98.85%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2024

<b>City Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/15	\$ 360,217	\$ 360,217	\$ -	\$ 4,460,859	8.08%
12/31/16	367,821	367,821	-	4,631,126	7.94%
12/31/17	424,351	424,351	-	4,938,228	8.59%
12/31/18	446,999	446,999	-	5,206,135	8.59%
12/31/19	468,041	468,041	-	5,544,374	8.44%
12/31/20	535,948	535,948	-	5,889,107	9.10%
12/31/21	586,414	586,414	-	6,435,330	9.11%
12/31/22	619,420	619,420	-	6,775,317	9.63%
12/31/23	712,841	712,841	-	7,066,793	10.09%
12/31/24	846,171	846,171	-	7,961,759	10.63%

See notes to required supplementary information

## City of Pewaukee

---

Notes to Required Supplementary Information  
Year Ended December 31, 2024

### 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.

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

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

### Wisconsin Retirement System

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

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

*Changes in assumptions.* Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

## **SUPPLEMENTARY INFORMATION**

**City of Pewaukee**

Combining Balance Sheet -  
 Nonmajor Governmental Funds  
 December 31, 2024

	Special Revenue Funds					Capital Project Funds			Permanent Fund	Total Governmental Funds	
	Impact Fee	Tourism and Convention	Public Safety Grants	American Rescue Plan	Cemetery	Bike Path	City Hall Remodel	DPW Building	Capital Equipment		Cemetery Perpetual Care
<b>Assets</b>											
Cash and Investments	\$ 650,031	\$ -	\$ 18,673	\$ 960,956	\$ 312,566	\$ 617,466	\$ 936,044	\$ -	\$ 6,599,197	\$ 104,017	\$ 10,198,950
Receivables:											
Taxes	-	-	-	-	-	-	-	-	450,000	-	450,000
Total assets	<u>\$ 650,031</u>	<u>\$ -</u>	<u>\$ 18,673</u>	<u>\$ 960,956</u>	<u>\$ 312,566</u>	<u>\$ 617,466</u>	<u>\$ 936,044</u>	<u>\$ -</u>	<u>\$ 7,049,197</u>	<u>\$ 104,017</u>	<u>\$ 10,648,950</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>											
<b>Liabilities</b>											
Accounts payable	\$ -	\$ 253,114	\$ -	\$ -	\$ 433	\$ 44,477	\$ -	\$ -	\$ 21,650	\$ -	\$ 319,674
Due to other funds	-	2,407	-	-	-	-	-	-	-	-	2,407
Advance from other fund	-	-	-	-	-	-	-	1,290,100	-	-	1,290,100
Unearned revenues	-	-	-	832,939	-	-	-	-	256,300	-	1,089,239
Total liabilities	-	255,521	-	832,939	433	44,477	-	1,290,100	277,950	-	2,701,420
<b>Deferred Inflows of Resources</b>											
Unearned revenues	-	-	-	-	-	-	-	-	450,000	-	450,000
Total deferred inflows of resources	-	-	-	-	-	-	-	-	450,000	-	450,000
<b>Fund Balances (Deficit)</b>											
Restricted	650,031	-	18,673	-	312,133	508,988	936,044	-	-	104,017	2,529,886
Committed	-	-	-	-	-	64,001	-	-	6,321,247	-	6,385,248
Assigned	-	-	-	128,017	-	-	-	-	-	-	128,017
Unassigned (deficit)	-	(255,521)	-	-	-	-	-	(1,290,100)	-	-	(1,545,621)
Total fund balances (deficit)	<u>650,031</u>	<u>(255,521)</u>	<u>18,673</u>	<u>128,017</u>	<u>312,133</u>	<u>572,989</u>	<u>936,044</u>	<u>(1,290,100)</u>	<u>6,321,247</u>	<u>104,017</u>	<u>7,497,530</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 650,031</u>	<u>\$ -</u>	<u>\$ 18,673</u>	<u>\$ 960,956</u>	<u>\$ 312,566</u>	<u>\$ 617,466</u>	<u>\$ 936,044</u>	<u>\$ -</u>	<u>\$ 7,049,197</u>	<u>\$ 104,017</u>	<u>\$ 10,648,950</u>

**City of Pewaukee**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2024

	Special Revenue Funds					Capital Project Funds			Permanent Fund	Total Governmental Funds	
	Impact Fees	Tourism and Convention	Public Safety Grants	American Rescue Plan	Cemetery	Bike Path	City Hall Remodel	DPW Building	Capital Equipment		Cemetery Perpetual Care
<b>Revenues</b>											
Taxes	\$ -	\$ 724,726	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ 450,000	\$ -	\$ 1,209,726
Intergovernmental	-	-	8,003	698,396	-	-	-	-	-	-	706,399
Public charges for services	164,532	-	-	-	9,730	-	-	-	-	3,430	177,692
Investment income	30,717	-	-	62,660	-	-	-	-	-	3,678	97,055
Miscellaneous	-	-	-	-	-	-	-	-	14,823	-	14,823
<b>Total revenues</b>	<b>195,249</b>	<b>724,726</b>	<b>8,003</b>	<b>761,056</b>	<b>44,730</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>464,823</b>	<b>7,108</b>	<b>2,205,695</b>
<b>Expenditures</b>											
Current:											
Public safety	-	-	2,603	-	-	-	-	-	-	-	2,603
Health and human services	-	-	-	-	16,084	-	-	-	-	-	16,084
Conservation and development	-	310,691	-	-	-	-	-	-	-	-	310,691
Capital outlay	-	1,594,642	-	698,396	4,583	78,109	47,848	75,627	1,112,041	-	3,611,246
<b>Total expenditures</b>	<b>-</b>	<b>1,905,333</b>	<b>2,603</b>	<b>698,396</b>	<b>20,667</b>	<b>78,109</b>	<b>47,848</b>	<b>75,627</b>	<b>1,112,041</b>	<b>-</b>	<b>3,940,624</b>
Excess (deficiency) of revenues over expenditures	195,249	(1,180,607)	5,400	62,660	24,063	(78,109)	(47,848)	(75,627)	(647,218)	7,108	(1,734,929)
<b>Other Financing Sources (Uses)</b>											
Property sales	-	-	-	-	-	-	-	-	69,825	-	69,825
Transfers in	-	-	-	65,357	-	-	-	-	700,000	-	765,357
Transfers out	-	(30,000)	-	-	(420)	-	-	-	-	-	(30,420)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(30,000)</b>	<b>-</b>	<b>65,357</b>	<b>(420)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>769,825</b>	<b>-</b>	<b>804,762</b>
<b>Net change in fund balances (deficit)</b>	<b>195,249</b>	<b>(1,210,607)</b>	<b>5,400</b>	<b>128,017</b>	<b>23,643</b>	<b>(78,109)</b>	<b>(47,848)</b>	<b>(75,627)</b>	<b>122,607</b>	<b>7,108</b>	<b>(930,167)</b>
<b>Fund Balances (Deficit), Beginning</b>	<b>454,782</b>	<b>955,086</b>	<b>13,273</b>	<b>-</b>	<b>288,490</b>	<b>651,098</b>	<b>983,892</b>	<b>(1,214,473)</b>	<b>6,198,640</b>	<b>96,909</b>	<b>8,427,697</b>
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 650,031</b>	<b>\$ (255,521)</b>	<b>\$ 18,673</b>	<b>\$ 128,017</b>	<b>\$ 312,133</b>	<b>\$ 572,989</b>	<b>\$ 936,044</b>	<b>\$ (1,290,100)</b>	<b>\$ 6,321,247</b>	<b>\$ 104,017</b>	<b>\$ 7,497,530</b>