

**VILLAGE OF PEWAUKEE**

Pewaukee, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2010

# VILLAGE OF PEWAUKEE

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Pewaukee  
Pewaukee, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Pewaukee's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of December 31, 2010, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pewaukee's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*BakerTilly VirchowKrause, LLP*

Madison, Wisconsin  
May 25, 2011

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

The management of the Village of Pewaukee offers all persons interested in the financial position of the village this narrative overview and analysis of the village's financial performance during the fiscal year ended December 31, 2010. You are invited to read this narrative in conjunction with the village's financial statements.

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### FINANCIAL HIGHLIGHTS

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- > The assets of the Village of Pewaukee exceeded its liabilities by \$44,288,271 (net assets). Of this amount, \$10,302,150 is considered unrestricted net assets, \$3,522,842 is restricted for specific purposes (restricted net assets), and \$30,463,279 is invested in capital assets, net of related debt.
- > The village's total net assets decreased by \$519,058. Governmental activities net assets decreased by \$211,125, while business-type net assets decreased by \$307,933.
- > On December 31, 2010, the village's governmental funds reported combined fund balances of \$5,704,561, an increase of \$698,287 from 2009. Undesignated fund balance was \$4,170,551.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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This discussion and analysis is intended to serve as an introduction to the village's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the village:

- > The first two statements are government-wide financial statements that provide both long-term and short-term information about the village's overall financial status.
- > The remaining statements are fund financial statements that focus on individual parts of village government, reporting the village's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### *GOVERNMENT-WIDE STATEMENTS*

The government-wide statements report information about the village as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the village's net assets and how they have changed. Net Assets – the difference between the village's assets and liabilities – is one way to measure the village's financial health, or position. Over time, increases or decreases in the village's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the village you need to consider additional non-financial factors such as changes in the village's property tax base and the condition of the village's roads.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

#### *FUND FINANCIAL STATEMENTS*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### *FUND FINANCIAL STATEMENTS (cont.)*

The village maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, Pension Pay-off fund, TID No. 1 debt service, and the capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The village adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary Funds* – The village maintains three different types of proprietary funds, all of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

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### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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An analysis of the village's financial position begins with a review of the Statement of Net Assets and the Statement of Activities. These two statements report the village's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

A summary of the village's Statement of Net Assets is presented below in Table 1.

**Table 1  
Condensed Statements of Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 11,603,165	\$ 10,881,013	\$ 12,232,612	\$ 13,740,272	\$ 23,835,777	\$ 24,621,285
Capital Assets	16,234,957	15,906,136	26,721,323	25,897,077	42,956,280	41,803,213
Total Assets	27,838,122	26,787,149	38,953,935	39,637,349	66,792,057	66,424,498
Long-term Liabilities	10,621,129	9,199,462	6,420,969	6,863,082	17,042,098	16,062,544
Other Liabilities	5,173,107	5,332,676	288,581	221,949	5,461,688	5,554,625
Total Liabilities	15,794,236	14,532,138	6,709,550	7,085,031	22,503,786	21,617,169
Invested in Capital Assets,						
Net of Related Debt	9,992,438	9,536,035	20,566,761	19,522,409	30,463,279	28,962,524
Restricted	400,870	1,426,461	3,121,972	3,192,761	3,522,842	4,619,222
Unrestricted	1,650,578	1,292,515	8,555,652	9,837,148	10,302,150	11,225,583
Total Net Assets	\$ 12,043,886	\$ 12,255,011	\$ 32,244,385	\$ 32,552,318	\$ 44,288,271	\$ 44,807,329

The largest portion of the village's net assets (69%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the village's net assets (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (23%) may be used to meet the government's ongoing obligation to citizens and creditors.

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

**Table 2  
Condensed Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 1,327,332	\$ 1,244,972	\$ 3,152,302	\$ 3,126,860	\$ 4,479,634	\$ 4,371,832
Operating grants and contributions	422,097	449,868		-	422,097	449,868
Capital grants and contributions	277,988	31,098	87,929	63,851	365,917	94,949
General Revenues						
Property taxes	4,772,232	4,690,787		-	4,772,232	4,690,787
Other taxes	75,804	72,825		-	75,804	72,825
Intergovernmental	272,181	319,194		-	272,181	319,194
Investment income	10,800	29,446	17,763	43,166	28,563	72,612
Gain on sale of assets	34,247	41,753		-	34,247	41,753
Miscellaneous	27,127	43,488		-	27,127	43,488
Total Revenues	7,219,808	6,923,431	3,257,994	3,233,877	10,477,802	10,157,308
<b>Expenses</b>						
General Government	916,587	886,105		-	916,587	886,105
Public Safety	3,476,857	3,539,014		-	3,476,857	3,539,014
Health and Social Services	19,119	21,245		-	19,119	21,245
Public Works	1,390,643	1,287,407		-	1,390,643	1,287,407
Leisure Activities	607,885	583,213		-	607,885	583,213
Conservation and Development	941,945	33,013		-	941,945	33,013
Water		-	1,399,484	1,084,249	1,399,484	1,084,249
Sewer		-	1,630,436	1,569,571	1,630,436	1,569,571
Stormwater		-	132,247	83,277	132,247	83,277
Interest and Fiscal Charges	481,657	414,260		-	481,657	414,260
Total Expenses	7,834,693	6,764,257	3,162,167	2,737,097	10,996,860	9,501,354
Income Before Transfers	(614,885)	159,174	95,827	496,780	519,058	655,954
Transfers	403,760	385,969	(403,760)	(385,969)	-	-
Changes in Net Assets	(211,125)	545,143	(307,933)	110,811	(519,058)	655,954
Beginning Net Assets	12,255,011	11,709,868	32,552,318	32,441,507	44,807,329	44,151,375
Ending Net Assets	\$ 12,043,886	\$ 12,255,011	\$ 32,244,385	\$ 32,552,318	\$ 44,288,271	\$ 44,807,329

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

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### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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As previously noted, the Statement of Net Assets shows the change in financial position of net assets. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.

#### *GOVERNMENTAL ACTIVITIES*

Governmental activities decreased the village's net assets by \$211,125. This is the result of the net change in fund balances of the governmental funds, an increase of \$698,287 less the reconciling items as detailed on page 9 of the financial statements.

#### *BUSINESS-TYPE ACTIVITIES*

Net assets of the business-type activities decreased \$307,933, primarily due to the costs incurred for painting the water tower during the year.

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### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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#### *GOVERNMENTAL FUNDS*

The focus of the Village of Pewaukee's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At December 31, 2010, the village's governmental funds reported combined fund balances of \$5,704,561. Approximately 73% of this amount, \$4,170,551 constitutes unreserved and undesignated fund balance, which is available to meet the village's current and future needs. An additional \$739,472 is unreserved, but has been designated for specific projects or expenditures. The remaining \$794,538 is reserved for delinquent personal property taxes, debt retirement, prepaid items, tax equivalent, encumbrances, and non-current receivables.

#### *General Fund*

The village's general fund is the chief operating fund of the village. Total fund balance in the general fund increased by \$484,365 during 2010. Undesignated fund balance increased by \$605,141. See the following General Fund Budgetary Highlights section for further details.

The village evaluates general fund balance by measuring the undesignated general fund balance as a percentage of the subsequent year's general fund budget. For 2010, undesignated fund balance is \$2,665,627, and the 2011 general fund expenditure budget is \$6,088,080, resulting in an undesignated fund balance ratio of 44%. The prior year was 34%.

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

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### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (cont.)

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#### *GOVERNMENTAL FUNDS (cont.)*

##### *Pension Pay-off Fund*

The village created the pension payoff special revenue fund during 2005 to account for the accumulation of resources to finance the village's transition from its former defined benefit plan to the Wisconsin Retirement System. During 2010, the fund was closed by a \$54,180 transfer from the general fund.

##### *General Debt Service Fund*

The village's debt service fund accounts for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs. The entire fund balance of \$492,597, which is a decrease of 31% over the prior year, is reserved for future debt service. Included in this reserved fund balance is \$90,000 received from the Pewaukee Public Library Foundation and \$156,711 from unspent debt proceeds, for a total of \$246,711 to be used for debt service on obligations previously issued to construct the Pewaukee Public Library.

##### *TID District No. 1 Debt Service Fund*

The village's TID District No. 1 debt service fund accounts for the accumulation of resources for, and payment of long-term debt, principal, interest and related costs. The fund balance is \$4,000, a decrease of \$762,577 over the prior year. This fund will be closed during 2011 as the TIF district was closed via board resolution during this year.

##### *General Capital Projects*

The village's general capital projects fund is used to account for the purchase or construction of major capital items, other than those reported in the other capital project funds. The fund balance is \$1,591,253, an increase of \$1,175,643 over the prior year due to bond proceeds for capital projects that have not entirely been spent down at year end.

#### *NONMAJOR GOVERNMENTAL FUNDS*

Fund balance of all other governmental funds is \$294,260, which is designated for future projects and expenditures.

#### *PROPRIETARY FUNDS*

The Village of Pewaukee's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. At December 31, 2010, the village's proprietary funds reported combined net assets of \$32,244,385.

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

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### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (cont.)

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#### *Water Utility*

The water utility net assets decreased \$340,227 or 3%. Operating revenues decreased \$9,577 or 1%. Operating expenses increased \$331,279 or 37%, primarily due to expensing costs related to painting the water tower during 2010.

#### *Sewer Utility*

The sewer utility net assets decreased \$34,438 or 0.2% essentially breaking even. Operating revenues decreased \$29,830 or 2%. Operating expenses increased \$75,419 or 5% due to increases in various expenses.

#### *Stormwater Utility*

The stormwater utility net assets increased \$66,732 or 32%. Operating revenues increased \$64,849 or 48%. Operating expenses increased \$46,576 or 56%.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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There were no budget amendments made during the year

Total revenues were \$5,746,765, \$122,650 more than the budget. The primary reason for this was:

- > Licenses and permits revenues exceeded the budget by \$115,723, mainly due to an increase in building permit revenues.

Total expenses were \$5,989,489, \$26,755 less than budgeted. Significant variances with the budget include:

- > Fire service was \$114,118 under budget.
- > Consolidation study was \$74,500 over budget.

## VILLAGE OF PEWAUKEE

### MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED December 31, 2010

#### CAPITAL ASSETS

At the end of 2010, the village had invested a total of \$41,803,213 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, utility plant, and infrastructure.

**Table 3  
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 6,244,400	\$ 6,244,400	\$ 10,992	\$ 10,992	\$ 6,255,392	\$ 6,255,392
Buildings	8,903,811	8,903,811	-	-	8,903,811	8,903,811
Machinery and equipment	2,518,570	2,392,997	-	-	2,518,570	2,392,997
Water plant	-	-	16,780,340	15,835,223	16,780,340	15,835,223
Sewer plant	-	-	20,953,847	20,833,470	20,953,847	20,833,720
Storm water	-	-	375,956	159,283	375,956	159,283
Construction in progress	479,432	9,381	-	23,400	479,432	32,781
Infrastructure	<u>474,072</u>	<u>474,072</u>	-	-	<u>474,072</u>	<u>474,072</u>
Total Capital Assets	18,620,285	18,024,661	38,121,135	36,862,368	56,741,420	54,887,279
Less: Accumulated Depreciation	<u>(2,385,328)</u>	<u>(2,118,525)</u>	<u>(11,399,812)</u>	<u>(10,965,291)</u>	<u>(13,785,140)</u>	<u>(13,083,816)</u>
Net Capital Assets	<u>\$ 16,234,957</u>	<u>\$ 15,906,136</u>	<u>\$ 26,721,323</u>	<u>\$ 25,897,077</u>	<u>\$ 42,956,280</u>	<u>\$ 41,803,213</u>

Significant projects for 2010 include:

- > Lakefront Dam project, incurring costs of \$470,051.

See Note IV.D. for additional information.

#### LONG-TERM DEBT

At December 31, 2010, the village and utilities had \$17,062,719 of long-term bonds. Of this amount, \$5,302,719 represents water and sewer revenue debt, and \$11,760,000 are general obligation issues.

Total long-term bonds and loans outstanding at December 31, 2010 increased by a net amount of \$967,127.

At the end of the year the village was at 25.2% of its general obligation debt capacity. The prior year was 20.3%.

See Note IV.F. for additional information.

# VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED  
December 31, 2010

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## **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

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All currently known facts and economic conditions were considered in preparing the 2010 village budget. None of these conditions are anticipated to change the overall financial position of the village.

The Village of Pewaukee is located approximately 25 miles west of Milwaukee. The village has successful business and commercial areas, which continue to see activity and interest.

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## **REQUESTS FOR INFORMATION**

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the village's finances. If you have questions about this report or need any additional information, contact Scott A. Gosse, Village Administrator at 262-691-5660 or [sgosse@villageofpewaukee.com](mailto:sgosse@villageofpewaukee.com).

General information relating to the Village of Pewaukee, Wisconsin, can be found at the village's website, [www.villageofpewaukeewi.us](http://www.villageofpewaukeewi.us).

## VILLAGE OF PEWAUKEE

### STATEMENT OF NET ASSETS December 31, 2010

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 5,714,838	\$ 4,114,463	\$ 9,829,301
Receivables			
Taxes	4,616,821	-	4,616,821
Accounts	430,771	688,405	1,119,176
Loans	36,215	-	36,215
Special assessments	2,515	-	2,515
Internal balances	146,000	(146,000)	-
Inventories and prepaid items	72,094	34,816	106,910
Investment in Brookfield Plant (net)	-	4,119,386	4,119,386
Investment in Pewaukee Public Library	489,401	-	489,401
Restricted assets			
Cash and investments	-	3,377,135	3,377,135
Other assets	94,510	44,407	138,917
Capital assets			
Land (including right of way)	6,244,400	10,992	6,255,392
Construction in progress	479,432	-	479,432
Other capital assets, net of accumulated depreciation	<u>9,511,125</u>	<u>26,710,331</u>	<u>36,221,456</u>
Total Assets	<u>27,838,122</u>	<u>38,953,935</u>	<u>66,792,057</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	665,885	288,581	954,466
Unearned revenue	4,492,905	-	4,492,905
Deposits	14,317	-	14,317
Noncurrent liabilities			
Due within one year	356,129	928,488	1,284,617
Due in more than one year	<u>10,265,000</u>	<u>5,492,481</u>	<u>15,757,481</u>
Total Liabilities	<u>15,794,236</u>	<u>6,709,550</u>	<u>22,503,786</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	9,992,438	20,566,761	30,463,279
Restricted for			
Debt service	176,084	1,014,700	1,190,784
Replacement	-	2,107,272	2,107,272
Loans	224,786	-	224,786
Unrestricted	<u>1,650,578</u>	<u>8,555,652</u>	<u>10,302,150</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 12,043,886</u>	<u>\$ 32,244,385</u>	<u>\$ 44,288,271</u>

See accompanying notes to financial statements.

# VILLAGE OF PEWAUKEE

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 916,587	\$ 122,162	\$ 5,200	\$ -
Public safety	3,476,857	806,967	32,693	14,302
Public works	1,390,643	298,225	384,204	12,358
Health and human services	19,119	14,757	-	-
Culture, recreation and education	607,885	70,221	-	251,328
Conservation and development	941,945	15,000	-	-
Interest and fiscal charges	481,657	-	-	-
Total Governmental Activities	7,834,693	1,327,332	422,097	277,988
<b>Business-type Activities</b>				
Water	1,399,484	1,429,512	-	10,000
Sewer	1,630,436	1,523,811	-	77,929
Stormwater	132,247	198,979	-	-
Total Business-type Activities	3,162,167	3,152,302	-	87,929
<b>Totals</b>	\$ 10,996,860	\$ 4,479,634	\$ 422,097	\$ 365,917

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for other purposes

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (789,225)	\$ -	\$ (789,225)
(2,622,895)	-	(2,622,895)
(695,856)	-	(695,856)
(4,362)	-	(4,362)
(286,336)	-	(286,336)
(926,945)	-	(926,945)
<u>(481,657)</u>	<u>-</u>	<u>(481,657)</u>
<u>(5,807,276)</u>	<u>-</u>	<u>(5,807,276)</u>
-	40,028	40,028
-	(28,696)	(28,696)
-	<u>66,732</u>	<u>66,732</u>
-	<u>78,064</u>	<u>78,064</u>
<u>(5,807,276)</u>	<u>78,064</u>	<u>(5,729,212)</u>
3,607,698	-	3,607,698
716,734	-	716,734
447,800	-	447,800
75,804	-	75,804
272,181	-	272,181
10,800	17,763	28,563
34,247	-	34,247
<u>27,127</u>	<u>-</u>	<u>27,127</u>
<u>5,192,391</u>	<u>17,763</u>	<u>5,210,154</u>
<u>403,760</u>	<u>(403,760)</u>	<u>-</u>
(211,125)	(307,933)	(519,058)
<u>12,255,011</u>	<u>32,552,318</u>	<u>44,807,329</u>
<u>\$ 12,043,886</u>	<u>\$ 32,244,385</u>	<u>\$ 44,288,271</u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2010

	General Fund	General Debt Service	TID No. 1 Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 3,334,537	\$ 476,440	\$ 4,000
Receivables			
Taxes	3,847,868	758,002	-
Delinquent personal property tax	9,675	-	-
Accounts	178,643	-	-
Due from other governments	-	-	-
Special assessments	-	-	-
Loans	-	-	-
Due from other funds	146,000	-	-
Prepaid items	55,937	16,157	-
<b>TOTAL ASSETS</b>	<b>\$ 7,572,660</b>	<b>\$ 1,250,599</b>	<b>\$ 4,000</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 471,638	\$ -	\$ -
Accrued liabilities	19,297	-	-
Deposits	14,317	-	-
Deferred revenues	3,744,957	758,002	-
Total Liabilities	4,250,209	758,002	-
Fund Balances			
Reserved			
Delinquent personal property taxes	9,675	-	-
Prepaid items	55,937	16,157	-
Debt service	-	476,440	-
Tax equivalent	146,000	-	-
Encumbrances	-	-	-
Unreserved, reported in:			
General fund, designated	445,212	-	-
Special revenue funds, designated	-	-	-
General fund, undesignated	2,665,627	-	-
Debt service funds, undesignated	-	-	4,000
Capital projects funds, undesignated	-	-	-
Total Fund Balances	3,322,451	492,597	4,000
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,572,660</b>	<b>\$ 1,250,599</b>	<b>\$ 4,000</b>

See accompanying notes to financial statements.

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Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ 1,605,916	\$ 293,945	\$ 5,714,838
1,276	-	4,607,146
-	-	9,675
-	800	179,443
251,328	-	251,328
2,515	-	2,515
-	36,215	36,215
-	-	146,000
-	-	72,094
<u>\$ 1,861,035</u>	<u>\$ 330,960</u>	<u>\$ 11,019,254</u>
\$ 14,663	\$ 485	\$ 486,786
-	-	19,297
-	-	14,317
255,119	36,215	4,794,293
<u>269,782</u>	<u>36,700</u>	<u>5,314,693</u>
-	-	9,675
-	-	72,094
-	-	476,440
-	-	146,000
90,329	-	90,329
-	-	445,212
-	294,260	294,260
-	-	2,665,627
-	-	4,000
1,500,924	-	1,500,924
<u>1,591,253</u>	<u>294,260</u>	<u>5,704,561</u>
<u>\$ 1,861,035</u>	<u>\$ 330,960</u>	<u>\$ 11,019,254</u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2010

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Total Fund Balances - Governmental Funds	\$ 5,704,561
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	16,234,957
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.	301,388
The Village's investment in the library joint venture is not a financial resource and, therefore, is not reported in the fund statements.	489,401
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 II. A.	<u>(10,686,421)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 12,043,886</u></b>

## VILLAGE OF PEWAUKEE

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	General Fund	Pension Pay- off Fund	General Debt Service
<b>REVENUES</b>			
Taxes	\$ 3,683,502	\$ -	\$ 716,734
Intergovernmental	688,259	-	-
Licenses and permits	284,423	-	-
Fines, forfeitures and penalties	178,009	-	-
Public charges for services	867,907	-	-
Special assessments	-	-	-
Investment income	8,448	-	-
Miscellaneous	36,217	-	4,627
Total Revenues	<u>5,746,765</u>	<u>-</u>	<u>721,361</u>
<b>EXPENDITURES</b>			
Current			
General government	895,274	-	-
Public safety	3,358,730	-	-
Public works	1,167,139	-	-
Health and human services	4,443	-	-
Culture, recreation and education	478,505	-	-
Conservation and development	8,986	-	-
Capital Outlay	76,412	-	-
Debt Service			
Principal	-	-	554,352
Interest and fiscal charges	-	-	392,038
Total Expenditures	<u>5,989,489</u>	<u>-</u>	<u>946,390</u>
Excess (deficiency) of revenues over expenditures	<u>(242,724)</u>	<u>-</u>	<u>(225,029)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	50,000	-	-
Sales of fixed assets	26,230	-	-
Transfers in	705,039	54,180	-
Transfers out	<u>(54,180)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>727,089</u>	<u>54,180</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	484,365	54,180	(225,029)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>2,838,086</u>	<u>(54,180)</u>	<u>717,626</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,322,451</u>	<u>\$ -</u>	<u>\$ 492,597</u>

See accompanying notes to financial statements.

<u>TID No. 1</u> <u>Debt Service</u>	<u>Capital</u> <u>Projects Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u>
\$ 447,800	\$ -	\$ -	\$ 4,848,036
819	-	-	689,078
-	-	-	284,423
-	-	-	178,009
-	-	15,757	883,664
-	1,123	-	1,123
-	1,728	624	10,800
-	-	-	40,844
<u>448,619</u>	<u>2,851</u>	<u>16,381</u>	<u>6,935,977</u>
909,917	-	-	1,805,191
-	-	-	3,358,730
-	-	-	1,167,139
-	-	14,676	19,119
-	-	-	478,505
-	-	30,000	38,986
-	703,137	-	779,549
-	-	-	554,352
-	54,071	-	446,109
<u>909,917</u>	<u>757,208</u>	<u>44,676</u>	<u>8,647,680</u>
<u>(461,298)</u>	<u>(754,357)</u>	<u>(28,295)</u>	<u>(1,711,703)</u>
-	1,930,000	-	1,980,000
-	-	-	26,230
-	-	-	759,219
<u>(301,279)</u>	-	-	<u>(355,459)</u>
<u>(301,279)</u>	<u>1,930,000</u>	-	<u>2,409,990</u>
(762,577)	1,175,643	(28,295)	698,287
<u>766,577</u>	<u>415,610</u>	<u>322,555</u>	<u>5,006,274</u>
<u>\$ 4,000</u>	<u>\$ 1,591,253</u>	<u>\$ 294,260</u>	<u>\$ 5,704,561</u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Net change in fund balances - total governmental funds	\$ 698,287
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	779,549
Some items reported as capital outlay were not capitalized	(155,084)
Depreciation is reported in the government-wide financial statements	(284,175)
Net book value of assets retired	(25,774)
Contributed capital assets are reported as revenues in the government-wide financial statements.	14,302
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.	242,365
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Debt issued	(1,980,000)
Principal repaid	554,352
Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets 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 issuance costs	(7,107)
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	3,984
Accrued interest on debt	(27,504)
The proportionate share of the change in net assets 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.	<u>(24,320)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (211,125)</u></b>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2010

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 1,273,461	\$ 823,422	\$ 69,374	\$ 2,166,257
Accounts receivable	226,334	372,739	52,582	651,655
Other accounts receivable	190	36,560	-	36,750
Materials and supplies	19,588	-	-	19,588
Prepayments	6,387	7,524	1,317	15,228
Restricted Assets				
Redemption account	75,737	339,058	-	414,795
<b>Total Current Assets</b>	<b>1,601,697</b>	<b>1,579,303</b>	<b>123,273</b>	<b>3,304,273</b>
Noncurrent Assets				
Restricted Assets				
Reserve account	222,000	-	-	222,000
Depreciation account	100,000	533,068	-	633,068
Replacement account	-	2,107,272	-	2,107,272
Capital Assets				
Plant in service	16,791,082	20,954,097	375,956	38,121,135
Less: Accumulated depreciation	(4,199,182)	(7,181,166)	(19,464)	(11,399,812)
Other Assets				
Cash and investments	-	1,845,395	-	1,845,395
Designated investments	102,811	-	-	102,811
Unamortized debt issuance costs	38,900	-	5,507	44,407
Investment in Brookfield plant	-	6,192,698	-	6,192,698
Accumulated amortization	-	(2,073,312)	-	(2,073,312)
<b>Total Noncurrent Assets</b>	<b>13,055,611</b>	<b>22,378,052</b>	<b>361,999</b>	<b>35,795,662</b>
<b>Total Assets</b>	<b>14,657,308</b>	<b>23,957,355</b>	<b>485,272</b>	<b>39,099,935</b>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 26,872	\$ 199,035	\$ 8,647	\$ 234,554
Due to municipality	146,000	-	-	146,000
Accrued wages	1,255	1,021	1,124	3,400
Accrued interest	15,070	-	-	15,070
Current portion of general obligation debt	100,000	-	20,000	120,000
Current Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	325,000	483,488	-	808,488
Accrued interest	<u>16,431</u>	<u>16,732</u>	<u>2,394</u>	<u>35,557</u>
Total Current Liabilities	<u>630,628</u>	<u>700,276</u>	<u>32,165</u>	<u>1,363,069</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	865,000	-	185,000	1,050,000
Revenue bonds	1,835,000	2,659,231	-	4,494,231
Unamortized loss on advance refunding	<u>(51,750)</u>	<u>-</u>	<u>-</u>	<u>(51,750)</u>
Total Noncurrent Liabilities	<u>2,648,250</u>	<u>2,659,231</u>	<u>185,000</u>	<u>5,492,481</u>
Total Liabilities	<u>3,278,878</u>	<u>3,359,507</u>	<u>217,165</u>	<u>6,855,550</u>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	9,779,550	10,630,212	156,999	20,566,761
Restricted for				
Debt service	159,306	855,394	-	1,014,700
Replacement	-	2,107,272	-	2,107,272
Unrestricted net assets	<u>1,439,574</u>	<u>7,004,970</u>	<u>111,108</u>	<u>8,555,652</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 11,378,430</u>	<u>\$ 20,597,848</u>	<u>\$ 268,107</u>	<u>\$ 32,244,385</u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,208,199	\$ 1,506,673	\$ 198,979	\$ 2,913,851
Other operating revenue	221,313	17,138	-	238,451
Total Operating Revenues	<u>1,429,512</u>	<u>1,523,811</u>	<u>198,979</u>	<u>3,152,302</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	923,044	978,825	114,148	2,016,017
Depreciation	304,515	329,510	15,705	649,730
Amortization	-	230,368	-	230,368
Total Operating Expenses	<u>1,227,559</u>	<u>1,538,703</u>	<u>129,853</u>	<u>2,896,115</u>
Operating Income (Loss)	<u>201,953</u>	<u>(14,892)</u>	<u>69,126</u>	<u>256,187</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	5,893	11,870	-	17,763
Interest expense	(145,727)	(91,733)	(2,394)	(239,854)
Amortization of debt issuance costs	(9,790)	-	-	(9,790)
Amortization of loss on advance refunding	(16,408)	-	-	(16,408)
Total Nonoperating Revenues (Expenses)	<u>(166,032)</u>	<u>(79,863)</u>	<u>(2,394)</u>	<u>(248,289)</u>
Income (Loss) Before Contributions and Transfers	<u>35,921</u>	<u>(94,755)</u>	<u>66,732</u>	<u>7,898</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	10,000	77,929	-	87,929
Transfers out	(137,148)	(17,612)	-	(154,760)
Transfers- tax equivalent	(249,000)	-	-	(249,000)
Total Contributions and Transfers	<u>(376,148)</u>	<u>60,317</u>	<u>-</u>	<u>(315,831)</u>
Change in Net Assets	(340,227)	(34,438)	66,732	(307,933)
NET ASSETS - Beginning of Year	<u>11,718,657</u>	<u>20,632,286</u>	<u>201,375</u>	<u>32,552,318</u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 11,378,430</b></u>	<u><b>\$ 20,597,848</b></u>	<u><b>\$ 268,107</b></u>	<u><b>\$ 32,244,385</b></u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 1,199,998	\$ 1,521,379	\$ 181,829	\$ 2,903,206
Received from municipality for services	103,000	-	-	103,000
Paid to suppliers for goods and services	(740,362)	(759,890)	(69,878)	(1,570,130)
Paid to employees for services	(176,342)	(168,182)	(36,417)	(380,941)
Net Cash Flows From Operating Activities	386,294	593,307	75,534	1,055,135
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	5,893	11,870	-	17,763
Net Cash Flows From Investing Activities	5,893	11,870	-	17,763
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(331,291)	-	-	(331,291)
Transfers to other funds	(6,728)	(17,612)	-	(24,340)
Net Cash Flows From Noncapital Financing Activities	(338,019)	(17,612)	-	(355,631)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	250,000	-	205,000	455,000
Debt retired	(445,000)	(468,521)	-	(913,521)
Interest paid	(145,046)	(94,228)	-	(239,274)
Debt issuance costs	(7,015)	-	(5,507)	(12,522)
Acquisition and construction of capital assets	(1,058,375)	(210,759)	(216,673)	(1,485,807)
Capital contributions received	10,000	77,929	-	87,929
Net Cash Flows From Capital and Related Financing Activities	(1,395,436)	(695,579)	(17,180)	(2,108,195)
<b>Net Change in Cash and Cash Equivalents</b>	(1,341,268)	(108,014)	58,354	(1,390,928)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	3,115,277	5,756,229	11,020	8,882,526
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,774,009	\$ 5,648,215	\$ 69,374	\$ 7,491,598

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 201,953	\$ (14,892)	\$ 69,126	\$ 256,187
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	304,515	329,510	15,705	649,730
Depreciation charged to other funds	11,831	-	-	11,831
Transfers	(130,420)	-	-	(130,420)
Other operating amortization expenses	-	230,368	-	230,368
Changes in assets and liabilities				
Customer accounts receivable	(8,166)	(871)	(17,150)	(26,187)
Other accounts receivable	241	(3,077)	-	(2,836)
Materials and supplies	(574)	-	-	(574)
Prepayments	(225)	(212)	(95)	(532)
Accounts payable	6,888	50,948	6,824	64,660
Other current liabilities	251	17	1,124	1,392
Due from other funds	-	1,516	-	1,516
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 386,294</u>	<u>\$ 593,307</u>	<u>\$ 75,534</u>	<u>\$ 1,055,135</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>				
Cash and investments - statement of net assets	\$ 1,273,461	\$ 2,668,817	\$ 69,374	\$ 4,011,652
Restricted cash and investments - statement of net assets	397,737	2,979,398	-	3,377,135
Designated investments	102,811	-	-	102,811
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,774,009</u>	<u>\$ 5,648,215</u>	<u>\$ 69,374</u>	<u>\$ 7,491,598</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None				

See accompanying notes to financial statements.

# VILLAGE OF PEWAUKEE

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2010

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and investments	\$ 6,961,063
Taxes receivable	6,815,656
Prepaid items	6,250
Due from other governments	<u>4,064</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 13,787,033</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 12,551
Other accrued liabilities	9,048
Due to other governments	<u>13,765,434</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 13,787,033</u></b>

See accompanying notes to financial statements.

**VILLAGE OF PEWAUKEE**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
For the Year Ended December 31, 2010**

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	<u>2005 Pension Trust</u>
<b>ADDITIONS</b>	
Contribution to pension	\$ <u>41,231</u>
<b>DEDUCTIONS</b>	
Pension transition plan payout	<u>150,267</u>
<b>Change in Net Assets</b>	(109,036)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - Beginning of Year	<u>109,036</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR</b>	<u><u>\$ -</u></u>

# VILLAGE OF PEWAUKEE

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2010

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# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### ***A. REPORTING ENTITY***

This report includes all of the funds of the Village of Pewaukee. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

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

##### ***Government-Wide Financial Statements (cont.)***

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

##### ***Fund Financial Statements***

Financial statements of the reporting entity 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, liabilities, net assets/fund equity, revenues, and expenditure/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 village or meets the following criteria:

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

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

The village reports the following major governmental funds:

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### *Fund Financial Statements (cont.)*

The village reports the following major governmental funds: (cont.)

- Pension Pay-off Special Revenue Fund - accounts for resources legally restricted to supporting expenditures for the portion of the employee trust program used for future contingencies and debt used to finance the transition from the former to the current retirement plan.
- General Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- TID No. 1 Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt for tax increment district No. 1.
- Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The village reports the following major enterprise funds:

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

The village reports the following nonmajor governmental and enterprise funds:

- Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Cemetery Fund
- Downtown Loan Fund

- Enterprise Funds - may be used to report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

- Stormwater Utility

In addition, the village reports the following fund types:

- Pension (and other employee benefit) trust fund is used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

- 2005 Pension Trust

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### ***Fund Financial Statements (cont.)***

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

Pewaukee Public Library  
Tax Collection

Lake Patrol Fund

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

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

The government-wide statement of net assets 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 unearned revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### ***Fund Financial Statements***

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### *Fund Financial Statements (cont.)*

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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

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.

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and stormwater funds 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.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### ***All Financial Statements***

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

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY***

##### ***1. Deposits and Investments***

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

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

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

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

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

##### *1. Deposits and Investments (cont.)*

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

The village is exposed to custodial credit risk for its deposits as well as credit risk and interest rate risk for its investments (see Note IV. A.). The village's investment policy addresses all three of these types of risks. For depository custodial credit risk, the investment policy requires all financial institutions acting as depository for the village to enter into a depository agreement pledging collateral to secure amounts over and above the guaranteed amounts. All collateral is required to be held by a third party.

Investment credit risk is the risk of loss due to the failure of the security issuer or backer of the security. The policy states that investments are to be limited to the types authorized within the policy. In addition, the portfolio is to be diversified so that the impact of potential losses from any one individual issuer will be minimized.

Interest rate risk is the risk that the market value of the securities will fall due to changes in market interest rates. The village's policy states that the portfolio is to be structured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. In addition, funds are to be invested in shorter-term securities, money market mutual funds, or similar investment pools that limit the average maturity of the portfolio.

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 quoted market prices. 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 to the general fund. 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, 2010, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

##### **2. Receivables**

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

Property tax calendar - 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale - 2010 delinquent real estate taxes	October 2013

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 assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

The village has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The village records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the village's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the fund financial statements.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

##### *3. Inventories and Prepaid Items*

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

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

##### *4. Restricted Assets*

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

##### *5. Capital Assets*

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

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

---

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

---

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

**5. Capital Assets (cont.)**

**Government-Wide Statements (cont.)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation 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	20-75 Years
Land Improvements	20-75 Years
Machinery and Equipment	5-30 Years
Utility System	7-108 Years
Infrastructure	30-75 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.

**6. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

Other assets in the utility funds represents unamortized utility debt issuance expenses that have been deferred and are being amortized to expenses on a straight-line basis, preliminary survey and investigation costs and the investment in the Brookfield Wastewater Treatment Plant (see Note V.F.)

**7. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Sick leave does not vest to employees and accumulated vacation pay in not material to these financial statements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2010, are determined on the basis of current salary rates and include salary related payments.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***8. Long-Term Obligations/Conduit Debt***

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$1,250,000, made up of 1 issue.

##### ***9. Claims and Judgments***

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. There were no significant claims or judgments at year end.

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

**10. Equity Classifications**

**Government-Wide Statements**

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets 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 assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

The net asset section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Invested in capital assets, net of related debt	\$ 9,992,438	\$ 20,566,761	\$ (95,920)	\$ 30,463,279
Unrestricted	1,650,578	8,555,652	95,920	10,302,150

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

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

##### *10. Equity Classifications (cont.)*

###### **Fund Statements (cont.)**

Fiduciary fund equity is classified as held in trust for pension benefits on the statement of fiduciary net assets. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions.

##### *11. Basis for Existing Rates*

###### ***Water Utility***

Current water rates were approved by the Public Service Commission of Wisconsin on April 2, 1996.

###### ***Sewer Utility***

Current sewer rates were approved by the village board on December 2, 2008.

###### ***Stormwater Utility***

Current stormwater rates were approved by the village board on November 17, 2009.

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### **NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

---

#### ***A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS***

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The details of this reconciliation include the following items.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

---

**NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS (cont.)**

Long-term liabilities applicable to the village'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 assets.

Bonds and notes payable	\$ 10,590,000
Compensated absences	31,129
Accrued interest	159,802
Unamortized issuance costs	<u>(94,510)</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 10,686,421</u>

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**NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

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

A budget has been adopted for the general fund, debt service funds, cemetery special revenue fund and capital projects fund. Budgets have not been formally adopted for Pension Pay-off and Downtown Loan special revenue funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds 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.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

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#### *B. EXCESS EXPENDITURES OVER APPROPRIATIONS*

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General fund	\$ 6,016,244	\$ 6,043,669	\$ 27,425
General Debt Service Fund	716,733	946,390	229,657
TID No. 1 Debt Service	-	1,211,196	1,211,196
Capital Projects Fund	186,000	757,208	571,208
Downtown Loan Fund	-	30,000	30,000

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

#### *C. DEFICIT BALANCES*

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

As of December 31, 2010, no individual funds held a deficit balance.

#### *D. LIMITATIONS ON THE VILLAGE'S TAX LEVY*

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

#### **NOTE IV - DETAILED NOTES ON ALL FUNDS**

##### **A. DEPOSITS AND INVESTMENTS**

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 7,736,182	\$ 7,741,863	Custodial credit
LGIP	12,431,117	12,431,117	Credit, interest rate
Petty cash	200	-	N/A
Total Deposits and Investments	<u>\$ 20,167,499</u>	<u>\$ 20,172,980</u>	

##### Reconciliation to financial statements

##### Per statement of net assets

Unrestricted cash and investments	\$ 9,829,301
Restricted cash and investments	3,377,135

##### Per statement of net assets- fiduciary funds

Agency	6,961,063
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Total Deposits and Investments	<u>\$ 20,167,499</u>
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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The village maintains collateral agreements with its banks. At December 31, 2010, the banks had pledged various government securities in the amount of \$18,531,898 to secure the village's deposits.

#### ***Custodial Credit Risk***

##### **Deposits**

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

The village does not have any deposits exposed to custodial credit risk.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

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**A. DEPOSITS AND INVESTMENTS (cont.)**

***Custodial Credit Risk (cont.)***

**Investments**

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

The village 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.

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

Local Government Investment Pool

***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, 2010, the village's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
External investment pools	<u>\$ 12,431,117</u>	73

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

**B. RECEIVABLES**

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

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

#### **NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

##### **B. RECEIVABLES (cont.)**

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 4,427,706	\$ 4,427,706
Deferred loan receivable	36,215	-	36,215
Special assessments	13,845	-	13,845
Grant receivable	251,328	-	251,328
Charges for services	-	65,199	65,199
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 301,388</u>	 <u>\$ 4,492,905</u>	 <u>\$ 4,794,293</u>

For economic development loans, the village is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans that it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the village may generally retain \$500,000.

At December 31, 2010, the village has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

##### **C. 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.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS (cont.)**

***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.

Following is a list of restricted assets at December 31, 2010:

Restricted Assets			
Redemption account	\$	414,795	
Reserve account		222,000	
Replacement account		2,107,272	
Depreciation account		<u>633,068</u>	
Total Restricted Assets		3,377,135	
Less: Restricted assets not funded by revenues			
Reserve from borrowing		(222,000)	
Current Liabilities Payable From Restricted Assets		<u>(33,163)</u>	
Total Restricted Net Assets	\$	<u><u>3,121,972</u></u>	

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land and right of way	\$ 6,244,400	\$ -	\$ -	\$ 6,244,400
Construction in progress	<u>9,381</u>	<u>470,051</u>	<u>-</u>	<u>479,432</u>
Total Capital Assets Not Being Depreciated	<u>6,253,781</u>	<u>470,051</u>	<u>-</u>	<u>6,723,832</u>
Capital assets being depreciated				
Buildings	8,903,811	-	-	8,903,811
Machinery and equipment	2,392,997	168,719	43,146	2,518,570
Infrastructure	<u>474,072</u>	<u>-</u>	<u>-</u>	<u>474,072</u>
Total Capital Assets Being Depreciated	<u>11,770,880</u>	<u>168,719</u>	<u>43,146</u>	<u>11,896,453</u>
Total Capital Assets	<u>18,024,661</u>	<u>638,770</u>	<u>43,146</u>	<u>18,620,285</u>

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

*D. CAPITAL ASSETS (cont.)*

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation for				
Buildings	\$ (993,656)	\$ (172,237)	\$ -	\$ (1,165,893)
Machinery and equipment	(1,114,733)	(100,086)	17,372	(1,197,447)
Infrastructure	(10,136)	(11,852)	-	(21,988)
Total Accumulated Depreciation	(2,118,525)	(284,175)	17,372	(2,385,328)
Net Capital Assets Being Depreciated	9,652,355	(115,456)	25,774	9,511,125
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 15,906,136	\$ 354,595	\$ 25,774	\$ 16,234,957

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 16,165
Public safety	95,601
Public works	69,327
Culture, recreation, and education	103,082
Total Governmental Activities Depreciation Expense	\$ 284,175

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

##### Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 10,742	\$ -	\$ -	\$ 10,742
Construction work in progress	23,400	-	23,400	-
Total Capital Assets Not Being Depreciated	34,142	-	23,400	10,742
Capital assets being depreciated				
Source of supply	1,035,333	-	-	1,035,333
Pumping	2,476,789	66,079	36,156	2,506,712
Water treatment	166,292	-	-	166,292
Transmission and distribution	11,881,983	1,015,696	100,502	12,797,177
General	274,826	-	-	274,826
Total Capital Assets Being Depreciated	15,835,223	1,081,775	136,658	16,780,340
Total Capital Assets	15,869,365	1,081,775	160,058	16,791,082
Less: Accumulated depreciation	(4,019,494)	(316,346)	136,658	(4,199,182)
Net Capital Assets Being Depreciated	11,815,729	765,429	-	12,581,158
Net Water Plant	\$ 11,849,871	\$ 765,429	\$ 23,400	\$ 12,591,900

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

*D. CAPITAL ASSETS (cont.)*

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 250	\$ -	\$ -	\$ 250
Total Capital Assets Not Being Depreciated	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
Capital assets being depreciated				
Collection system	17,991,272	206,312	87,116	18,110,468
Pumping	2,405,980	4,448	3,267	2,407,161
Treatment and disposal	214,034	-	-	214,034
General	222,184	-	-	222,184
Total Capital Assets Being Depreciated	<u>20,833,470</u>	<u>210,760</u>	<u>90,383</u>	<u>20,953,847</u>
Total Capital Assets	<u>20,833,720</u>	<u>210,760</u>	<u>90,383</u>	<u>20,954,097</u>
Less: Accumulated depreciation	<u>(6,942,038)</u>	<u>(329,510)</u>	<u>90,382</u>	<u>(7,181,166)</u>
Net Capital Assets Being Depreciated	<u>13,891,432</u>	<u>(118,750)</u>	<u>1</u>	<u>13,772,681</u>
Net Sewer Plant	<u>\$ 13,891,682</u>	<u>\$ (118,750)</u>	<u>\$ 1</u>	<u>\$ 13,772,931</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets being depreciated				
Mains	\$ 159,283	\$ 19,486	\$ -	\$ 178,769
Equipment	-	197,187	-	197,187
Total Capital Assets Being Depreciated	<u>159,283</u>	<u>216,673</u>	<u>-</u>	<u>375,956</u>
Less: Accumulated depreciation	<u>(3,759)</u>	<u>(15,705)</u>	<u>-</u>	<u>(19,464)</u>
Net Capital Assets Being Depreciated	<u>155,524</u>	<u>200,968</u>	<u>-</u>	<u>356,492</u>
Net Stormwater Plant	<u>\$ 155,524</u>	<u>\$ 200,968</u>	<u>\$ -</u>	<u>\$ 356,492</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,897,077</u>	<u>\$ 847,647</u>	<u>\$ 23,401</u>	<u>\$ 26,721,323</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

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*D. CAPITAL ASSETS (cont.)*

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 304,515
Sewer	329,510
Storm	<u>15,705</u>

Total Business-type Activities Depreciation Expense \$ 649,730

The difference in depreciation expense and additions to accumulated depreciation is due to salvage and cost of removal.

*E. 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>
General	Water utility	<u>\$ 146,000</u>

All amounts are due within one year.

The purpose of the water utility interfund is for the tax equivalent.

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

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

*E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)*

*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	\$ 249,000	Payment in lieu of taxes
General	Water utility	130,420	Reimbursement for rental tower fees
General	Water utility	6,728	Reimbursement for labor
General	Sewer utility	17,612	Reimbursement for labor
General	TID 1 debt service	301,279	General fund's share of TID's final distribution
Pension pay-off fund	General	<u>54,180</u>	To close out fund
Total - Fund Financial Statements		759,219	
Less: Fund eliminations		<u>(355,459)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 403,760</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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### *F. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 9,164,352	\$ 1,980,000	\$ 554,352	\$ 10,590,000	\$ 325,000
Add/(Subtract) Deferred Amounts For					
Vested compensated absences	35,113	31,129	35,113	31,129	31,129
Sub-totals	9,199,465	2,011,129	589,465	10,621,129	356,129
Total Governmental Activities Long-Term Liabilities	\$ 9,199,465	\$ 2,011,129	\$ 589,465	\$ 10,621,129	\$ 356,129
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 800,000	\$ 455,000	\$ 85,000	\$ 1,170,000	\$ 120,000
Revenue bonds	6,131,240	-	828,521	5,302,719	808,488
Add/(Subtract) Deferred Amounts For					
Refundings - Gains/(Loses)	(68,158)	-	(16,408)	(51,750)	-
Sub-totals	6,863,082	455,000	897,113	6,420,969	928,488
Total Business-type Activities Long-Term Liabilities	\$ 6,863,082	\$ 455,000	\$ 897,113	\$ 6,420,969	\$ 928,488

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2010, was \$46,587,820. Total general obligation debt outstanding at year end was \$11,760,000.

#### ***General Obligation Debt***

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

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

#### Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2010
G.O. refunding bonds	8/15/2005	3/1/2025	2.90 - 4.35%	\$ 3,755,000	\$ 3,500,000
G.O. taxable refunding bonds	12/15/2005	3/1/2023	5.06 - 5.50%	2,440,000	2,395,000
G.O. refunding bonds	5/1/2008	9/1/2028	3.20 - 4.00%	2,765,000	2,765,000
G.O. Corporate Purpose Bonds (Build America)	7/27/2010	3/1/2030	4.80 - 5.75%	1,115,000	1,115,000
G.O. Promissory Notes (Build America)	7/27/2010	3/1/2020	1.00 - 4.25%	815,000	<u>815,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 10,590,000</u>

#### Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2010
G.O. bonds	08/15/2007	03/01/2015	4.35%	\$ 960,000	\$ 715,000
G.O. Corporate Purpose Bonds (Build America)	7/27/2010	3/1/2030	4.80 - 5.75%	150,000	150,000
G.O. Promissory Notes (Build America)	7/27/2010	3/1/2020	1.00 - 4.25%	305,000	<u>305,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,170,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2011	\$ 325,000	\$ 456,266	\$ 120,000	\$ 46,785
2012	420,000	436,241	125,000	40,890
2013	450,000	420,590	130,000	36,214
2014	485,000	403,106	130,000	31,316
2015	535,000	383,220	135,000	26,160
2016-2020	3,305,000	1,531,137	380,000	65,412
2021-2025	3,730,000	711,166	75,000	30,729
2026-2030	<u>1,340,000</u>	<u>133,881</u>	<u>75,000</u>	<u>10,744</u>
Totals	<u>\$ 10,590,000</u>	<u>\$ 4,475,607</u>	<u>\$ 1,170,000</u>	<u>\$ 288,250</u>

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt**

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

The water and sewer utilities has pledged future revenues, net of specified operating expenses, to repay \$7,060,258 in revenue bonds issued in prior years. Proceeds from the bonds provided financing for the construction of the capital assets in the water and sewer utility funds. The bonds are payable solely from water and sewer revenues and are payable through 2016. Annual principal and interest payments on the bonds are expected to require 59.02% of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,967,864. Principal and interest paid for the current year and total customer net revenues were \$1,009,044 and \$909,015, respectively.

Revenue debt payable at December 31, 2010, 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, 2010</u>
<u>Water Utility</u>					
Revenue bonds	10/15/2001	11/1/2016	3.00 - 4.65%	\$ 3,205,000	<u>\$ 2,160,000</u>
				Total Water Utility	<u>2,160,000</u>
<u>Sewer Utility</u>					
Revenue bonds	5/8/1996	5/1/2016	3.156%	1,879,610	719,429
Revenue refunding bonds	10/9/1996	5/1/2016	3.26%	5,815,672	<u>2,423,290</u>
				Total Sewer Utility	<u>3,142,719</u>
Total Business-type Activities Revenue Debt					<u>\$ 5,302,719</u>

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2011	\$ 808,488	\$ 188,866
2012	833,934	159,524
2013	864,873	128,925
2014	896,320	96,815
2015	928,294	63,145
2016	970,810	27,870
Totals	\$ 5,302,719	\$ 665,145

**Other Debt Information**

A statutory mortgage lien upon the village's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The village's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

**G. LEASE DISCLOSURES**

**Lessor - Operating Leases**

The village has entered into two lease agreements with the Pewaukee Public Library. One is a land lease with a cost of \$230,000 and the other is a building lease with a cost of \$4,083,547 and accumulated depreciation of \$401,153 at December 31, 2010. Both lease agreements expire on August 31, 2024. The library does not pay rent on either lease.

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

***H. NET ASSETS/FUND BALANCES***

Net assets reported on the government wide statement of net assets at December 31, 2010, includes the following:

***Governmental Activities***

Invested in Capital Assets, Net of Related Debt	
Land	\$ 6,244,400
Construction in progress	479,432
Other capital assets, net of accumulated depreciation	9,511,125
Less: Long-term debt outstanding	(10,590,000)
Plus: Unspent capital related debt proceeds	1,762,051
Plus: Non-capital debt proceeds	2,490,920
Plus: Unamortized debt discount	94,510
Total Invested in Capital Assets, Net of Related Debt	<u>9,992,438</u>
Restricted	
Debt service	176,084
Downtown loan fund	224,786
Total Restricted	<u>400,870</u>
Unrestricted	<u>1,650,578</u>
Total Governmental Activities Net Assets	<u>\$ 12,043,886</u>

***Governmental Funds***

Governmental fund balances reported on the fund financial statements at December 31, 2010, include the following:

<b>Reserved</b>	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 9,675
Prepaid items	55,937
Tax equivalent	<u>146,000</u>
Total	<u>\$ 211,612</u>
Debt Service Funds	
Prepays	\$ 16,157
Debt service	<u>476,440</u>
Total	<u>\$ 492,597</u>

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### H. NET ASSETS/FUND BALANCES (cont.)

##### Governmental Funds (cont.)

##### Reserved (cont.)

##### Major Funds (cont.)

##### Capital Projects Fund

Reserved for encumbrances	\$ <u>90,329</u>
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##### Unreserved (designated)

##### Major Funds

##### General Fund

DARE funds	\$ 4,772
Fund balances applied to 2011	13,685
Park and open spaces	416,244
Police forfeitures	4,285
Joint pistol range	4,175
Motorcycle donations	<u>2,051</u>

Total	\$ <u>445,212</u>
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##### Nonmajor Funds

##### Special Revenue Funds

Cemetery	\$ 105,689
Downtown loan fund	<u>188,571</u>

Total	\$ <u>294,260</u>
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##### Unreserved (undesignated) (deficit)

##### Major Funds

##### General fund

##### Capital projects fund

General fund	\$ 2,665,627
Capital projects fund	<u>1,500,924</u>

Total	\$ <u>4,166,551</u>
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##### Business-type Activities

##### Invested in capital assets, net of related debt

Land	\$ 10,992
Other capital assets, net of accumulated depreciation	26,710,331
Less: Long-term debt outstanding	(6,472,719)
Plus: Unspent capital related debt proceeds	222,000
Plus: Unamortized loss on advance refunding	51,750
Plus: Unamortized debt issuance costs	<u>44,407</u>
Total Invested in Capital Assets, Net of Related Debt	<u>20,566,761</u>

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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#### H. NET ASSETS/FUND BALANCES (cont.)

##### Business-type Activities (cont.)

Restricted	
Debt service	\$ 1,014,700
Replacement	<u>2,107,272</u>
Total Restricted	<u>3,121,972</u>
Unrestricted	<u>8,555,652</u>
Total Business-type Activities Net Assets	<u>\$ 32,244,385</u>

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### NOTE V - OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for village employees covered by the system for the year ended December 31, 2010 was \$2,801,925; the employer's total payroll was \$2,942,003. The total required contribution for the year ended December 31, 2010 was \$371,214 or 13.2% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2009 and 2008 were \$347,574 and \$338,436, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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### **NOTE V - OTHER INFORMATION (cont.)**

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

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2010 there was no pension related debt for the village.

#### ***B. RISK MANAGEMENT***

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

#### ***C. COMMITMENTS AND CONTINGENCIES***

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

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

Funding for the operating budget of the village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the village.

#### ***D. JOINT VENTURES***

##### ***Pewaukee Public Library***

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

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

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#### NOTE V - OTHER INFORMATION (cont.)

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##### *D. JOINT VENTURES (cont.)*

##### *Pewaukee Public Library (cont.)*

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 district. The village made a payment totaling \$232,396 to the district for 2010. The village believes that the district will continue to provide services in the future at similar rates.

Financial information of the library as of December 31, 2010 is available directly from the library's office.

The equity interest is reported in the governmental activities column of the government-wide statement of net assets. Changes in the equity interest are reported on the statement of activities.

##### *Park and Recreation Service*

The Village of Pewaukee and the City of Pewaukee jointly operate the local park and recreation service. The communities share in the operation of the district based 50% on their percentage of total equalized value and 50% on their percentage of total population.

The governing boards are made up of citizens from each community. Local representatives are appointed by the village board. The governing boards control the financial affairs of the district. The governing boards prepare budgets which are then approved by the village and city governing bodies. The village believes the joint venture will continue to provide services in the future at similar rates. The village share for 2010 was \$246,109.

Financial information of the district as of December 31, 2010 is available directly from the park and recreation service office.

The village does not have an equity interest in the joint venture.

##### *Lake Patrol Service*

The Village of Pewaukee, the City of Pewaukee, and the Town of Delafield jointly provide winter and summer lake patrol services to the village, city and town on Pewaukee Lake. This agreement began April 1, 2010 and will terminate March 30, 2011.

The village, through its police department water safety patrol unit, provides the patrol services and enforces the terms of the Pewaukee Lake summer and winter lake rules as well as other applicable statutes and ordinances. All offenses cited by the water safety patrol will be prosecuted in the Village of Pewaukee Municipal Court.

Expenses associated with the administration and implementation of the services are allocated on the following basis: 43% to the City of Pewaukee, 43% to the Town of Delafield and 14% to the Village of Pewaukee. The village share for 2010 was \$5,030.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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### NOTE V - OTHER INFORMATION (cont.)

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#### D. JOINT VENTURES (cont.)

##### Lake Patrol Service (cont.)

Financial information for the lake patrol as of December 31, 2010 is available directly from the village's office.

The village does not have an equity interest in the joint venture.

#### E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

#### F. INVESTMENT IN BROOKFIELD WASTEWATER TREATMENT FACILITY

The Village of Pewaukee sewer utility and the City of Brookfield, Town of Brookfield, City of Pewaukee, and the Village of Menomonee Falls are all contributing parties for a construction upgrade at the City of Brookfield Wastewater Treatment Facility. The communities share in the upgrade costs as follows:

<u>Municipality</u>	<u>% Exp Paid</u>
City of Brookfield	53.66 %
Town of Brookfield Sanitary District #4	12.17
City of Pewaukee Sanitary District #3	13.94
Village of Pewaukee	18.14
Village of Menomonee Falls	<u>2.09</u>
Total	<u>100.00 %</u>

The costs reflected in the Village of Pewaukee's sewer utility financial statements reflect the pro-rata share of costs for treatment plant capacity and do not constitute an ownership right in the facility. These costs will be amortized over the life of the facility. The Village of Pewaukee sewer utility's investment balance as of December 31, 2010 was \$6,192,698 with accumulated amortization of \$2,073,312.

REQUIRED SUPPLEMENTARY INFORMATION

## VILLAGE OF PEWAUKEE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

REVENUES	Original and Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>			
General property taxes	\$ 3,606,205	\$ 3,607,698	\$ 1,493
Payments in lieu of taxes	73,000	75,804	2,804
Total Taxes	<u>3,679,205</u>	<u>3,683,502</u>	<u>4,297</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
State shared revenues	261,104	261,216	112
State aid - general transportation aids	350,068	350,181	113
State aid - fire insurance tax	28,000	28,232	232
State aid - DARE	4,000	-	(4,000)
Federal grants	1,600	-	(1,600)
Other state and county grants	41,900	48,630	6,730
Total Intergovernmental Revenues	<u>686,672</u>	<u>688,259</u>	<u>1,587</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage licenses	11,600	23,645	12,045
Operators' license	3,500	4,605	1,105
Cigarette and soda licenses	1,900	1,690	(210)
Bicycle licenses	2,300	4,704	2,404
Dog licenses	2,800	2,918	118
Cable television franchise fees	72,000	80,645	8,645
Building permits	35,000	90,570	55,570
HVAC permits	7,500	16,080	8,580
Electrical permits	12,000	23,893	11,893
Plumbing permits	10,000	21,651	11,651
Occupancy permits	500	850	350
Mobile home parking licenses	3,000	3,455	455
Zoning permits	600	3,045	2,445
Other permits	6,000	6,672	672
Total Licenses and Permits	<u>168,700</u>	<u>284,423</u>	<u>115,723</u>
<b>FINES, FORFEITURES AND PENALTIES</b>			
Court penalties and costs	161,000	143,268	(17,732)
Parking tickets	43,050	34,269	(8,781)
Miscellaneous asset forfeitures	-	472	472
Total Fines, Forfeitures and Penalties	<u>204,050</u>	<u>178,009</u>	<u>(26,041)</u>

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

## VILLAGE OF PEWAUKEE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Ambulance	\$ 215,000	\$ 218,030	\$ 3,030
Garbage and refuse collection	271,896	302,351	30,455
Special assessment letters	1,000	1,168	168
Weed control	565	784	219
Fire and rescue calls	20,000	46,745	26,745
Fire department tank inspections	60,000	58,345	(1,655)
Law enforcement fees	170,862	163,845	(7,017)
Recreation fees	60,390	66,127	5,737
Joint pistol range	1,000	500	(500)
Park users fees	3,400	4,094	694
Fiscal agent fees	19,500	-	(19,500)
Miscellaneous	14,800	5,918	(8,882)
Total Public Charges for Services	<u>838,413</u>	<u>867,907</u>	<u>29,494</u>
<b>INVESTMENT INCOME</b>			
Interest on temporary investments	<u>30,000</u>	<u>8,448</u>	<u>(21,552)</u>
<b>MISCELLANEOUS REVENUES</b>			
Donations	-	3,700	3,700
Miscellaneous	2,000	5,418	3,418
Rent	6,000	5,200	(800)
Insurance recoveries	-	13,543	13,543
Sale of police equipment	4,000	6,517	2,517
Sale of other equipment	5,000	1,500	(3,500)
Sale of materials and supplies	75	339	264
Total Miscellaneous Revenues	<u>17,075</u>	<u>36,217</u>	<u>19,142</u>
Total Revenues	<u>5,624,115</u>	<u>5,746,765</u>	<u>122,650</u>

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

## VILLAGE OF PEWAUKEE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

EXPENDITURES	Original and Final Budget	Actual	Variance with Final Budget
<b>GENERAL GOVERNMENT</b>			
Village board	\$ 24,907	\$ 27,359	\$ (2,452)
Municipal court	49,572	51,910	(2,338)
Legal	72,750	67,020	5,730
General administration	129,792	128,643	1,149
Clerk's office	201,181	203,457	(2,276)
Elections	17,500	11,156	6,344
Data processing	12,000	12,739	(739)
Consolidation Study	-	74,500	(74,500)
Assessment of property	41,000	40,736	264
Special accounting and auditing	37,600	33,910	3,690
Village hall	41,800	53,605	(11,805)
Property and liability insurance	185,800	133,705	52,095
Miscellaneous general government	21,000	56,534	(35,534)
Total General Government	<u>834,902</u>	<u>895,274</u>	<u>(60,372)</u>
<b>PUBLIC SAFETY</b>			
Police	2,106,323	2,106,293	30
Water patrol	-	10,816	(10,816)
Fire service	1,038,688	924,570	114,118
Public fire protection	157,099	147,695	9,404
Fire inspection	56,280	61,140	(4,860)
Building inspection	56,650	108,216	(51,566)
Total Public Safety	<u>3,415,040</u>	<u>3,358,730</u>	<u>56,310</u>
<b>HEALTH AND SOCIAL SERVICES</b>			
Animal control	<u>4,300</u>	<u>4,443</u>	<u>(143)</u>
<b>PUBLIC WORKS</b>			
Public works administration	74,463	46,235	28,228
Public works wages and benefits	582,782	607,071	(24,289)
General engineering	6,000	490	5,510
Machinery and equipment	53,500	55,335	(1,835)
Garage and shed	42,150	35,214	6,936
Street maintenance	23,000	17,373	5,627
Snow and ice control	45,173	38,073	7,100
Street lighting	79,500	71,894	7,606
Sidewalk	3,500	3,334	166
Curb and gutter	2,800	-	2,800
Tree and brush removal	1,000	-	1,000
Garbage and refuse collection	169,595	190,495	(20,900)
Recycling	91,565	101,625	(10,060)
Other sanitation	500	-	500
Total Public Works	<u>1,175,528</u>	<u>1,167,139</u>	<u>8,389</u>

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

## VILLAGE OF PEWAUKEE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>LEISURE ACTIVITIES</b>			
Library	\$ 232,396	\$ 232,396	\$ -
Parks and recreation	268,404	246,109	22,295
Total Leisure Activities	<u>500,800</u>	<u>478,505</u>	<u>22,295</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Weed control	1,500	878	622
Planning commission	7,584	6,468	1,116
Planning/engineering consulting	-	1,480	(1,480)
Lake weed control planning	-	160	(160)
Total Conservation and Development	<u>9,084</u>	<u>8,986</u>	<u>98</u>
<b>CAPITAL OUTLAY</b>			
Police	28,400	27,937	463
Parks	14,190	14,184	6
Highway	34,000	34,291	(291)
Total Capital Outlay	<u>76,590</u>	<u>76,412</u>	<u>178</u>
Total Expenditures	<u>6,016,244</u>	<u>5,989,489</u>	<u>26,755</u>
Deficiency of revenues under expenditures	<u>(392,129)</u>	<u>(242,724)</u>	<u>149,405</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	30,000	50,000	20,000
Transfers out	-	(54,180)	(54,180)
Transfers in	349,389	705,039	355,650
Sales of fixed assets	-	26,230	26,230
Total Other Financing Sources (Uses)	<u>379,389</u>	<u>727,089</u>	<u>347,700</u>
<b>Net Change in Fund Balance</b>	(12,740)	484,365	497,105
FUND BALANCE - Beginning of Year	<u>2,838,086</u>	<u>2,838,086</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,825,346</u>	<u>\$ 3,322,451</u>	<u>\$ 497,105</u>

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

## VILLAGE OF PEWAUKEE

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2010

#### *BUDGETARY INFORMATION*

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

<u>General Fund</u>	<u>Original and Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Village board	\$ 24,907	\$ 27,359	\$ 2,452
Municipal court	49,572	51,910	2,338
Clerk's office	201,181	203,457	2,276
Data processing	12,000	12,739	739
Consolidation study	-	74,500	74,500
Village hall	41,800	53,605	11,805
Water patrol	-	10,816	10,816
Fire inspection	56,280	61,140	4,860
Building inspection	56,650	108,216	51,566
Animal control	4,300	4,443	143
Planning/engineering consulting	-	1,480	1,480
Lake weed control planning	-	160	160
Highway capital outlay	34,000	34,291	291
Miscellaneous general government	21,000	56,534	35,534
Transfers out	-	54,180	54,180

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF PEWAUKEE**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2010

	Special Revenue Funds		Total
	Cemetery Fund	Downtown Loan Fund	Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 105,374	\$ 188,571	\$ 293,945
Receivables			
Accounts	800	-	800
Loans	-	36,215	36,215
<b>TOTAL ASSETS</b>	<b>\$ 106,174</b>	<b>\$ 224,786</b>	<b>\$ 330,960</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 485	\$ -	\$ 485
Deferred revenues	-	36,215	36,215
Total Liabilities	485	36,215	36,700
Fund Balances			
Unreserved, designated for			
Special revenue funds	105,689	188,571	294,260
Total Fund Balances	105,689	188,571	294,260
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 106,174</b>	<b>\$ 224,786</b>	<b>\$ 330,960</b>

## VILLAGE OF PEWAUKEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2010

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	
<b>REVENUES</b>			
Charges for services	\$ 14,757	\$ 1,000	\$ 15,757
Investment income	183	441	624
Total Revenues	<u>14,940</u>	<u>1,441</u>	<u>16,381</u>
<b>EXPENDITURES</b>			
Current			
Health and human services	14,676	-	14,676
Conservation and development	-	30,000	30,000
Total Expenditures	<u>14,676</u>	<u>30,000</u>	<u>44,676</u>
<b>Net Change in Fund Balances</b>	264	(28,559)	(28,295)
FUND BALANCES - Beginning of Year	<u>105,425</u>	<u>217,130</u>	<u>322,555</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 105,689</u>	<u>\$ 188,571</u>	<u>\$ 294,260</u>

**VILLAGE OF PEWAUKEE**

COMBINING STATEMENT OF NET ASSETS  
AGENCY FUNDS  
December 31, 2010

	Pewaukee Library Fund	Lake Patrol Fund	Tax Collection Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 138,596	\$ -	\$ 6,822,467	\$ 6,961,063
Taxes receivable	-	-	6,815,656	6,815,656
Prepaid items	6,250	-	-	6,250
Due from other governments	-	4,064	-	4,064
<b>TOTAL ASSETS</b>	<b><u>\$ 144,846</u></b>	<b><u>\$ 4,064</u></b>	<b><u>\$ 13,638,123</u></b>	<b><u>\$ 13,787,033</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,128	\$ 1,423	\$ -	\$ 12,551
Accrued liabilities	9,048	-	-	9,048
Due to other governments	124,670	2,641	13,638,123	13,765,434
<b>TOTAL LIABILITIES</b>	<b><u>\$ 144,846</u></b>	<b><u>\$ 4,064</u></b>	<b><u>\$ 13,638,123</u></b>	<b><u>\$ 13,787,033</u></b>