

VILLAGE OF PEWAUKEE

Pewaukee, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

VILLAGE OF PEWAUKEE

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Pewaukee
Pewaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village of Pewaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Pewaukee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Pewaukee's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Village Board
Village of Pewaukee

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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Vinchow Krause, LLP

Madison, Wisconsin
May 15, 2015

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED

As of and for the Year Ended December 31, 2014

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, 2014. You are invited to read this narrative in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets of the Village of Pewaukee exceeded its liabilities by \$47,052,418 (net position). Of this amount, \$11,241,673 is considered unrestricted, \$3,282,536 is restricted for specific purposes (restricted net position), and \$32,528,209 is the net investment in capital assets.
- > The village's total net position increased by \$136,430. Governmental activities net position decreased by \$3,390, while business-type net position increased by \$139,820.
- > On December 31, 2014, the village's governmental funds reported combined fund balances of \$5,096,454, a decrease of \$570,862 from 2013. Unassigned fund balance was \$2,614,698.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 As of and for the Year Ended December 31, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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 position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 position and how they have changed. Net Position – the difference between the village's assets, deferred outflows of resources, and its liabilities and deferred inflows of resources – is one way to measure the village's financial health, or position. Over time, increases or decreases in the village's net position 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 position changed during the most recent fiscal year. All changes in net position 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 As of and for the Year Ended December 31, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The village maintains six (6) 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, 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.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

An analysis of the village's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the village's net position 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 As of and for the Year Ended December 31, 2014

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

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

**Table 1
Condensed Statements of Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014*	2013*
Current and Other Assets	\$ 10,899,822	\$ 11,439,671	\$ 11,941,590	\$ 12,788,476	\$ 22,841,412	\$ 24,228,147
Capital Assets	<u>18,497,277</u>	<u>18,414,773</u>	<u>26,572,269</u>	<u>26,393,716</u>	<u>45,069,546</u>	<u>44,808,489</u>
Total Assets	<u>29,397,099</u>	<u>29,854,444</u>	<u>38,513,859</u>	<u>39,182,192</u>	<u>67,910,958</u>	<u>69,036,636</u>
Deferred Outflows of Resources	<u>293,539</u>	<u>340,270</u>	<u>20,682</u>	<u>35,389</u>	<u>314,221</u>	<u>375,659</u>
Long-term Liabilities	10,383,682	10,950,748	3,843,075	4,868,524	14,226,757	15,819,272
Other Liabilities	<u>684,075</u>	<u>639,377</u>	<u>1,460,208</u>	<u>1,257,619</u>	<u>2,144,283</u>	<u>1,896,996</u>
Total Liabilities	<u>11,067,757</u>	<u>11,590,125</u>	<u>5,303,283</u>	<u>6,126,143</u>	<u>16,371,040</u>	<u>17,716,268</u>
Deferred Inflows of Resources	<u>4,801,721</u>	<u>4,780,039</u>	-	-	<u>4,801,721</u>	<u>4,780,039</u>
Net Investment in Capital Assets	10,822,854	10,801,598	22,036,078	20,868,535	32,528,209	31,578,029
Restricted	311,517	346,845	2,971,019	2,963,223	3,282,536	3,310,068
Unrestricted	<u>2,686,789</u>	<u>2,676,107</u>	<u>8,224,161</u>	<u>9,259,680</u>	<u>11,241,673</u>	<u>12,027,891</u>
Total Net Position	<u>\$ 13,821,160</u>	<u>\$ 13,824,550</u>	<u>\$ 33,231,258</u>	<u>\$ 33,091,438</u>	<u>\$ 47,052,418</u>	<u>\$ 46,915,988</u>

* The total column reflects a capital debt adjustment; see Note 1.D.11 for further information.

It should be noted that certain amounts in the above Table 1, and beginning net position in the following Table 2, for the 2013 column, reflect changes due to the implementation of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*.

The largest portion of the village's net position (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 position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (24%) may be used to meet the government's ongoing obligation to citizens and creditors.

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2014

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

Table 2
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 1,550,846	\$ 1,495,181	\$ 3,161,421	\$ 3,203,670	\$ 4,712,267	\$ 4,698,851
Operating grants and contributions	444,714	460,485	-	-	444,714	460,485
Capital grants and contributions	7,722	4,857	91,097	99,211	98,819	104,068
General Revenues						
Property taxes	4,722,776	4,649,376	-	-	4,722,776	4,649,376
Other taxes	87,611	82,784	-	-	87,611	82,784
Intergovernmental	209,681	212,612	4,328	3,026	214,009	215,638
Investment income	6,331	7,776	6,701	6,585	13,032	14,361
Gain on sale of assets	141,010	13,246	-	-	141,010	13,246
Miscellaneous	<u>63,713</u>	<u>26,811</u>	<u>7,155</u>	<u>11,809</u>	<u>70,868</u>	<u>38,620</u>
Total Revenues	<u>7,234,404</u>	<u>6,953,128</u>	<u>3,270,702</u>	<u>3,324,301</u>	<u>10,505,106</u>	<u>10,277,429</u>
Expenses						
General government	981,638	870,390	-	-	981,638	870,390
Public safety	4,083,825	3,731,054	-	-	4,083,825	3,731,054
Health and human services	23,398	21,144	-	-	23,398	21,144
Public works	1,478,273	1,426,480	-	-	1,478,273	1,426,480
Culture, recreation and education	692,268	667,937	-	-	692,268	667,937
Conservation and development	24,365	15,131	-	-	24,365	15,131
Water			1,051,110	1,043,109	1,051,110	1,043,109
Sewer			1,525,596	1,750,616	1,525,596	1,750,616
Stormwater			164,361	166,113	164,361	166,113
Interest and fiscal charges	<u>343,842</u>	<u>497,959</u>	<u>-</u>	<u>-</u>	<u>343,842</u>	<u>497,959</u>
Total Expenses	<u>7,627,609</u>	<u>7,230,095</u>	<u>2,741,067</u>	<u>2,959,838</u>	<u>10,368,676</u>	<u>10,189,933</u>
Income (Loss) Before Transfers	(393,205)	(276,967)	529,635	364,463	136,430	87,496
Transfers	<u>389,815</u>	<u>421,490</u>	<u>(389,815)</u>	<u>(421,490)</u>	<u>-</u>	<u>-</u>
Changes in Net Position	(3,390)	144,523	139,820	(57,027)	136,430	87,496
Beginning Net Position (as restated)	<u>13,824,550</u>	<u>13,680,027</u>	<u>33,091,438</u>	<u>33,148,465</u>	<u>46,915,988</u>	<u>46,828,492</u>
Ending Net Position	<u>\$ 13,821,160</u>	<u>\$ 13,824,550</u>	<u>\$ 33,231,258</u>	<u>\$ 33,091,438</u>	<u>\$ 47,052,418</u>	<u>\$ 46,915,988</u>

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2014

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

As previously noted, the Statement of Net Position shows the financial position as of year-end. 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 position by \$3,390. This is the result of the net change in fund balances of the governmental funds, a decrease of \$570,862, plus the reconciling items as detailed on page 9 of the financial statements.

BUSINESS-TYPE ACTIVITIES

Net position of the business-type activities increased \$139,820, primarily due to a reduction in the Sanitary Sewer Utility operating expenses and rebuilding pumps at the main lift station.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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, unassigned 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, 2014, the village's governmental funds reported combined fund balances of \$5,096,454. Approximately 51% of this amount, \$2,614,698 constitutes unassigned fund balance, which is available to meet the village's current and future needs. An additional \$1,647,094 is assigned for specific projects or expenditures. Committed fund balance makes up another \$4,448 of fund balance and the remaining \$761,585 of fund balance is attributed to non-spendable amounts for prepaid expenditures and long-term 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 \$208,914 during 2014. Unassigned fund balance increased by \$97,350. See the following General Fund Budgetary Highlights section for further details.

The village evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. For 2014, unassigned fund balance is \$2,626,927, and the 2015 general fund expenditure budget is \$6,567,314, resulting in an unassigned fund balance ratio of 40%. The prior year was 40%. The increase in general fund balance was due to the sale of Village-owned land to Kwik Trip, permit revenue higher than anticipated, and the sale of equipment revenues greater than anticipated.

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
As of and for the Year Ended December 31, 2014

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

GOVERNMENTAL FUNDS (cont.)

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 amount of the fund balance, \$550,390 is restricted for future debt service. Included in this restricted 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.

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 \$717,124, a decrease of \$716,865 from the prior year due to no new issuance of debt in 2014 combined with the planned spend-down of 2013 proceeds.

NONMAJOR GOVERNMENTAL FUNDS

Fund balance of all other governmental funds is \$87,043, of which \$94,824 is restricted for future projects, \$4,448 is committed for use by the Downtown Loan Fund. The balance, a negative \$12,229 is due to the startup costs for the newly created TIF No. 2.

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, 2014, the village's proprietary funds reported combined net position of \$33,231,258.

Water Utility

The water utility net position increased \$40,535 or less than 1% from prior year. Operating revenues decreased \$12,910 or less than 1%. Operating expenses increased \$43,250 or 4%. The decrease in operating revenues was in large part due to a decrease in anticipated water sales.

The increase in operating expenses is primarily due to increased energy costs and unanticipated maintenance of wells and equipment (Well 6 filter screen and pump rehabilitation costs to bring Well 5 back online).

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
As of and for the Year Ended December 31, 2014

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

GOVERNMENTAL FUNDS (cont.)

Sewer Utility

The sewer utility net position increased \$58,114 or .2%. Operating revenues decreased \$29,436 or .2%. Operating expenses decreased \$207,010 or 12%. The decrease in operating revenue was due to decreased water sales which directly impact the sanitary sewer charges. Operating expenses decreased due to decreased treatment costs associated with the Brookfield Treatment Plant.

Stormwater Utility

The stormwater utility net position increased \$41,171 or 9%. Operating revenues increased \$97 or less than 1% from prior year. Operating expenses decreased \$1,441 or less than 1%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall fund balance remained steady for 2014, increasing \$208,914, or 5%. There were no budget amendments made during the year.

Total revenues were \$6,289,993, \$378,225 more than budget. There were several contributing factors to the additional revenues. The first was revenue from the sale of property to Kwik Trip; building permit revenues higher than anticipated, fire and rescue charges higher than anticipated, and the sale of equipment higher than anticipated.

Total expenses were \$6,470,894, \$109,562 more than budgeted. Significant variances with expenses include fire and EMS charges coming in higher than estimated, building inspections expenses higher than anticipated (these expenses are tied to revenues coming in higher than estimated), snow and ice control higher than estimated (cost of salt).

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
As of and for the Year Ended December 31, 2014

CAPITAL ASSETS

At the end of 2014, the village had invested a total of \$45,069,546 in capital assets. This investment in capital assets includes land, buildings, machinery and equipment, utility plant, construction in progress, and infrastructure.

**Table 3
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 6,529,438	\$ 6,529,438	\$ 10,992	\$ 10,992	\$ 6,540,430	\$ 6,540,430
Buildings	10,076,094	10,076,094	-	-	10,076,094	10,076,094
Machinery and equipment	2,314,510	2,279,729	-	-	2,314,510	2,279,729
Water plant	-	-	17,466,353	17,360,500	17,466,353	17,360,500
Sewer plant	-	-	21,587,619	21,538,416	21,587,619	21,538,416
Storm water	-	-	493,926	493,926	493,926	493,926
Construction in progress	419,631	-	573,705	-	993,336	-
Infrastructure	1,872,803	1,872,803	-	-	1,872,803	1,872,803
Dams	<u>582,973</u>	<u>582,973</u>	<u>-</u>	<u>-</u>	<u>582,973</u>	<u>582,973</u>
Total Capital Assets	21,795,449	21,341,037	40,132,595	39,403,834	61,928,044	60,744,871
Less: Accumulated Depreciation	<u>(3,298,172)</u>	<u>(2,926,264)</u>	<u>(13,560,326)</u>	<u>(13,010,118)</u>	<u>(16,858,498)</u>	<u>(15,936,382)</u>
Net Capital Assets	<u>\$ 18,497,277</u>	<u>\$ 18,414,773</u>	<u>\$ 26,572,269</u>	<u>\$ 26,393,716</u>	<u>\$ 45,069,546</u>	<u>\$ 44,808,489</u>

Significant projects for 2014 include:

- > Radio replacement upgrades for the Police Department and Public Works Department as part of the County-wide system upgrade;
- > Road reconstruction projects for Lake Street and Tower Court;
- > Sunnyridge Road sanitary sewer line relay;
- > Replacement of 16 fire hydrants; and
- > Rehabilitation of Well 6 pump.

See Note IV.D. for additional information.

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2014

LONG-TERM DEBT

At December 31, 2014, the village and utilities had \$15,006,155 of long-term bonds. Of this amount, \$4,709,104 represents water, sewer, and stormwater revenue debt. \$10,297,051 are general obligation issues to be repaid by future levies.

Total long-term bonds and loans outstanding at December 31, 2014 decreased by a net amount of \$1,569,269.

At the end of the year, the village was at 29% of its general obligation debt capacity. The prior year was 31%. Excluding general obligation debt to be financed by user charges of the village's utilities, the debt capacity was 23%.

See Note IV.F. for additional information.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2014 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. The village created Tax Incremental District #2 as a Blight Elimination District in response to a request for TIF assistance relating to the redevelopment of two parcels that have been vacant/underutilized/blighted since the closure of a former gas station. A new 10,000 sq. ft. office/retail building is now under construction with the creation of the new TID.

REQUESTS FOR INFORMATION

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.

General information relating to the Village of Pewaukee, Wisconsin, can be found at the village's website, www.villageofpewaukee.us.

VILLAGE OF PEWAUKEE

STATEMENT OF NET POSITION As of December 31, 2014

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 5,013,601	\$ 3,594,457	\$ 8,608,058
Receivables			
Taxes	5,022,485	-	5,022,485
Accounts	248,615	670,010	918,625
Loans	8,547	-	8,547
Special assessments	2,466	-	2,466
Internal balances	155,133	(155,133)	-
Inventories and prepaid items	44,253	28,600	72,853
Investment in Brookfield Plant (net of amortization)	-	3,197,914	3,197,914
Investment in Pewaukee Public Library	404,722	-	404,722
Restricted Assets			
Cash and investments	-	4,605,742	4,605,742
Capital Assets (net of accumulated depreciation)			
Land	6,529,438	10,992	6,540,430
Construction in progress	419,631	573,705	993,336
Other capital assets, net of accumulated depreciation	<u>11,548,208</u>	<u>25,987,572</u>	<u>37,535,780</u>
Total Assets	<u>29,397,099</u>	<u>38,513,859</u>	<u>67,910,958</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>293,539</u>	<u>20,682</u>	<u>314,221</u>
Total Deferred Outflows of Resources	<u>293,539</u>	<u>20,682</u>	<u>314,221</u>
LIABILITIES			
Accounts payable	512,124	551,300	1,063,424
Accrued liabilities and deposits	171,951	4,686	176,637
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	873,294	873,294
Accrued interest	-	30,928	30,928
Noncurrent Liabilities			
Due within one year	703,596	150,000	853,596
Due in more than one year	<u>9,680,086</u>	<u>3,693,075</u>	<u>13,373,161</u>
Total Liabilities	<u>11,067,757</u>	<u>5,303,283</u>	<u>16,371,040</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>4,801,721</u>	-	<u>4,801,721</u>
Total Deferred Inflows of Resources	<u>4,801,721</u>	-	<u>4,801,721</u>
NET POSITION			
Net investment in capital assets	10,822,854	23,480,377	34,213,381
Restricted for			
Debt service	205,516	472,670	678,186
Equipment	2,200	2,498,349	2,500,549
Park maintenance	8,977	-	8,977
Cemetery	94,824	-	94,824
Unrestricted	<u>2,686,789</u>	<u>6,779,862</u>	<u>9,556,501</u>
TOTAL NET POSITION	<u>\$ 13,821,160</u>	<u>\$ 33,231,258</u>	<u>\$ 47,052,418</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 981,638	\$ 168,619	\$ 5,200	\$ -
Public safety	4,083,825	921,230	50,733	-
Public works	1,478,273	351,860	362,197	7,722
Health and human services	23,398	11,268	-	-
Culture, recreation and education	692,268	97,869	-	-
Conservation and development	24,365	-	-	-
Interest and fiscal charges	<u>343,842</u>	<u>-</u>	<u>26,584</u>	<u>-</u>
Total Governmental Activities	<u>7,627,609</u>	<u>1,550,846</u>	<u>444,714</u>	<u>7,722</u>
Business-type Activities				
Water	1,051,110	1,459,425	-	9,760
Sewer	1,525,596	1,498,010	-	81,337
Stormwater	<u>164,361</u>	<u>203,986</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>2,741,067</u>	<u>3,161,421</u>	<u>-</u>	<u>91,097</u>
Totals	<u>\$ 10,368,676</u>	<u>\$ 4,712,267</u>	<u>\$ 444,714</u>	<u>\$ 98,819</u>

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Other taxes

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Gain on sale of assets

 Miscellaneous

 Total General Revenues

Transfers

 Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (807,819)	\$ -	\$ (807,819)
(3,111,862)	-	(3,111,862)
(756,494)	-	(756,494)
(12,130)	-	(12,130)
(594,399)	-	(594,399)
(24,365)	-	(24,365)
<u>(317,258)</u>	<u>-</u>	<u>(317,258)</u>
<u>(5,624,327)</u>	<u>-</u>	<u>(5,624,327)</u>
-	418,075	418,075
-	53,751	53,751
-	<u>39,625</u>	<u>39,625</u>
-	<u>511,451</u>	<u>511,451</u>
<u>(5,624,327)</u>	<u>511,451</u>	<u>(5,112,876)</u>
3,824,868	-	3,824,868
897,908	-	897,908
87,611	-	87,611
209,681	4,328	214,009
6,331	6,701	13,032
141,010	-	141,010
<u>63,713</u>	<u>7,155</u>	<u>70,868</u>
<u>5,231,122</u>	<u>18,184</u>	<u>5,249,306</u>
<u>389,815</u>	<u>(389,815)</u>	<u>-</u>
<u>5,620,937</u>	<u>(371,631)</u>	<u>5,249,306</u>
(3,390)	139,820	136,430
<u>13,824,550</u>	<u>33,091,438</u>	<u>46,915,988</u>
<u>\$ 13,821,160</u>	<u>\$ 33,231,258</u>	<u>\$ 47,052,418</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2014

	General Fund	Capital Projects Fund	General Debt Service
ASSETS			
Cash and investments	\$ 3,562,617	\$ 800,967	\$ 550,390
Receivables			
Taxes	4,072,883	879	924,347
Delinquent personal property tax	24,376	-	-
Accounts	248,485	-	-
Due from other governments	12,229	-	-
Special assessments	-	2,466	-
Loans	-	-	-
Due from other funds	156,395	-	-
Prepaid items	44,253	-	-
	<u>\$ 8,121,238</u>	<u>\$ 804,312</u>	<u>\$ 1,474,737</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 407,929	\$ 83,843	\$ -
Accrued liabilities	79,338	-	-
Due to other funds	1,262	-	-
Deposits	14,317	-	-
Total Liabilities	<u>502,846</u>	<u>83,843</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenues	3,876,495	879	924,347
Unavailable revenues	-	2,466	-
Total Deferred Inflows of Resources	<u>3,876,495</u>	<u>3,345</u>	<u>924,347</u>
Fund Balances			
Nonspendable	68,629	-	-
Restricted	11,177	105,194	550,390
Committed	-	-	-
Assigned	1,035,164	611,930	-
Unassigned	2,626,927	-	-
Total Fund Balances	<u>3,741,897</u>	<u>717,124</u>	<u>550,390</u>
	<u>\$ 8,121,238</u>	<u>\$ 804,312</u>	<u>\$ 1,474,737</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 99,627	\$ 5,013,601
-	4,998,109
-	24,376
130	248,615
-	12,229
-	2,466
8,547	8,547
-	156,395
-	<u>44,253</u>
<u>\$ 108,304</u>	<u>\$ 10,508,591</u>

\$ 485	\$ 492,257
-	79,338
12,229	13,491
-	<u>14,317</u>
<u>12,714</u>	<u>599,403</u>

-	4,801,721
<u>8,547</u>	<u>11,013</u>
<u>8,547</u>	<u>4,812,734</u>

-	68,629
94,824	761,585
4,448	4,448
-	1,647,094
<u>(12,229)</u>	<u>2,614,698</u>
<u>87,043</u>	<u>5,096,454</u>

<u>\$ 108,304</u>	<u>\$ 10,508,591</u>
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See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2014

Total Fund Balances - Governmental Funds	\$ 5,096,454
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	18,497,277
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	11,013
The village's investment in the library joint venture is not a financial resource and, therefore, is not reported in the fund statements.	404,722
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>(10,188,306)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 13,821,160</u>

VILLAGE OF PEWAUKEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>General Debt Service</u>
REVENUES			
Taxes	\$ 3,912,479	\$ -	\$ 897,908
Intergovernmental	622,379	232	26,584
Licenses and permits	262,512	-	-
Fines, forfeitures and penalties	198,197	-	-
Public charges for services	1,078,594	-	-
Special assessments	-	10,380	-
Investment income	5,634	339	221
Miscellaneous	210,198	-	-
Total Revenues	<u>6,289,993</u>	<u>10,951</u>	<u>924,713</u>
EXPENDITURES			
Current			
General government	960,046	-	-
Public safety	3,696,096	-	48,473
Public works	1,203,527	-	-
Health and human services	4,043	-	-
Culture, recreation and education	530,704	-	-
Conservation and development	12,846	-	-
Capital Outlay	63,632	727,816	-
Debt Service			
Principal	-	-	610,000
Interest and fiscal charges	-	-	309,872
Total Expenditures	<u>6,470,894</u>	<u>727,816</u>	<u>968,345</u>
Excess (deficiency) of revenues over expenditures	<u>(180,901)</u>	<u>(716,865)</u>	<u>(43,632)</u>
OTHER FINANCING SOURCES			
Transfers in	389,815	-	-
Total Other Financing Sources	<u>389,815</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	208,914	(716,865)	(43,632)
FUND BALANCES - Beginning of Year	<u>3,532,983</u>	<u>1,433,989</u>	<u>594,022</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,741,897</u>	<u>\$ 717,124</u>	<u>\$ 550,390</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 4,810,387
-	649,195
-	262,512
-	198,197
12,268	1,090,862
-	10,380
37	6,231
-	<u>210,198</u>
<u>12,305</u>	<u>7,237,962</u>
-	960,046
-	3,744,569
-	1,203,527
19,355	23,398
-	530,704
12,229	25,075
-	791,448
-	610,000
-	<u>309,872</u>
<u>31,584</u>	<u>8,198,639</u>
<u>(19,279)</u>	<u>(960,677)</u>
-	<u>389,815</u>
-	<u>389,815</u>
(19,279)	(570,862)
<u>106,322</u>	<u>5,667,316</u>
<u>\$ 87,043</u>	<u>\$ 5,096,454</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, 2014

Net change in fund balances - total governmental funds	\$	(570,862)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		791,448
Some items reported as capital outlay were not capitalized		(294,171)
Depreciation is reported in the government-wide financial statements		(395,048)
Net book value of assets retired		(19,725)

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.		(3,558)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Promissory note issued		(37,051)
Principal repaid		610,000

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Amortization of debt premium		7,582
Amortization of loss on refunding		(46,731)

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		(13,465)
Accrued interest on debt		5,179

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.		(36,988)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(3,390)</u>
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VILLAGE OF PEWAUKEE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 802,019	\$ 2,678,229	\$ 114,209	\$ 3,594,457
Accounts receivable	215,813	401,576	52,621	670,010
Due from municipality	-	1,262	-	1,262
Materials and supplies	21,436	-	-	21,436
Prepayments	3,732	3,432	-	7,164
Restricted Assets				
Redemption account	56,076	347,522	-	403,598
Capitalized interest	56,181	-	-	56,181
Total Current Assets	<u>1,155,257</u>	<u>3,432,021</u>	<u>166,830</u>	<u>4,754,108</u>
Noncurrent Assets				
Restricted Assets				
Equipment replacement	-	1,965,423	-	1,965,423
Reserve account	159,496	-	-	159,496
Depreciation account	100,000	532,926	-	632,926
Construction	1,388,118	-	-	1,388,118
Capital Assets				
Land	10,742	250	-	10,992
Construction work in progress	80,120	392,436	101,149	573,705
Plant in service	17,466,353	21,587,619	493,926	39,547,898
Less: Accumulated depreciation	(5,168,970)	(8,242,982)	(148,374)	(13,560,326)
Other Assets				
Investment in Brookfield Plant	-	6,192,698	-	6,192,698
Less: Accumulated amortization	-	(2,994,784)	-	(2,994,784)
Total Noncurrent Assets	<u>14,035,859</u>	<u>19,433,586</u>	<u>446,701</u>	<u>33,916,146</u>
Total Assets	<u>15,191,116</u>	<u>22,865,607</u>	<u>613,531</u>	<u>38,670,254</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advanced refunding	20,682	-	-	20,682
Total Deferred Outflows of Resources	<u>20,682</u>	<u>-</u>	<u>-</u>	<u>20,682</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 31,862	\$ 514,018	\$ 5,420	\$ 551,300
Due to municipality	156,395	-	-	156,395
Accrued wages	1,694	1,506	-	3,200
Accrued interest	-	-	1,486	1,486
Current portion of general obligation debt	120,000	10,000	20,000	150,000
Current liabilities payable from restricted assets				
Current portion of revenue bonds	325,000	548,294	-	873,294
Accrued interest	22,638	8,290	-	30,928
Total Current Liabilities	<u>657,589</u>	<u>1,082,108</u>	<u>26,906</u>	<u>1,766,603</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	2,390,000	290,000	105,000	2,785,000
Revenue bonds	335,000	565,810	-	900,810
Unamortized premium	7,265	-	-	7,265
Total Noncurrent Liabilities	<u>2,732,265</u>	<u>855,810</u>	<u>105,000</u>	<u>3,693,075</u>
Total Liabilities	<u>3,389,854</u>	<u>1,937,918</u>	<u>131,906</u>	<u>5,459,678</u>
NET POSITION				
Net investment in capital assets	10,835,457	12,323,219	321,701	23,480,377
Restricted for				
Debt service	133,438	339,232	-	472,670
Replacement of equipment and capital assets	-	2,498,349	-	2,498,349
Unrestricted net position	<u>853,049</u>	<u>5,766,889</u>	<u>159,924</u>	<u>6,779,862</u>
TOTAL NET POSITION	<u>\$ 11,821,944</u>	<u>\$ 20,927,689</u>	<u>\$ 481,625</u>	<u>\$ 33,231,258</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
OPERATING REVENUES				
Charges for services	\$ 1,206,497	\$ 1,483,239	\$ 203,986	\$ 2,893,722
Other operating revenue	<u>252,928</u>	<u>14,771</u>	<u>-</u>	<u>267,699</u>
Total Operating Revenues	<u>1,459,425</u>	<u>1,498,010</u>	<u>203,986</u>	<u>3,161,421</u>
OPERATING EXPENSES				
Operation and maintenance	625,466	910,362	124,049	1,659,877
Depreciation	330,253	342,131	35,833	708,217
Amortization	<u>-</u>	<u>230,368</u>	<u>-</u>	<u>230,368</u>
Total Operating Expenses	<u>955,719</u>	<u>1,482,861</u>	<u>159,882</u>	<u>2,598,462</u>
Operating Income	<u>503,706</u>	<u>15,149</u>	<u>44,104</u>	<u>562,959</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,338	4,363	-	6,701
Rebate from Build America Bonds	2,782	-	1,546	4,328
Interest expense	(80,684)	(42,735)	(4,479)	(127,898)
Amortization of premium	7,155	-	-	7,155
Amortization of loss on advance refunding	<u>(14,707)</u>	<u>-</u>	<u>-</u>	<u>(14,707)</u>
Total Nonoperating Revenues (Expenses)	<u>(83,116)</u>	<u>(38,372)</u>	<u>(2,933)</u>	<u>(124,421)</u>
Income (Loss) Before Contributions and Transfers	<u>420,590</u>	<u>(23,223)</u>	<u>41,171</u>	<u>438,538</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	9,760	81,337	-	91,097
Transfers out	(130,420)	-	-	(130,420)
Transfers - tax equivalent	<u>(259,395)</u>	<u>-</u>	<u>-</u>	<u>(259,395)</u>
Total Contributions and Transfers	<u>(380,055)</u>	<u>81,337</u>	<u>-</u>	<u>(298,718)</u>
Change in Net Position	40,535	58,114	41,171	139,820
NET POSITION - Beginning of Year	<u>11,781,409</u>	<u>20,869,575</u>	<u>440,454</u>	<u>33,091,438</u>
NET POSITION - END OF YEAR	<u>\$ 11,821,944</u>	<u>\$ 20,927,689</u>	<u>\$ 481,625</u>	<u>\$ 33,231,258</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,477,389	\$ 1,516,954	\$ 203,637	\$ 3,197,980
Paid to suppliers for goods and services	(463,123)	(556,198)	(53,596)	(1,072,917)
Paid to employees for services	(182,116)	(129,801)	(65,862)	(377,779)
Net Cash Flows From Operating Activities	<u>832,150</u>	<u>830,955</u>	<u>84,179</u>	<u>1,747,284</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>3,103</u>	<u>4,363</u>	<u>-</u>	<u>7,466</u>
Net Cash Flows From Investing Activities	<u>3,103</u>	<u>4,363</u>	<u>-</u>	<u>7,466</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(291,070)	-	-	(291,070)
Transfers to other funds	(130,420)	-	-	(130,420)
Net Cash Flows From Noncapital Financing Activities	<u>(421,490)</u>	<u>-</u>	<u>-</u>	<u>(421,490)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(435,000)	(541,320)	(20,000)	(996,320)
Interest paid	(91,074)	(47,206)	(4,612)	(142,892)
Build America Bonds interest rate subsidy	2,017	-	1,546	3,563
Acquisition and construction of capital assets	(345,784)	(453,689)	(101,149)	(900,622)
Capital contributions received	<u>9,760</u>	<u>81,337</u>	<u>-</u>	<u>91,097</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(860,081)</u>	<u>(960,878)</u>	<u>(124,215)</u>	<u>(1,945,174)</u>
Net Change in Cash and Cash Equivalents	(446,318)	(125,560)	(40,036)	(611,914)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,008,208</u>	<u>5,649,660</u>	<u>154,245</u>	<u>8,812,113</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,561,890</u>	<u>\$ 5,524,100</u>	<u>\$ 114,209</u>	<u>\$ 8,200,199</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 503,706	\$ 15,149	\$ 44,104	\$ 562,959
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	330,253	342,131	35,833	708,217
Depreciation charged to other funds	12,590	-	-	12,590
Other operating amortization expenses	-	230,368	-	230,368
Changes in assets and liabilities				
Customer accounts receivable	12,529	18,944	(349)	31,124
Materials and supplies	(612)	-	-	(612)
Prepayments	2,822	2,377	1,830	7,029
Accounts payable	(16,437)	225,861	4,406	213,830
Other current liabilities	(5,546)	(3,875)	(1,645)	(11,066)
Unamortized premium	(7,155)	-	-	(7,155)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 832,150	\$ 830,955	\$ 84,179	\$ 1,747,284
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 802,019	\$ 2,678,229	\$ 114,209	\$ 3,594,457
Redemption account	56,076	347,522	-	403,598
Reserve account	159,496	-	-	159,496
Depreciation account	100,000	532,926	-	632,926
Equipment replacement	-	1,965,423	-	1,965,423
Construction account	1,388,118	-	-	1,388,118
Capitalized interest	56,181	-	-	56,181
CASH AND CASH EQUIVALENTS	\$ 2,561,890	\$ 5,524,100	\$ 114,209	\$ 8,200,199
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 7,254,984
Taxes receivable	5,044,966
Accounts	695
Due from other governments	12,257
Prepaid items	<u>8,223</u>
TOTAL ASSETS	<u>\$ 12,321,125</u>
LIABILITIES	
Accounts payable	\$ 29,924
Accrued liabilities	2,760
Due to other governments	<u>12,288,441</u>
TOTAL LIABILITIES	<u>\$ 12,321,125</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

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VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The 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 village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

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

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities.
- General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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 nonmajor governmental and enterprise funds:

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

Cemetery Fund
Downtown Loan Fund

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

Tax Incremental District (TID) No. 2

Enterprise Fund - used to account for and report any activity for which a fee is charged to external users 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:

Agency Funds - used to account for and report 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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2014, there were \$20,585 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

Proprietary fund financial statements 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 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.

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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION 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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- 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.

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 for its investments (see Note IV.A.). The village's investment policy addresses both 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 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 based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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, 2014, 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.

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 statement of assets and liabilities - agency funds.

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

It is the village's policy to record unavailable 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 restricted fund balance in the fund financial statements.

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 position.

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 one 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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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.

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

Other assets in the utility funds represents the investment in the Brookfield Wastewater Treatment Plant (see Note V.F.)

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

8. 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. Compensatory time earned is also accrued within this liability.

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, 2014, are determined on the basis of current salary rates and include salary related payments.

9. 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 amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

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 one issue

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Deferred Inflows of Resources

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

11. Equity Classifications

Government-Wide Statements

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

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

The net position 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 "net investment in capital assets", and an increase in "unrestricted" net position, 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>
Net investment in capital assets	\$ 10,822,854	\$ 23,480,377	\$ (89,850)	\$ 34,213,381
Unrestricted	2,686,789	6,779,862	89,850	9,556,501

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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The village has adopted a financial policy authorizing the Village Clerk/Treasurer and/or Administrator to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

The village has a working capital policy to meet cash flow needs during the year and to preserve credit worthiness. The working capital amount is to equal 10% of the ensuing year's budgeted expenditures. This amount is \$656,731 and is included within the unassigned fund balance of the general fund at year-end.

The village has a fund balance policy that includes a requirement to maintain as of December 31 of each year a minimum of 35% of the ensuing year's budgeted general fund expenditures, with a targeted maximum of 40% for the purpose of strengthening the village's financial position and maintaining and/or increasing the village's bond rating. Any amount over the 40% targeted maximum may be assigned by management for future capital projects and/or infrastructure needs. As of December 31, 2014, the village reported 40% of the ensuing year's budgeted general fund expenditures in its unassigned fund balance.

See Note IV. H. for further information.

12. 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.

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 POSITION

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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 POSITION (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 position.

Bonds and notes payable	\$	10,297,051
Compensated absences		33,965
Accrued interest		98,163
Unamortized debt premium		52,666
Deferred charge on refunding		<u>(293,539)</u>
 Combined Adjustment for Long-Term Liabilities	 \$	 <u>10,188,306</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, capital projects fund, debt service fund, and the cemetery special revenue fund. A budget has not been formally adopted for downtown loan special revenue fund and TID District #2. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
General Fund	\$ 6,361,332	\$ 6,470,894	\$ 109,562
Debt Service Fund	925,363	968,345	42,982
Cemetery Fund	18,000	19,355	1,355

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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

C. DEFICIT BALANCES

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

As of December 31, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Tax increment	\$ 12,229	Tax increment has not been sufficient to fund the TIF start-up costs to date.

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law 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 zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2014 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the village's funds.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 8,031,798	\$ 8,196,807	Custodial credit
LGIP	12,436,611	12,436,611	Credit
Petty cash	375	-	N/A
 Total Deposits and Investments	 \$ 20,468,784	 \$ 20,633,418	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,608,058		
Restricted cash and investments	4,605,742		
Per statement of assets and liabilities -			
agency funds			
Agency Funds	7,254,984		
 Total Deposits and Investments	 \$ 20,468,784		

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, 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, 2014, the banks had pledged various government securities in the amount of \$11,103,813 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 As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

The village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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.

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 4,797,100	\$ -
Licenses for the subsequent year	575	-
Charges for services	750	-
Deferred loan receivable	-	8,547
Special assessments	<u>3,296</u>	<u>2,466</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 4,801,721</u>	 <u>\$ 11,013</u>

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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

C. RESTRICTED ASSETS (cont.)

Long Term Debt Accounts (cont.)

- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.
- Capitalized Interest - Used to segregate resources from debt issuances for interest payments on debt.

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, 2014:

Restricted Assets	
Redemption account	\$ 403,598
Capitalized interest	56,181
Equipment replacement	1,965,423
Reserve account	159,496
Depreciation	632,926
Construction	<u>1,388,118</u>
Total Restricted Assets	<u>4,605,742</u>
Less: Restricted assets not funded by revenues	
Reserve from borrowing	(159,496)
Construction	(1,388,118)
Capitalized interest	<u>(56,181)</u>
Total Restricted Assets Not Funded by Revenues	<u>(1,603,795)</u>
Current Liabilities Payable From Restricted Assets	<u>(30,928)</u>
Total Restricted Net Position	<u>\$ 2,971,019</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and right of way	\$ 6,529,438	\$ -	\$ -	\$ 6,529,438
Construction in progress	-	419,631	-	419,631
Total Capital Assets Not Being Depreciated	6,529,438	419,631	-	6,949,069
Capital assets being depreciated				
Buildings	10,076,094	-	-	10,076,094
Machinery and equipment	2,279,729	77,646	42,865	2,314,510
Infrastructure	1,872,803	-	-	1,872,803
Dams	582,973	-	-	582,973
Total Capital Assets Being Depreciated	14,811,599	77,646	42,865	14,846,380
Total Capital Assets	21,341,037	497,277	42,865	21,795,449
Less: Accumulated depreciation for				
Buildings	(1,645,727)	(203,051)	-	(1,848,778)
Machinery and equipment	(1,135,420)	(134,684)	23,140	(1,246,964)
Infrastructure	(124,129)	(46,820)	-	(170,949)
Dams	(20,988)	(10,493)	-	(31,481)
Total Accumulated Depreciation	(2,926,264)	(395,048)	23,140	(3,298,172)
Net Capital Assets Being Depreciated	11,885,335	(317,402)	19,725	11,548,208
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 18,414,773	\$ 102,229	\$ 19,725	\$ 18,497,277

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 20,595
Public safety	81,117
Public works	172,658
Culture, recreation, and education	120,678
Total Governmental Activities Depreciation Expense	\$ 395,048

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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	-	80,120	-	80,120
Total Capital Assets Not Being Depreciated	10,742	80,120	-	90,862
Capital assets being depreciated				
Source of supply	1,048,022	-	-	1,048,022
Pumping	2,625,645	127,747	107,877	2,645,515
Water treatment	195,668	-	-	195,668
Transmission and distribution	13,166,670	137,917	51,934	13,252,653
General	324,495	-	-	324,495
Total Capital Assets Being Depreciated	17,360,500	265,664	159,811	17,466,353
Total Capital Assets	17,371,242	345,784	159,811	17,557,215
Less: Accumulated depreciation for				
Water	(4,985,938)	(342,843)	159,811	(5,168,970)
Total Accumulated Depreciation	(4,985,938)	(342,843)	159,811	(5,168,970)
Net Capital Assets Being Depreciated	12,374,562	(77,179)	-	12,297,383
Net Water Capital Assets	\$ 12,385,304	\$ 2,941	\$ -	\$ 12,388,245

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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
Construction work in progress	-	392,436	-	392,436
Total Capital Assets Not Being Depreciated	250	392,436	-	392,686
Capital assets being depreciated				
Collection system	18,562,091	47,813	7,912	18,601,992
Pumping	2,540,107	12,178	2,876	2,549,409
Treatment and disposal	214,034	-	-	214,034
General	222,184	-	-	222,184
Total Capital Assets Being Depreciated	21,538,416	59,991	10,788	21,587,619
Total Capital Assets	21,538,666	452,427	10,788	21,980,305
Less: Accumulated depreciation for				
Sewer	(7,911,639)	(342,131)	10,788	(8,242,982)
Total Accumulated Depreciation	(7,911,639)	(342,131)	10,788	(8,242,982)
Net Capital Assets Being Depreciated	13,626,777	(282,140)	-	13,344,637
Net Sewer Capital Assets	\$ 13,627,027	\$ 110,296	\$ -	\$ 13,737,323

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Construction work in progress	\$ -	\$ 101,149	\$ -	\$ 101,149
Total Capital Assets Not Being Depreciated	-	101,149	-	101,149
Capital assets being depreciated				
Mains	246,737	-	-	246,737
Equipment	247,189	-	-	247,189
Total Capital Assets Being Depreciated	493,926	-	-	493,926
Total Capital Assets	493,926	101,149	-	595,075
Less: Accumulated depreciation for				
Stormwater	(112,541)	(35,833)	-	(148,374)
Total Accumulated Depreciation	(112,541)	(35,833)	-	(148,374)
Net Capital Assets Being Depreciated	381,385	(35,833)	-	345,552
Net Stormwater Capital Assets	\$ 381,385	\$ 65,316	\$ -	\$ 446,701
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 26,393,716	\$ 178,553	\$ -	\$ 26,572,269

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 330,253
Sewer	342,131
Stormwater	35,833
Total Business-type Activities Depreciation Expense	\$ 708,217

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

E. INTERFUND RECEIVABLES/PAYABLES 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	\$ 156,395
Sewer utility	General	1,262
General	TIF No. 2	<u>12,229</u>
Total - Fund Financial Statements		<u>\$ 169,886</u>
Less: Fund eliminations		(12,229)
Less: Government-wide eliminations		<u>(2,524)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 155,133</u>

All amounts are due within one year.

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

The purpose of the sewer utility interfund is for the amount due to sewer for items put on the tax roll

The purpose of the TID No. 2 interfund is to finance start-up costs for the newly created tax incremental financing district until debt is issued.

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	\$ 259,395	Payment in lieu of taxes
General	Water utility	<u>130,420</u>	Tower rental allocation
Total Transfers - Government-Wide Statement of Activities		<u>\$ 389,815</u>	

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers (cont.)

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 10,870,000	\$ 37,051	\$ 610,000	\$ 10,297,051	\$ 669,631
Premiums	60,248	-	7,582	52,666	-
Sub-totals	10,930,248	37,051	617,582	10,349,717	669,631
Other Liabilities					
Vested compensated absences	20,500	33,965	20,500	33,965	33,965
Total Governmental Activities Long-Term Liabilities	\$ 10,950,748	\$ 71,016	\$ 638,082	\$ 10,383,682	\$ 703,596
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,080,000	\$ -	\$ 145,000	\$ 2,935,000	\$ 150,000
Revenue bonds	2,625,424	-	851,320	1,774,104	873,294
Premiums	14,420	-	7,155	7,265	-
Total Business-type Activities Long-Term Liabilities	\$ 5,719,844	\$ -	\$ 1,003,475	\$ 4,716,369	\$ 1,023,294

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, 2014, was \$44,957,150. Total general obligation debt outstanding at year end was \$13,232,051.

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
As of and for the Year Ended December 31, 2014

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, 2014
G.O. Refunding Bonds	8/15/2005	3/1/2016	2.90 - 4.35%	\$ 3,755,000	\$ 410,000
G.O. Taxable Refunding Bonds	12/15/2005	3/1/2015	5.06 - 5.50%	2,440,000	170,000
G.O. Refunding Bonds	5/1/2008	9/1/2028	320 - 4.00%	2,765,000	2,590,000
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	510,000
G.O. Refunding Bonds	6/11/2013	3/1/2025	.50 - 2.0%	2,610,000	2,570,000
G.O. Corporate Purpose Bonds	6/11/2013	3/1/2033	2.25 - 3.0%	545,000	545,000
Taxable G.O. Refunding Bonds	6/11/2013	3/1/2023	.70 - 2.50%	1,960,000	1,915,000
G.O. Promissory Notes	6/11/2013	3/1/2023	.75 - 2.25%	475,000	435,000
G.O. Promissory Note *	12/30/2014	2/15/2022	0%	37,051	<u>37,051</u>

Total Governmental Activities - General Obligation Debt \$ 10,297,051

* The 2014 G.O. Promissory Note was issued to Waukesha County to pay infrastructure costs for the county-wide digital radio system. There were no proceeds associated with this debt and the village does not have an equity interest in the system.

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
G.O. bonds	8/15/2007	3/01/2015	4.35%	\$ 960,000	\$ 105,000
G.O. Corporate Purpose Bonds (Build America)	7/27/2010	3/1/2030	4.80 - 5.75%	150,000	125,000
G.O. Promissory Notes (Build America)	7/27/2010	3/1/2020	1.00 - 4.25%	305,000	210,000
G.O. Refunding Bonds	6/11/2013	3/1/2017	.50 - 2.0%	240,000	235,000
G.O. Corporate Purpose Bonds	6/11/2013	3/1/2033	2.25 - 3.0%	1,425,000	1,425,000
G.O. Promissory Notes	6/11/2013	3/1/2023	.75 - 2.25%	845,000	<u>835,000</u>

Total Business-type Activities - General Obligation Debt \$ 2,935,000

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2015	\$ 669,631	\$ 281,519	\$ 150,000	\$ 73,592
2016	709,631	262,368	155,000	70,085
2017	744,631	247,582	250,000	67,032
2018	774,631	233,191	145,000	63,048
2019	804,631	217,028	145,000	59,593
2020-2024	4,123,896	771,726	700,000	246,350
2025-2029	2,105,000	256,858	755,000	153,473
2030-2033	365,000	18,060	635,000	38,081
Totals	<u>\$ 10,297,051</u>	<u>\$ 2,288,332</u>	<u>\$ 2,935,000</u>	<u>\$ 771,254</u>

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 have pledged future revenues, net of specified operating expenses, to repay 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 64% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,829,875. Principal and interest paid for the current year and total customer net revenues were \$914,997 and \$1,428,308, respectively.

Revenue debt payable at December 31, 2014, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
<u>Water Utility</u>					
Revenue refunding bonds	8/09/2011	11/1/2016	2.00%	\$ 1,590,000	<u>\$ 660,000</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
<u>Sewer Utility</u>					
Revenue bonds	5/8/1996	5/1/2016	3.156%	\$ 1,879,610	\$ 254,858
Revenue refunding bonds	10/9/1996	5/1/2016	3.26%	5,815,672	<u>859,246</u>
				Total Sewer Utility	<u>1,114,104</u>
					<u>\$ 1,774,104</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 873,294	\$ 40,033
2016	<u>900,810</u>	<u>15,738</u>
Totals	<u>\$ 1,774,104</u>	<u>\$ 55,771</u>

Other Debt Information

A statutory mortgage lien upon the village's system and any additions, improvements and extensions thereto is created by Section 66.0621 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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

In prior years, the village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At December 31, 2014, \$4,340,000 of bonds outstanding are considered defeased.

<u>Call Date</u>	<u>Amount</u>
3/1/2015	\$ 1,995,000
3/1/2016	2,345,000

G. LEASE DISCLOSURES

Lessor - Operating Leases

A lease agreement exists between the Village of Pewaukee, the City of Pewaukee (city) and the Joint Library Board dealing with the relative rights and the responsibilities of the parties relative to the land and building of the Pewaukee Public Library. This agreement also states that the cost of maintenance of the grounds, parking, pavement, landscaping, and maintenance of the library facility are considered expenses of the Joint Library Board - not of the village or the city. The lease agreement also states that the Joint Library Board provide insurance coverage naming the city and village as additional insured's with limits acceptable to both municipalities and further indemnifying and holding harmless the village and city against any liability which may arise as a result of the operation and maintenance of the joint library and the duties of the village as fiscal agent and as employer of joint library for payroll and benefit purposes. The land lease has a cost of \$230,000 and the building lease has a cost of \$4,097,875 and accumulated depreciation of \$697,716 at December 31, 2014. Both lease agreements expire on August 31, 2024. The library does not pay rent on either lease.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 6,529,438
Construction in progress	419,631
Other capital assets, net of accumulated depreciation	11,548,208
Less: Long-term debt outstanding	(10,297,051)
Plus: Unspent capital related debt proceeds	351,905
Plus: Noncapital debt proceeds	2,029,850
Plus: Unamortized loss on refunding	293,539
Less: Unamortized debt premium	<u>(52,666)</u>
Total Net Investment in Capital Assets	<u>10,822,854</u>
Restricted	
Debt service	205,516
Equipment	2,200
Park maintenance	8,977
Cemetery	<u>94,824</u>
Total Restricted	<u>311,517</u>
Unrestricted	<u>2,686,789</u>
Total Governmental Activities Net Position	<u>\$ 13,821,160</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2014, include the following:

	General Fund	Capital Projects Fund	General Debt Service	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Prepaid items	\$ 44,253	\$ -	\$ -	\$ -	\$ 44,253
Long-term receivables	24,376	-	-	-	24,376
Restricted for:					
Capital projects	-	105,194	-	-	105,194
Debt service	-	-	550,390	-	550,390
Cemetery purposes	-	-	-	94,824	94,824
Election equipment	2,200	-	-	-	2,200
Koepp park maintenance	8,977	-	-	-	8,977
Committed to:					
Loans	-	-	-	4,448	4,448
Assigned to:					
DARE	1,925	-	-	-	1,925
Motorcycle donations	236	-	-	-	236
Joint pistol range	3,408	-	-	-	3,408
Park equipment	53,409	-	-	-	53,409
Parks and open spaces	331,889	-	-	-	331,889
Tax equivalent	156,395	-	-	-	156,395
Fund balance applied to 2015	168,740	-	-	-	168,740
Infrastructure	319,162	-	-	-	319,162
Capital projects	-	611,930	-	-	611,930
Unassigned (deficit):	2,626,927	-	-	(12,229)	2,614,698
Total Fund Balances	\$ 3,741,897	\$ 717,124	\$ 550,390	\$ 87,043	\$ 5,096,454

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 10,992
Construction in progress	573,705
Other capital assets, net of accumulated depreciation	25,987,572
Less: Long-term debt outstanding	(4,709,104)
Plus: Unspent capital related debt proceeds	1,603,795
Plus: Unamortized loss on advance refunding	20,682
Less: Unamortized debt premium	(7,265)
Total Net Investment in Capital Assets	<u>23,480,377</u>
Restricted	
Debt Service	472,670
Replacement	<u>2,498,349</u>
Total Restricted	<u>2,971,019</u>
Unrestricted	<u>6,779,862</u>
Total Business-type Activities Net Position	<u>\$ 33,231,258</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates for December 31, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for village employees covered by the WRS for the year ended December 31, 2014 was \$2,931,070; the employer's total payroll was \$3,023,955. The total required contribution for the year ended December 31, 2014 was \$445,587 or 15.2% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$448,013 and \$396,400, 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. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS 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, 2014 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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

From time to time, the 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.

The village has active construction projects as of December 31, 2014. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Other Commitment

The village has entered into an agreement with a developer that may require a \$200,000 contribution for infrastructure related costs being incurred by the developer in TIF No. 2. Payment is required within 45 days from the date of completion of stated projects within the developers agreement.

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 (library) and provides library services to both communities.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the library. The village is obligated by the joint venture agreement to remit an amount annually to the library. The village made a payment to the library of \$236,924 in 2014.

Financial information of the library as of December 31, 2014 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 position. Changes in the equity interest are reported on the statement of activities.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

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 advisory board consists of three city citizens and one common council alderman as well as two village citizens and one village board trustee. The advisory board controls the financial affairs of the district. The board prepares 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 2014 was \$293,780.

Financial information of the district as of December 31, 2014 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 on Pewaukee Lake. This agreement began December 20, 2010.

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.

Financial information for the lake patrol as of December 31, 2014 is available directly from the village's office.

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE V - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS

The village provides postemployment health insurance benefits for all eligible employees. Eligibility is based on being employed by the village for fifteen years for protective service employees and twenty years or more for general employees. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The cost is paid approximately 25 percent by the village and 75 percent by the employee. Funding for those costs is provided out of the current operating budget of the village. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is two.

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

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

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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

G. 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.

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, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	\$ 3,824,867	\$ 3,824,868	\$ 1
Payments in lieu of taxes	83,000	87,611	4,611
Total Taxes	<u>3,907,867</u>	<u>3,912,479</u>	<u>4,612</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues	197,096	197,191	95
State aid - general transportation aids	325,392	329,032	3,640
State aid - fire insurance tax	31,600	35,688	4,088
State aid - DARE	4,000	-	(4,000)
Other state and county grants	47,880	60,468	12,588
Total Intergovernmental Revenues	<u>605,968</u>	<u>622,379</u>	<u>16,411</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	15,000	15,033	33
Operators' license	5,100	13,530	8,430
Cigarette and soda licenses	1,100	1,000	(100)
Bicycle licenses	5,000	7,877	2,877
Dog licenses	3,037	3,962	925
Cable television franchise fees	82,000	92,431	10,431
Building permits	35,000	59,727	24,727
HVAC permits	7,500	15,336	7,836
Electrical permits	12,000	20,534	8,534
Plumbing permits	10,000	20,147	10,147
Occupancy permits	500	450	(50)
Mobile home parking licenses	3,500	3,511	11
Zoning permits	1,000	1,600	600
Other permits	5,000	7,374	2,374
Total Licenses and Permits	<u>185,737</u>	<u>262,512</u>	<u>76,775</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	175,000	154,283	(20,717)
Parking tickets	29,000	43,532	14,532
Other law and ordinance violations	500	382	(118)
Total Fines, Forfeitures and Penalties	<u>204,500</u>	<u>198,197</u>	<u>(6,303)</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC CHARGES FOR SERVICES			
Ambulance	\$ 206,500	\$ 208,923	\$ 2,423
Garbage and refuse collection	348,600	347,620	(980)
Special assessment letters	1,000	4,240	3,240
Weed control	200	-	(200)
Fire and rescue calls	35,000	71,068	36,068
Fire department tank inspections	79,060	69,354	(9,706)
Law enforcement fees	221,756	239,611	17,855
Fiscal agent fees	20,100	31,000	10,900
Recreation fees	61,380	81,717	20,337
Park users fees	4,000	16,152	12,152
Miscellaneous	6,000	7,659	1,659
Joint pistol range	<u>1,000</u>	<u>1,250</u>	<u>250</u>
Total Public Charges for Services	<u>984,596</u>	<u>1,078,594</u>	<u>93,998</u>
INVESTMENT INCOME			
Interest on temporary investments	<u>6,000</u>	<u>5,634</u>	<u>(366)</u>
MISCELLANEOUS REVENUES			
Donations	-	10,000	10,000
Miscellaneous	2,000	35,654	33,654
Rent	6,100	5,200	(900)
Insurance recoveries	-	18,306	18,306
Sale of police equipment	9,000	20,088	11,088
Sale of property	-	120,922	120,922
Sale of materials and supplies	<u>-</u>	<u>28</u>	<u>28</u>
Total Miscellaneous Revenues	<u>17,100</u>	<u>210,198</u>	<u>193,098</u>
 Total Revenues	 <u>5,911,768</u>	 <u>6,289,993</u>	 <u>378,225</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Village board	\$ 26,139	\$ 26,721	\$ (582)
Municipal court	57,979	59,013	(1,034)
Legal	77,750	68,164	9,586
General administration	135,507	132,385	3,122
Clerk's office	216,021	213,112	2,909
Elections	17,300	25,739	(8,439)
Data processing	13,000	13,175	(175)
Assessment of property	41,500	40,777	723
Special accounting and auditing	35,900	39,800	(3,900)
Village hall	46,000	58,068	(12,068)
Property and liability insurance	205,000	194,486	10,514
Miscellaneous general government	<u>42,900</u>	<u>88,606</u>	<u>(45,706)</u>
Total General Government	<u>914,996</u>	<u>960,046</u>	<u>(45,050)</u>
PUBLIC SAFETY			
Police	2,252,142	2,224,972	27,170
Water patrol	2,400	-	2,400
Fire service	1,107,007	1,238,888	(131,881)
Public fire protection	58,705	66,559	(7,854)
Fire inspection	74,100	86,880	(12,780)
Building inspection	<u>56,650</u>	<u>78,797</u>	<u>(22,147)</u>
Total Public Safety	<u>3,551,004</u>	<u>3,696,096</u>	<u>(145,092)</u>
HEALTH AND SOCIAL SERVICES			
Animal control	<u>4,300</u>	<u>4,043</u>	<u>257</u>
PUBLIC WORKS			
Public works administration	79,144	65,187	13,957
Public works wages and benefits	532,638	492,246	40,392
General engineering	7,600	1,355	6,245
Machinery and equipment	66,000	73,259	(7,259)
Garage and shed	38,060	47,298	(9,238)
Street maintenance	26,185	34,413	(8,228)
Snow and ice control	50,193	68,166	(17,973)
Street lighting	74,500	72,633	1,867
Sidewalk	6,000	10,299	(4,299)
Curb and gutter	2,850	6,145	(3,295)
Other sanitation	500	-	500
Tree and brush removal	1,000	-	1,000
Garbage and refuse collection	223,000	216,101	6,899
Recycling	<u>119,550</u>	<u>116,425</u>	<u>3,125</u>
Total Public Works	<u>1,227,220</u>	<u>1,203,527</u>	<u>23,693</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
LEISURE ACTIVITIES			
Library	\$ 236,924	\$ 236,924	\$ -
Parks and recreation	<u>293,780</u>	<u>293,780</u>	<u>-</u>
Total Leisure Activities	<u>530,704</u>	<u>530,704</u>	<u>-</u>
CONSERVATION AND DEVELOPMENT			
Weed control	800	710	90
Planning commission	<u>8,300</u>	<u>12,136</u>	<u>(3,836)</u>
Total Conservation and Development	<u>9,100</u>	<u>12,846</u>	<u>(3,746)</u>
CAPITAL OUTLAY			
Police	63,600	63,632	(32)
Parks	45,408	-	45,408
Highway	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Capital Outlay	<u>124,008</u>	<u>63,632</u>	<u>60,376</u>
Total Expenditures	<u>6,361,332</u>	<u>6,470,894</u>	<u>(109,562)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(449,564)</u>	<u>(180,901)</u>	<u>268,663</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>400,420</u>	<u>389,815</u>	<u>(10,605)</u>
Total Other Financing Sources (Uses)	<u>400,420</u>	<u>389,815</u>	<u>(10,605)</u>
Net Change in Fund Balance	(49,144)	208,914	258,058
FUND BALANCE - Beginning of Year	<u>3,532,983</u>	<u>3,532,983</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,483,839</u>	<u>\$ 3,741,897</u>	<u>\$ 258,058</u>

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

VILLAGE OF PEWAUKEE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

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.

The budgeted amounts presented include any amendments made. 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 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.

SUPPLEMENTARY INFORMATION

VILLAGE OF PEWAUKEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	TID No. 2	
ASSETS				
Assets				
Cash and investments	\$ 95,179	\$ 4,448	\$ -	\$ 99,627
Receivables				
Accounts	130	-	-	130
Loans	-	8,547	-	8,547
Total Assets	95,309	12,995	-	108,304
TOTAL ASSETS	\$ 95,309	\$ 12,995	\$ -	\$ 108,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 485	\$ -	\$ -	\$ 485
Due to other funds	-	-	12,229	12,229
Total Liabilities	485	-	12,229	12,714
Deferred Inflows of Resources				
Unavailable revenues	-	8,547	-	8,547
Total Deferred Inflows of Resources	-	8,547	-	8,547
Fund Balances (Deficit)				
Restricted	94,824	-	-	94,824
Committed	-	4,448	-	4,448
Assigned	-	-	(12,229)	(12,229)
Total Fund Balances (deficit)	94,824	4,448	(12,229)	87,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 95,309	\$ 12,995	\$ -	\$ 108,304

VILLAGE OF PEWAUKEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	TID No. 2	
REVENUES				
Charges for services	\$ 11,268	\$ 1,000	\$ -	\$ 12,268
Investment income	35	2	-	37
Total Revenues	11,303	1,002	-	12,305
EXPENDITURES				
Current				
Health and human services	19,355	-	-	19,355
Conservation and development	-	-	12,229	12,229
Total Expenditures	19,355	-	12,229	31,584
Excess (deficiency) of revenues over expenditures	(8,052)	1,002	(12,229)	(19,279)
Net Change in Fund Balances	(8,052)	1,002	(12,229)	(19,279)
FUND BALANCES - Beginning of Year	102,876	3,446	-	106,322
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 94,824	\$ 4,448	\$ (12,229)	\$ 87,043

VILLAGE OF PEWAUKEE

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2014

	Pewaukee Public Library	Tax Collection Fund	Lake Patrol Fund	Totals
ASSETS				
Cash and investments	\$ 130,315	\$ 7,120,578	\$ 4,091	\$ 7,254,984
Taxes receivable	-	5,044,966	-	5,044,966
Accounts receivable	695	-	-	695
Prepaid items	8,223	-	-	8,223
Due from other governments	-	-	12,257	12,257
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 139,233</u>	<u>\$ 12,165,544</u>	<u>\$ 16,348</u>	<u>\$ 12,321,125</u>
LIABILITIES				
Accounts payable	28,281	-	1,643	29,924
Accrued liabilities	2,760	-	-	2,760
Due to other governments	108,192	12,165,544	14,705	12,288,441
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 139,233</u>	<u>\$ 12,165,544</u>	<u>\$ 16,348</u>	<u>\$ 12,321,125</u>