

# **VILLAGE OF PEWAUKEE**

Pewaukee, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

# VILLAGE OF PEWAUKEE

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Pewaukee  
Pewaukee, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Pewaukee's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously 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, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B., the village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

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, economical, 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.

To the Village Board  
Village of Pewaukee

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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baker Tilly Vinchow Krausk, LLP*

Madison, Wisconsin  
May 17, 2012

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2011

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, 2011. You are invited to read this narrative in conjunction with the village's financial statements.

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### FINANCIAL HIGHLIGHTS

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- > The assets of the Village of Pewaukee exceeded its liabilities by \$46,352,611 (net assets). Of this amount, \$10,041,075 is considered unrestricted net assets, \$3,339,352 is restricted for specific purposes (restricted net assets), and \$32,972,184 is invested in capital assets, net of related debt.
  - > The village's total net assets increased by \$2,064,340. Governmental activities net assets increased by \$1,502,028, while business-type net assets increased by \$562,312.
  - > On December 31, 2011, the village's governmental funds reported combined fund balances of \$5,437,845, a decrease of \$266,716 from 2010. Unassigned fund balance was \$2,670,735.
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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

# VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED  
As of and for the Year Ended December 31, 2011

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

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### ***GOVERNMENT-WIDE STATEMENTS***

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

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

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

### ***FUND FINANCIAL STATEMENTS***

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

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

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

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2011

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

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#### *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.

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### **FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

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

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2011

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

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

**Table 1  
Condensed Statements of Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 10,991,882	\$ 11,603,165	\$ 11,540,317	\$ 12,232,612	\$ 22,532,199	\$ 23,835,777
Capital Assets	<u>17,943,313</u>	<u>16,234,957</u>	<u>26,885,049</u>	<u>26,721,323</u>	<u>44,828,362</u>	<u>42,956,280</u>
Total Assets	<u>28,935,195</u>	<u>27,838,122</u>	<u>38,425,366</u>	<u>38,953,935</u>	<u>67,360,561</u>	<u>66,792,057</u>
Long-term Liabilities	10,295,173	10,621,129	5,285,312	6,420,969	15,580,485	17,042,098
Other Liabilities	<u>5,094,108</u>	<u>5,173,107</u>	<u>333,357</u>	<u>288,581</u>	<u>5,427,465</u>	<u>5,461,688</u>
Total Liabilities	<u>15,389,281</u>	<u>15,794,236</u>	<u>5,618,669</u>	<u>6,709,550</u>	<u>21,007,950</u>	<u>22,503,786</u>
Invested in Capital Assets,						
Net of Related Debt	11,239,182	9,992,438	21,828,055	20,566,761	32,972,184	30,463,279
Restricted	206,977	400,870	3,132,375	3,121,972	3,339,352	3,522,842
Unrestricted	<u>2,099,755</u>	<u>1,650,578</u>	<u>7,846,267</u>	<u>8,555,652</u>	<u>10,041,075</u>	<u>10,302,150</u>
Total Net Assets	<u>\$ 13,545,914</u>	<u>\$ 12,043,886</u>	<u>\$ 32,806,697</u>	<u>\$ 32,244,385</u>	<u>\$ 46,352,611</u>	<u>\$ 44,288,271</u>

The largest portion of the village's net assets (71%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the village's net assets (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (21%) 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, 2011

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

**Table 2  
Condensed Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 1,472,684	\$ 1,327,332	\$ 3,214,203	\$ 3,152,302	\$ 4,686,887	\$ 4,479,634
Operating grants and contributions	451,645	422,097	-	-	451,645	422,097
Capital grants and contributions	1,306,944	277,988	585,042	87,929	1,891,986	365,917
General Revenues						
Property taxes	4,426,366	4,772,232	-	-	4,426,366	4,772,232
Other taxes	79,392	75,804	-	-	79,392	75,804
Intergovernmental	274,368	272,181	-	-	274,368	272,181
Investment income	8,215	10,800	10,109	17,763	18,324	28,563
Gain on sale of assets	13,656	34,247	-	-	13,656	34,247
Miscellaneous	20,108	27,127	-	-	20,108	27,127
Total Revenues	<u>8,053,378</u>	<u>7,219,808</u>	<u>3,809,354</u>	<u>3,257,994</u>	<u>11,862,732</u>	<u>10,477,802</u>
<b>Expenses</b>						
General Government	826,075	916,587	-	-	826,075	916,587
Public Safety	3,608,234	3,476,857	-	-	3,608,234	3,476,857
Health and Social Services	18,831	19,119	-	-	18,831	19,119
Public Works	1,441,081	1,390,643	-	-	1,441,081	1,390,643
Leisure Activities	598,107	607,885	-	-	598,107	607,885
Conservation and Development	22,086	941,945	-	-	22,086	941,945
Water	-	-	1,043,122	1,399,484	1,043,122	1,399,484
Sewer	-	-	1,635,638	1,630,436	1,635,638	1,630,436
Stormwater	-	-	150,737	132,247	150,737	132,247
Interest and Fiscal Charges	454,481	481,657	-	-	454,481	481,657
Total Expenses	<u>6,968,895</u>	<u>7,834,693</u>	<u>2,829,497</u>	<u>3,162,167</u>	<u>9,798,392</u>	<u>10,996,860</u>
Income Before Transfers	1,084,483	(614,885)	979,857	95,827	2,064,340	519,058
Transfers	<u>417,545</u>	<u>403,760</u>	<u>(417,545)</u>	<u>(403,760)</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	1,502,028	(211,125)	562,312	(307,933)	2,064,340	(519,058)
Beginning Net Assets	<u>12,043,886</u>	<u>12,255,011</u>	<u>32,244,385</u>	<u>32,552,318</u>	<u>44,288,271</u>	<u>44,807,329</u>
Ending Net Assets	<u>\$ 13,545,914</u>	<u>\$ 12,043,886</u>	<u>\$ 32,806,697</u>	<u>\$ 32,244,385</u>	<u>\$ 46,352,611</u>	<u>\$ 44,288,271</u>

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2011

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

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

#### *GOVERNMENTAL ACTIVITIES*

Governmental activities increased the village's net assets by \$1,502,028. This is the result of the net change in fund balances of the governmental funds, a decrease of \$266,716, plus the reconciling items as detailed on page 9 of the financial statements.

#### *BUSINESS-TYPE ACTIVITIES*

Net assets of the business-type activities increased \$562,312, primarily due to a decrease in operating expenditures during the year.

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### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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#### *GOVERNMENTAL FUNDS*

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

At December 31, 2011, the village's governmental funds reported combined fund balances of \$5,437,845. Approximately 49% of this amount, \$2,670,735 constitutes unassigned fund balance, which is available to meet the village's current and future needs. An additional \$1,131,518 is assigned for specific projects or expenditures. Restricted fund balance in the debt service and capital project funds makes up another \$1,261,489 of fund balance and the remaining \$92,086 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 \$43,964 during 2011. Unassigned fund balance increased by \$5,108. 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 2011, unassigned fund balance is \$2,670,735, and the 2012 general fund expenditure budget is \$6,072,551, resulting in an undesignated fund balance ratio of 44%. The prior year was 44%.

# VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED  
As of and for the Year Ended December 31, 2011

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

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### *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 majority of the fund balance, \$474,788 is restricted for future debt service. The remaining \$24,236 is considered nonspendable for prepaid expenditures. 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 \$1,290,389, a decrease of \$300,864 from the prior year due to the use of bond proceeds for capital projects throughout the year.

### ***NONMAJOR GOVERNMENTAL FUNDS***

Fund balance of all other governmental funds is \$282,017, of which \$103,199 is restricted for future projects and expenditures. The remaining \$178,818 is committed for use by the Downtown Loan Fund.

### ***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, 2011, the village's proprietary funds reported combined net assets of \$32,806,697.

# VILLAGE OF PEWAUKEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

As of and for the Year Ended December 31, 2011

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

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#### *Water Utility*

The water utility net assets increased \$266,320 or 2%. Operating revenues increased \$32,849 or 2%. Operating expenses decreased \$337,950 or 28%, primarily due to expensing costs related to painting the water tower during 2010. No such expenditures were incurred in 2011.

#### *Sewer Utility*

The sewer utility net assets increased \$244,254 or 1%. Operating revenues increased \$27,664 or 2%. Operating expenses increased \$18,561 or 1% due to decreases in various expenses.

#### *Stormwater Utility*

The stormwater utility net assets increased \$51,738 or 19%. Operating revenues increased \$1,388 or 1%. Operating expenses increased \$14,536 or 11%.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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There were no budget amendments made during the year

Total revenues were \$5,961,754, \$246,070 more than the budget. The primary reason for this was:

- > Licenses and permits revenues exceeded the budget by \$240,726, due to an increase in permit revenues from construction of large businesses such as Costco, Aldo and Tires Plus.

Total expenses were \$6,339,335, \$251,255 more than budgeted. Significant variances with the budget include:

- > General government capital outlay was \$285,038 over budget.
- > Building inspection was \$129,985 under budget.

## VILLAGE OF PEWAUKEE

### MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2011

#### CAPITAL ASSETS

At the end of 2011, the village had invested a total of \$44,828,362 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, utility plant, and infrastructure.

**Table 3  
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 6,529,438	\$ 6,244,400	\$ 10,992	\$ 10,992	\$ 6,540,430	\$ 6,255,392
Buildings	9,240,250	8,903,811	-	-	9,240,250	8,903,811
Machinery and equipment	2,426,215	2,518,570	-	-	2,426,215	2,518,570
Water plant	-	-	17,008,389	16,780,340	17,008,389	16,780,340
Sewer plant	-	-	21,421,158	20,953,847	21,420,158	20,953,847
Storm water	-	-	391,230	375,956	391,230	375,956
Construction in progress	-	479,432	-	-	-	479,432
Infrastructure	1,738,744	474,072	-	-	1,738,744	474,072
Dams	582,973	-	-	-	582,973	-
Total Capital Assets	20,517,620	18,620,285	38,831,769	38,121,135	59,349,389	56,741,420
Less: Accumulated Depreciation	(2,574,307)	(2,385,328)	(11,946,720)	(11,399,812)	(14,521,027)	(13,785,140)
Net Capital Assets	\$ 17,943,313	\$ 16,234,957	\$ 26,885,049	\$ 26,721,323	\$ 44,828,362	\$ 42,956,280

Significant projects for 2011 include:

- > Lakefront Dam project, incurring costs of \$103,500.
- > Lake Street reconstruction and other road construction projects, incurring costs of \$352,975.
- > Park Hills Subdivision lighting replacement project, incurring costs of \$252,335.

See Note IV.D. for additional information.

#### LONG-TERM DEBT

At December 31, 2011, the village and utilities had \$15,564,230 of long-term bonds. Of this amount, \$4,249,230 represents water and sewer revenue debt, and \$11,315,000 are general obligation issues.

Total long-term bonds and loans outstanding at December 31, 2011 decreased by a net amount of \$1,498,489.

At the end of the year the village was at 24% of its general obligation debt capacity. The prior year was 25%.

See Note IV.F. for additional information.

# VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED  
As of and for the Year Ended December 31, 2011

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

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All currently known facts and economic conditions were considered in preparing the 2011 village budget. None of these conditions are anticipated to change the overall financial position of the village.

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

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## **REQUESTS FOR INFORMATION**

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

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

## VILLAGE OF PEWAUKEE

### STATEMENT OF NET ASSETS As of December 31, 2011

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 5,172,000	\$ 3,669,559	\$ 8,841,559
Receivables			
Taxes	4,695,034	-	4,695,034
Accounts	283,209	724,685	1,007,894
Loans	33,715	-	33,715
Special assessments	1,543	-	1,543
Internal balances	161,183	(161,183)	-
Inventories and prepaid items	82,607	30,811	113,418
Investment in Brookfield Plant (net)	-	3,889,018	3,889,018
Investment in Pewaukee Public Library	475,187	-	475,187
Restricted assets			
Cash and investments	-	3,318,109	3,318,109
Other assets	87,404	69,318	156,722
Capital assets			
Land (including right of way)	6,529,438	10,992	6,540,430
Other capital assets, net of accumulated depreciation	<u>11,413,875</u>	<u>26,874,057</u>	<u>38,287,932</u>
Total Assets	<u>28,935,195</u>	<u>38,425,366</u>	<u>67,360,561</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	517,002	306,623	823,625
Unearned revenue	4,472,391	-	4,472,391
Deposits	104,715	-	104,715
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	798,934	798,934
Accrued interest	-	26,734	26,734
Noncurrent liabilities			
Due within one year	450,173	125,000	575,173
Due in more than one year	<u>9,845,000</u>	<u>4,361,378</u>	<u>14,206,378</u>
Total Liabilities	<u>15,389,281</u>	<u>5,618,669</u>	<u>21,007,950</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	11,239,182	21,828,055	32,972,184
Restricted for			
Debt service	103,778	1,009,803	1,113,581
Replacement	-	2,122,572	2,122,572
Cemetery	103,199	-	103,199
Unrestricted	<u>2,099,755</u>	<u>7,846,267</u>	<u>10,041,075</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 13,545,914</u>	<u>\$ 32,806,697</u>	<u>\$ 46,352,611</u>

See accompanying notes to financial statements.

# VILLAGE OF PEWAUKEE

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 826,075	\$ 118,219	\$ 5,200	\$ -
Public safety	3,608,234	947,086	28,698	1,055,055
Public works	1,441,081	322,055	417,747	220,546
Health and human services	18,831	12,190	-	-
Culture, recreation and education	598,107	73,134	-	-
Conservation and development	22,086	-	-	-
Interest and fiscal charges	454,481	-	-	31,343
Total Governmental Activities	6,968,895	1,472,684	451,645	1,306,944
<b>Business-type Activities</b>				
Water	1,043,122	1,462,361	-	246,058
Sewer	1,635,638	1,551,475	-	336,876
Stormwater	150,737	200,367	-	2,108
Total Business-type Activities	2,829,497	3,214,203	-	585,042
Totals	\$ 9,798,392	\$ 4,686,887	\$ 451,645	\$ 1,891,986

**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 disposal of assets

Miscellaneous

Total General Revenues

Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

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Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (702,656)	\$ -	\$ (702,656)
(1,577,395)	-	(1,577,395)
(480,733)	-	(480,733)
(6,641)	-	(6,641)
(524,973)	-	(524,973)
(22,086)	-	(22,086)
(423,138)	-	(423,138)
<u>(3,737,622)</u>	<u>-</u>	<u>(3,737,622)</u>
-	665,297	665,297
-	252,713	252,713
-	<u>51,738</u>	<u>51,738</u>
-	<u>969,748</u>	<u>969,748</u>
<u>(3,737,622)</u>	<u>969,748</u>	<u>(2,767,874)</u>
3,668,364	-	3,668,364
758,002	-	758,002
79,392	-	79,392
274,368	-	274,368
8,215	10,109	18,324
13,656	-	13,656
20,108	-	20,108
<u>4,822,105</u>	<u>10,109</u>	<u>4,832,214</u>
<u>417,545</u>	<u>(417,545)</u>	<u>-</u>
1,502,028	562,312	2,064,340
<u>12,043,886</u>	<u>32,244,385</u>	<u>44,288,271</u>
<u>\$ 13,545,914</u>	<u>\$ 32,806,697</u>	<u>\$ 46,352,611</u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2011

	General Fund	Capital Projects Fund	General Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 3,105,016	\$ 1,309,679	\$ 474,788
Receivables			
Taxes	3,848,418	1,148	835,989
Delinquent personal property tax	9,479	-	-
Accounts	283,209	-	-
Special assessments	-	1,543	-
Loans	-	-	-
Due from other funds	161,183	-	-
Prepaid items	58,371	-	24,236
<b>TOTAL ASSETS</b>	<b>\$ 7,465,676</b>	<b>\$ 1,312,370</b>	<b>\$ 1,335,013</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 331,423	\$ 19,290	\$ -
Accrued liabilities	17,254	-	-
Deposits	104,715	-	-
Deferred revenues	3,645,869	2,691	835,989
Total Liabilities	4,099,261	21,981	835,989
Fund Balances			
Nonspendable for prepaid expenditures	58,371	-	24,236
Nonspendable for long-term receivables	9,479	-	-
Restricted	-	786,701	474,788
Committed	-	-	-
Assigned	627,830	503,688	-
Unassigned	2,670,735	-	-
Total Fund Balances	3,366,415	1,290,389	499,024
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,465,676</b>	<b>\$ 1,312,370</b>	<b>\$ 1,335,013</b>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 282,517	\$ 5,172,000
-	4,685,555
-	9,479
-	283,209
-	1,543
33,715	33,715
-	161,183
-	82,607
<u>\$ 316,232</u>	<u>\$ 10,429,291</u>

\$ 500	\$ 351,213
-	17,254
-	104,715
33,715	4,518,264
<u>34,215</u>	<u>4,991,446</u>

-	82,607
-	9,479
103,199	1,364,688
178,818	178,818
-	1,131,518
-	2,670,735
<u>282,017</u>	<u>5,437,845</u>
<u>\$ 316,232</u>	<u>\$ 10,429,291</u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS As of December 31, 2011

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Total Fund Balances - Governmental Funds \$ 5,437,845

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. 17,943,313

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B. 45,873

The Village's investment in the library joint venture is not a financial resource and, therefore, is not reported in the fund statements. 475,187

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. (10,356,304)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 13,545,914

## VILLAGE OF PEWAUKEE

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2011

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>General Debt Service</u>
<b>REVENUES</b>			
Taxes	\$ 3,747,756	\$ -	\$ 758,002
Intergovernmental	702,225	494,149	31,343
Licenses and permits	412,189	-	-
Fines, forfeitures and penalties	158,686	-	-
Public charges for services	885,174	-	-
Special assessments	-	1,276	-
Investment income	5,853	2,007	-
Miscellaneous	49,871	4,602	-
Total Revenues	<u>5,961,754</u>	<u>502,034</u>	<u>789,345</u>
<b>EXPENDITURES</b>			
Current			
General government	798,535	-	-
Public safety	3,460,481	-	-
Public works	1,193,145	-	-
Health and human services	4,043	-	-
Culture, recreation and education	478,463	-	-
Conservation and development	10,560	-	-
Capital Outlay	394,108	802,898	-
Debt Service			
Principal	-	-	325,000
Interest and fiscal charges	-	-	457,918
Total Expenditures	<u>6,339,335</u>	<u>802,898</u>	<u>782,918</u>
Excess (deficiency) of revenues over expenditures	<u>(377,581)</u>	<u>(300,864)</u>	<u>6,427</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	421,545	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>421,545</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	43,964	(300,864)	6,427
FUND BALANCES - Beginning of Year	<u>3,322,451</u>	<u>1,591,253</u>	<u>492,597</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,366,415</u>	<u>\$ 1,290,389</u>	<u>\$ 499,024</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ -	\$ 4,505,758
-	1,227,717
-	412,189
-	158,686
14,690	899,864
-	1,276
355	8,215
-	54,473
<u>15,045</u>	<u>7,268,178</u>
-	798,535
-	3,460,481
-	1,193,145
14,788	18,831
-	478,463
12,500	23,060
-	1,197,006
-	325,000
-	457,918
<u>27,288</u>	<u>7,952,439</u>
<u>(12,243)</u>	<u>(684,261)</u>
-	421,545
<u>(4,000)</u>	<u>(4,000)</u>
<u>(4,000)</u>	<u>417,545</u>
(16,243)	(266,716)
<u>298,260</u>	<u>5,704,561</u>
<u>\$ 282,017</u>	<u>\$ 5,437,845</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, 2011

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Net change in fund balances - total governmental funds	\$ (266,716)
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,197,006
Some items reported as capital outlay were not capitalized	(208,312)
Adjustment made to accumulated depreciation for changes in assets' useful lives	52,047
Depreciation is reported in the government-wide financial statements	(356,139)
Net book value of assets retired	(31,301)

Contributed capital assets are reported as revenues in the government-wide financial statements.	1,055,055
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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.	(255,515)
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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 assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal repaid	325,000

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Amortization of issuance costs	(7,106)

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	956
Accrued interest on debt	11,267

The proportionate share of the change in net assets related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.	<u>(14,214)</u>
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<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,502,028</u></b>
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## VILLAGE OF PEWAUKEE

### STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of December 31, 2011

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 1,120,386	\$ 2,441,882	\$ 107,291	\$ 3,669,559
Accounts receivable	237,413	394,086	53,721	685,220
Other accounts receivable	-	39,465	-	39,465
Materials and supplies	20,187	-	-	20,187
Prepayments	5,316	5,308	-	10,624
Restricted Assets				
Redemption account	57,714	346,881	-	404,595
Total Current Assets	<u>1,441,016</u>	<u>3,227,622</u>	<u>161,012</u>	<u>4,829,650</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	159,000	-	-	159,000
Depreciation account	100,000	531,942	-	631,942
Replacement account	-	2,122,572	-	2,122,572
Capital Assets				
Plant in service	17,019,381	21,421,158	391,230	38,831,769
Less: Accumulated depreciation	(4,495,631)	(7,403,249)	(47,840)	(11,946,720)
Other Assets				
Unamortized debt issuance costs	64,738	-	4,580	69,318
Investment in Brookfield plant	-	6,192,698	-	6,192,698
Accumulated amortization	-	(2,303,680)	-	(2,303,680)
Total Noncurrent Assets	<u>12,847,488</u>	<u>20,561,441</u>	<u>347,970</u>	<u>33,756,899</u>
Total Assets	<u>14,288,504</u>	<u>23,789,063</u>	<u>508,982</u>	<u>38,586,549</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 14,859	\$ 272,547	\$ 1,303	\$ 288,709
Due to municipality	161,183	-	-	161,183
Accrued wages	1,026	1,026	1,040	3,092
Accrued interest	13,028	-	1,794	14,822
Current portion of general obligation debt	105,000	-	20,000	125,000
Current Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	300,000	498,934	-	798,934
Accrued interest	12,576	14,158	-	26,734
Total Current Liabilities	<u>607,672</u>	<u>786,665</u>	<u>24,137</u>	<u>1,418,474</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	760,000	-	165,000	925,000
Revenue bonds	1,290,000	2,160,296	-	3,450,296
Unamortized loss on advance refunding	(52,009)	-	-	(52,009)
Unamortized premium	38,091	-	-	38,091
Total Noncurrent Liabilities	<u>2,036,082</u>	<u>2,160,296</u>	<u>165,000</u>	<u>4,361,378</u>
Total Liabilities	<u>2,643,754</u>	<u>2,946,961</u>	<u>189,137</u>	<u>5,779,852</u>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	10,306,406	11,358,679	162,970	21,828,055
Restricted for				
Debt service	145,138	864,665	-	1,009,803
Replacement	-	2,122,572	-	2,122,572
Unrestricted net assets	<u>1,193,206</u>	<u>6,496,186</u>	<u>156,875</u>	<u>7,846,267</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 11,644,750</u>	<u>\$ 20,842,102</u>	<u>\$ 319,845</u>	<u>\$ 32,806,697</u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,229,733	\$ 1,534,560	\$ 200,367	\$ 2,964,660
Other operating revenue	<u>232,628</u>	<u>16,915</u>	<u>-</u>	<u>249,543</u>
Total Operating Revenues	<u>1,462,361</u>	<u>1,551,475</u>	<u>200,367</u>	<u>3,214,203</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	576,575	992,788	116,013	1,685,376
Depreciation	313,034	334,108	28,376	675,518
Amortization	<u>-</u>	<u>230,368</u>	<u>-</u>	<u>230,368</u>
Total Operating Expenses	<u>889,609</u>	<u>1,557,264</u>	<u>144,389</u>	<u>2,591,262</u>
Operating Income (Loss)	<u>572,752</u>	<u>(5,789)</u>	<u>55,978</u>	<u>622,941</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	2,390	7,719	-	10,109
Rebate from Build America Bonds	4,066	-	2,108	6,174
Interest expense	(129,840)	(78,374)	(5,421)	(213,635)
Amortization of debt issuance costs	(9,355)	-	(927)	(10,282)
Amortization of loss on advance refunding	<u>(14,318)</u>	<u>-</u>	<u>-</u>	<u>(14,318)</u>
Total Nonoperating Revenues (Expenses)	<u>(147,057)</u>	<u>(70,655)</u>	<u>(4,240)</u>	<u>(221,952)</u>
Income (Loss) Before Contributions and Transfers	<u>425,695</u>	<u>(76,444)</u>	<u>51,738</u>	<u>400,989</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	241,992	336,876	-	578,868
Transfers out	(137,184)	(16,178)	-	(153,362)
Transfers- tax equivalent	<u>(264,183)</u>	<u>-</u>	<u>-</u>	<u>(264,183)</u>
Total Contributions and Transfers	<u>(159,375)</u>	<u>320,698</u>	<u>-</u>	<u>161,323</u>
Change in Net Assets	266,320	244,254	51,738	562,312
NET ASSETS - Beginning of Year	<u>11,378,430</u>	<u>20,597,848</u>	<u>268,107</u>	<u>32,244,385</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 11,644,750</u></u>	<u><u>\$ 20,842,102</u></u>	<u><u>\$ 319,845</u></u>	<u><u>\$ 32,806,697</u></u>

See accompanying notes to financial statements.

## VILLAGE OF PEWAUKEE

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 1,332,932	\$ 1,527,223	\$ 199,228	\$ 3,059,383
Paid to suppliers for goods and services	(445,783)	(746,953)	(65,383)	(1,258,119)
Paid to employees for services	(142,562)	(170,102)	(56,741)	(369,405)
Net Cash Flows From Operating Activities	744,587	610,168	77,104	1,431,859
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	2,390	7,719	-	10,109
Net Cash Flows From Investing Activities	2,390	7,719	-	10,109
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(249,000)	-	-	(249,000)
Transfers to other funds	(6,764)	(16,178)	-	(22,942)
Net Cash Flows From Noncapital Financing Activities	(255,764)	(16,178)	-	(271,942)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt issued	1,590,000	-	-	1,590,000
Debt retired	(2,260,000)	(483,489)	(20,000)	(2,763,489)
Interest paid	(135,737)	(80,948)	(6,021)	(222,706)
Debt issuance costs	(11,679)	-	-	(11,679)
Build America Bonds interest rate subsidy received	4,066	-	2,108	6,174
Acquisition and construction of capital assets	(47,332)	(342,780)	(15,274)	(405,386)
Capital contributions received	32,560	100,570	-	133,130
Net Cash Flows From Capital and Related Financing Activities	(828,122)	(806,647)	(39,187)	(1,673,956)
<b>Net Change in Cash and Cash Equivalents</b>	(336,909)	(204,938)	37,917	(503,930)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,774,009	5,648,215	69,374	7,491,598
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,437,100	\$ 5,443,277	\$ 107,291	\$ 6,987,668

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Stormwater Utility	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 572,752	\$ (5,789)	\$ 55,978	\$ 622,941
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	313,034	334,108	28,376	675,518
Depreciation charged to other funds	11,880	-	-	11,880
Other operating amortization expenses	(130,420)	230,368	-	99,948
Changes in assets and liabilities				
Customer accounts receivable	(11,706)	(21,347)	(1,139)	(34,192)
Other accounts receivable	817	(2,905)	-	(2,088)
Materials and supplies	(599)	-	-	(599)
Prepayments	1,071	2,216	1,317	4,604
Accounts payable	(12,013)	73,512	(7,344)	54,155
Other current liabilities	(229)	5	(84)	(308)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 744,587</u>	<u>\$ 610,168</u>	<u>\$ 77,104</u>	<u>\$ 1,431,859</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>				
Cash and investments - statement of net assets	\$ 1,120,386	\$ 2,441,882	\$ 107,291	\$ 3,669,559
Restricted cash and investments - statement of net assets	<u>316,714</u>	<u>3,001,395</u>	<u>-</u>	<u>3,318,109</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,437,100</u>	<u>\$ 5,443,277</u>	<u>\$ 107,291</u>	<u>\$ 6,987,668</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Developer financed additions to utility plant	<u>\$ 209,432</u>	<u>\$ 236,306</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
As of December 31, 2011

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and investments	\$ 7,156,706
Taxes receivable	6,491,825
Prepaid items	3,805
Due from other governments	<u>8,978</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 13,661,314</u></u>
<b>LIABILITIES</b>	
Liabilities	
Accounts payable	\$ 36,022
Other accrued liabilities	7,744
Due to other governments	<u>13,617,548</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 13,661,314</u></u>

# VILLAGE OF PEWAUKEE

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

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

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

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

In February 2009, the GASB issued statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The village made the decision to implement this standard effective January 1, 2011.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

---

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

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

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

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

##### *Fund Financial Statements*

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

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

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

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

## VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

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

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.
- 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.
- Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The village reports the following major enterprise funds:

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

The village reports the following nonmajor governmental and enterprise funds:

- Special Revenue Funds - used to account for 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

- 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.

- TIF No. 1 Debt Service

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

- Stormwater Utility

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

In addition, the village reports the following fund types:

Agency funds are 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

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

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

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

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

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

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

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

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

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

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

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and stormwater funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

---

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

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

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

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

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

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

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

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

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

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

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

Investment credit risk is the risk 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.

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

---

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

##### *2. Receivables*

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

Property tax calendar - 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale - 2011 delinquent real estate taxes	October 2014

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

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

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

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

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

##### *4. Restricted Assets*

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

##### *5. Capital Assets*

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

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of 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.

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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

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

Buildings	20-75 Years
Land Improvements	20-75 Years
Machinery and Equipment	5-30 Years
Utility System	7-108 Years
Infrastructure	30-75 Years

###### *Fund Financial Statements*

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

##### *6. Other Assets*

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

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

##### *7. Compensated Absences*

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2011, are determined on the basis of current salary rates and include salary related payments.

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

##### *8. Long-Term Obligations/Conduit Debt (cont.)*

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

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

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

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

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

##### 10. Equity Classifications

###### Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 11,239,182	\$ 21,828,055	\$ (95,053)	\$ 32,972,184
Unrestricted	2,099,755	7,846,267	95,053	10,041,075

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

###### Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the village classifies governmental fund balance 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.

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

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

- 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 (ordinance, resolution, motion) of the village. 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 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.

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.

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 \$607,255 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 a minimum of 35% of the ensuing year's budgeted general fund expenditures, with a targeted 40%. Any amount over the 40% targeted maximum may be assigned by management for future capital projects and/or infrastructure needs.

See Note IV. H. for further information.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

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

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

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

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

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

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

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

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

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

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

Bonds and notes payable	\$	10,265,000
Compensated absences		30,173
Accrued interest		148,535
Unamortized issuance costs		<u>(87,404)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>10,356,304</u>

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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#### A. BUDGETARY INFORMATION

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

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

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

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

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General fund	\$ 6,088,080	\$ 6,339,335	\$ 251,255
General Debt Service Fund	758,147	782,918	24,771
Capital Projects Fund	369,916	802,898	432,982
Downtown Loan Fund	-	12,500	12,500

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

#### C. DEFICIT BALANCES

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

As of December 31, 2011, no individual funds held a deficit balance.

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

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 8,426,235	\$ 8,495,288	Custodial credit
LGIP	10,889,939	10,889,939	Credit, interest rate
Petty cash	200	-	N/A
 Total Deposits and Investments	 \$ 19,316,374	 \$ 19,385,227	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 8,841,559		
Restricted cash and investments	3,318,109		
Per statement of net assets- fiduciary funds			
Agency	7,156,706		
 Total Deposits and Investments	 \$ 19,316,374		

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), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

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

The village maintains collateral agreements with its banks. At December 31, 2011, the banks had pledged various government securities in the amount of \$12,041,346 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, 2011

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

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

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

#### **Investments**

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

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

#### *Credit Risk*

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

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

Local Government Investment Pool

#### *Interest Rate Risk*

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

As of December 31, 2011, the village's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
External investment pools	<u>\$ 10,889,939</u>	97

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

### B. RECEIVABLES

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

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**B. RECEIVABLES (cont.)**

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 4,472,391	\$ 4,472,391
Deferred loan receivable	33,715	-	33,715
Special assessments	12,158	-	12,158
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 45,873	 \$ 4,472,391	 \$ 4,518,264

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

At December 31, 2011, the village has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

***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.

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Following is a list of restricted assets at December 31, 2011:

Restricted Assets	
Redemption account	\$ 404,595
Reserve account	159,000
Replacement account	2,122,572
Depreciation account	<u>631,942</u>
Total Restricted Assets	<u>3,318,109</u>
Less: Restricted assets not funded by revenues	
Reserve from borrowing	<u>(159,000)</u>
Current Liabilities Payable From Restricted Assets	<u>(26,734)</u>
Total Restricted Net Assets	<u><u>\$ 3,132,375</u></u>

##### *D. CAPITAL ASSETS*

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land and right of way	\$ 6,244,400	\$ -	\$ 285,038	\$ -	\$ 6,529,438
Construction in progress	<u>479,432</u>	<u>-</u>	<u>-</u>	<u>479,432</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>6,723,832</u>	<u>-</u>	<u>285,038</u>	<u>479,432</u>	<u>6,529,438</u>
Capital assets being depreciated					
Buildings	8,903,811	-	336,439	-	9,240,250
Machinery and equipment	2,518,570	-	54,059	146,414	2,426,215
Infrastructure	474,072	-	1,264,672	-	1,738,744
Dams	<u>-</u>	<u>-</u>	<u>582,973</u>	<u>-</u>	<u>582,973</u>
Total Capital Assets Being Depreciated	<u>11,896,453</u>	<u>-</u>	<u>2,238,143</u>	<u>146,414</u>	<u>13,988,182</u>
Total Capital Assets	<u>18,620,285</u>	<u>-</u>	<u>2,523,181</u>	<u>625,846</u>	<u>20,517,620</u>

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>					
Less: Accumulated depreciation					
for					
Buildings	\$ (1,165,893)	\$ -	\$ (172,048)	\$ -	\$ (1,337,941)
Machinery and equipment	(1,197,447)	52,047	(172,239)	115,113	(1,202,526)
Infrastructure	(21,988)	-	(11,852)	-	(33,840)
Total Accumulated Depreciation	(2,385,328)	52,047	(356,139)	115,113	(2,574,307)
Net Capital Assets Being Depreciated	9,511,125	52,047	1,882,004	31,301	11,413,875
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 16,234,957	\$ 52,047	\$ 2,167,042	\$ 510,733	\$ 17,943,313

\* The estimated useful lives of some assets were changed. The adjustment accounts for the difference in accumulated depreciation had the assets been depreciated using this revised estimate.

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 82,973
Public safety	44,535
Public works	113,514
Culture, recreation, and education	115,117
Total Governmental Activities Depreciation Expense	\$ 356,139

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

#### 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
Capital assets being depreciated				
Source of supply	1,035,333	-	-	1,035,333
Pumping	2,506,712	13,485	11,778	2,508,419
Water treatment	166,292	25,560	-	191,852
Transmission and distribution	12,797,177	218,125	17,093	12,998,209
General	274,826	-	-	274,826
Total Capital Assets Being Depreciated	16,780,340	257,170	28,871	17,008,639
Total Capital Assets	16,791,082	257,170	28,871	17,019,381
Less: Accumulated depreciation	(4,199,182)	(325,320)	28,871	(4,495,631)
Net Capital Assets Being Depreciated	12,581,158	(68,150)	-	12,513,008
Net Water Plant	\$ 12,591,900	\$ (68,150)	\$ -	\$ 12,523,750
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 250	\$ -	\$ -	\$ 250
Capital assets being depreciated				
Collection system	18,110,468	472,056	74,205	18,508,319
Pumping	2,407,161	107,030	37,820	2,476,371
Treatment and disposal	214,034	-	-	214,034
General	222,184	-	-	222,184
Total Capital Assets Being Depreciated	20,953,847	579,086	112,025	21,420,908
Total Capital Assets	20,954,097	579,086	112,025	21,421,158
Less: Accumulated depreciation	(7,181,166)	(334,108)	112,025	(7,403,249)
Net Capital Assets Being Depreciated	13,772,681	244,978	-	14,017,659
Net Sewer Plant	\$ 13,772,931	\$ 244,978	\$ -	\$ 14,017,909

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

#### **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 being depreciated				
Mains	\$ 178,769	\$ 15,274	\$ -	\$ 194,043
Equipment	197,187	-	-	197,187
Total Capital Assets Being Depreciated	375,956	15,274	-	391,230
Less: Accumulated depreciation	(19,464)	(28,376)	-	(47,840)
Net Capital Assets Being Depreciated	356,492	(13,102)	-	343,390
Net Stormwater Plant	\$ 356,492	\$ (13,102)	\$ -	\$ 343,390
 Business-type Capital Assets, Net of Accumulated Depreciation	 \$ 26,721,323	 \$ 163,726	 \$ -	 \$ 26,885,049

Depreciation expense was charged to functions as follows:

##### **Business-type Activities**

Water	\$ 313,034
Sewer	334,108
Stormwater	28,376

Total Business-type Activities Depreciation Expense \$ 675,518

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

#### **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:

Receivable Fund	Payable Fund	Amount
General	Water utility	\$ 161,183

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

*Interfund Receivables/Payables (cont.)*

All amounts are due within one year.

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

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

**Transfers**

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Water utility	\$ 264,183	Payment in lieu of taxes
General	Water utility	130,420	Reimbursement for rental tower fees
General	Water utility	6,764	Reimbursement for labor
General	Sewer utility	16,178	Reimbursement for labor
General	TID 1 debt service	<u>4,000</u>	To close out fund
Total - Fund Financial Statements		421,545	
Less: Fund eliminations		<u>(4,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 417,545</u>	

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Long-term obligations activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 10,590,000	\$ -	\$ 325,000	\$ 10,265,000	\$ 420,000
Add/(Subtract) Deferred Amounts For					
Vested compensated absences	31,129	30,173	31,129	30,173	30,173
Sub-totals	10,621,129	30,173	356,129	10,295,173	450,173
Total Governmental Activities Long- Term Liabilities	\$ 10,621,129	\$ 30,173	\$ 356,129	\$ 10,295,173	\$ 450,173
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 1,170,000	\$ -	\$ 120,000	\$ 1,050,000	\$ 125,000
Revenue bonds	5,302,719	1,590,000	2,643,489	4,249,230	798,934
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	-	38,091	-	38,091	-
Refundings -					
Gains/(Losses)	(51,750)	(14,577)	(14,318)	(52,009)	-
Sub-totals	6,420,969	1,613,514	2,749,171	5,285,312	923,934
Total Business- type Activities Long-Term Liabilities	\$ 6,420,969	\$ 1,613,514	\$ 2,749,171	\$ 5,285,312	\$ 923,934

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, 2011, was \$46,273,640. Total general obligation debt outstanding at year end was \$11,315,000.

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

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

## VILLAGE OF PEWAUKEE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

#### 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, 2011
G.O. Refunding Bonds	8/15/2005	3/1/2025	2.90 - 4.35%	\$ 3,755,000	\$ 3,325,000
G.O. Taxable Refunding Bonds	12/15/2005	3/1/2023	5.06 - 5.50%	2,440,000	2,345,000
G. O. Refunding Bonds	5/1/2008	9/1/2028	320 - 4.00%	2,765,000	2,740,000
G.O. Corporate Purpose Bonds (Build America)	7/27/2010	3/1/2030	4.80 - 5.75%	1,115,000	1,115,000
G. O. Promissory Notes (Build America)	7/27/2010	3/1/2020	1.00 - 4.25%	815,000	<u>740,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 10,265,000</u>

#### Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2011
G.O. bonds	8/15/2007	3/01/2015	4.35%	\$ 960,000	\$ 625,000
G.O. Corporate Purpose Bonds (Build America)	7/27/2010	3/1/2030	4.80 - 5.75%	150,000	150,000
G.O. Promissory Notes (Build America)	7/27/2010	3/1/2020	1.00 - 4.25%	305,000	<u>275,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,050,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2012	\$ 420,000	\$ 436,241	\$ 125,000	\$ 40,890
2013	450,000	420,590	130,000	36,214
2014	485,000	403,106	130,000	31,316
2015	535,000	383,220	135,000	26,160
2016	575,000	360,567	140,000	20,636
2017-2021	3,520,000	1,383,798	255,000	52,389
2022-2026	3,290,000	553,833	75,000	26,960
2027-2030	<u>990,000</u>	<u>77,987</u>	<u>60,000</u>	<u>6,900</u>
Totals	<u>\$ 10,265,000</u>	<u>\$ 4,019,342</u>	<u>\$ 1,050,000</u>	<u>\$ 241,465</u>

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**Revenue Debt**

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

The water and sewer utilities has pledged future revenues, net of specified operating expenses, to repay \$9,285,282 in revenue bonds issued in prior years. Proceeds from the bonds provided financing for the construction of the capital assets in the water and sewer utility funds. The bonds are payable solely from water and sewer revenues and are payable through 2016. Annual principal and interest payments on the bonds are expected to require 64% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,571,290. Principal and interest paid for the current year and total customer net revenues were \$994,780 and \$1,361,410, respectively.

Revenue debt payable at December 31, 2011, consists of the following:

**Business-type Activities Revenue Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2011</u>
<u>Water Utility</u>					
Revenue refunding bonds	8/09/2011	11/1/2016	2.00%	\$ 1,590,000	\$ <u>1,590,000</u>
				Total Water Utility	<u>1,590,000</u>
<u>Sewer Utility</u>					
Revenue bonds	5/8/1996	5/1/2016	3.156%	\$ 1,879,610	\$ 608,642
Revenue refunding bonds	10/9/1996	5/1/2016	3.26%	5,815,672	<u>2,050,588</u>
				Total Sewer Utility	<u>2,659,230</u>
Total Business-type Activities Revenue Debt					<u>\$ 4,249,230</u>

**VILLAGE OF PEWAUKEE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2012	\$ 798,934	\$ 116,024
2013	824,873	86,588
2014	851,320	63,677
2015	873,294	40,033
2016	900,809	15,738
Totals	\$ 4,249,230	\$ 322,060

**Other Debt Information**

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

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

**Current Refunding**

On August 9, 2011, the village issued \$1,590,000 in revenue bonds with an average interest rate of 2.00% to current refund \$1,835,000 of outstanding bonds with an average interest rate of 4.42%. The net proceeds of \$1,546,321 and \$373,096 cash contributed by the village (after payment of \$33,075 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$2,141,659 from 2011 through 2016. The cash flow requirements on the waterworks system refunding bonds are \$1,742,440 from 2011 through 2016. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$114,482.

# VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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### G. LEASE DISCLOSURES

#### *Lessor - Operating Leases*

The village has entered into two lease agreements with the Pewaukee Public Library. One is a land lease with a cost of \$230,000 and the other is a building lease with a cost of \$4,083,547 and accumulated depreciation of \$474,971 at December 31, 2011. Both lease agreements expire on August 31, 2024. The library does not pay rent on either lease.

### H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2011, includes the following:

#### *Governmental Activities*

Invested in Capital Assets, Net of Related Debt	
Land	\$ 6,529,438
Other capital assets, net of accumulated depreciation	11,413,875
Less: Long-term debt outstanding	(10,265,000)
Plus: Unspent capital related debt proceeds	1,033,412
Plus: Non-capital debt proceeds	2,440,053
Plus: Unamortized debt discount	87,404
Total Invested in Capital Assets, Net of Related Debt	<u>11,239,182</u>
Restricted	
Debt service	103,778
Cemetery	103,199
Total Restricted	<u>206,977</u>
Unrestricted	<u>2,099,755</u>
Total Governmental Activities Net Assets	<u>\$ 13,545,914</u>

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

##### *Governmental Funds*

Governmental fund balances reported on the fund financial statements at December 31, 2011, include the following:

<b>Nonspendable</b>	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 9,479
Prepaid items	<u>58,371</u>
Total	<u>\$ 67,850</u>
Debt Service Funds	
Prepays	<u>\$ 24,236</u>
<b>Restricted</b>	
Major Funds	
Debt Service Fund	
Debt service	\$ 474,788
Capital Projects Fund	
Village capital projects	<u>786,701</u>
Total	<u>\$ 1,261,489</u>
Nonmajor Funds	
Special Revenue Fund	
Cemetery	<u>\$ 103,199</u>
<b>Committed</b>	
Nonmajor Funds	
Special Revenue Fund	
Downtown loan fund	<u>\$ 178,818</u>

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

##### *Governmental Funds* (cont.)

<b>Assigned</b>	
Major Funds	
General Fund	
DARE funds	\$ 3,567
Motorcycle donations	235
Joint pistol range	6,676
Police forfeitures	8,342
Park and open spaces	416,827
Tax equivalent	161,183
Fund balance applied to 2012	<u>31,000</u>
Capital projects	<u>503,688</u>
Total	<u>\$ 1,131,518</u>
 <b>Unassigned</b>	
Major Funds	
General fund	<u>\$ 2,670,735</u>
 <b><i>Business-type Activities</i></b>	
Invested in capital assets, net of related debt	
Land	\$ 10,992
Other capital assets, net of accumulated depreciation	26,874,057
Less: Long-term debt outstanding	(5,299,230)
Plus: Unspent capital related debt proceeds	159,000
Plus: Unamortized loss on advance refunding	52,009
Plus: Unamortized debt issuance costs	69,318
Less: Unamortized premium on debt	<u>(38,091)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>21,828,055</u>
 Restricted	
Debt service	1,009,803
Replacement	<u>2,122,572</u>
Total Restricted	<u>3,132,375</u>
 Unrestricted	
	<u>7,846,267</u>
Total Business-type Activities Net Assets	<u>\$ 32,806,697</u>

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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#### *I. IRREVOCABLE LETTER OF CREDIT*

On July 29, 2005, a developer established an irrevocable letter of credit naming the Village of Pewaukee as a beneficiary in an amount not exceeding \$3,340,925. Upon completion of work, the letter of credit has since been reduced. On March 4, 2011, the village produced a sight draft to draw \$206,500 for the purpose of obtaining sufficient funds for the completion of related public improvements. At year-end, \$90,398 of this draw was still not spent by the village and is being reported within the deposits liability account of the general fund.

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### NOTE V - OTHER INFORMATION

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#### *A. EMPLOYEES' RETIREMENT SYSTEM*

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning, June 29, 2011 and thereafter covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for village employees covered by the system for the year ended December 31, 2011 was \$2,813,906; the employer's total payroll was \$2,948,471. The total required contribution for the year ended December 31, 2011 was \$391,182 or 13.9% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$371,214 and \$347,574, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998 or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

As of December 31, 2011 there was no pension related debt for the village.

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

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

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

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

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

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

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

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

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

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

The library board is comprised of three representatives appointed by the President of the Village of Pewaukee, three representatives appointed by the Mayor of the City of Pewaukee, and a representative of the Pewaukee School District (appointed by the Superintendent) who is a City of Pewaukee resident. The board has authority to adopt its own budget and control the financial affairs of the district. The village made a payment totaling \$235,935 to the library for 2011. The village believes that the library will continue to provide services in the future at similar rates.

Financial information of the library as of December 31, 2011 is available directly from the library's office.

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

##### *Park and Recreation Service*

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

The 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 2011 was \$242,528.

Financial information of the district as of December 31, 2011 is available directly from the park and recreation service office.

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

##### *Lake Patrol Service*

The Village of Pewaukee, the City of Pewaukee, and the Town of Delafield jointly provide winter and summer lake patrol services to the village, city and town on Pewaukee Lake. This agreement began 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.

# VILLAGE OF PEWAUKEE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

Expenses associated with the administration and implementation of the services are allocated on the following basis: 43% to the City of Pewaukee, 43% to the Town of Delafield and 14% to the Village of Pewaukee. The village did not make any payments during 2011.

Financial information for the lake patrol as of December 31, 2011 is available directly from the village's office.

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

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

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

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

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

The costs reflected in the Village of Pewaukee's sewer utility financial statements reflect the pro-rata share of costs for treatment plant capacity and do not constitute an ownership right in the facility. These costs will be amortized over the life of the facility. The Village of Pewaukee sewer utility's investment balance as of December 31, 2011 was \$6,192,698 with accumulated amortization of \$2,303,680.

**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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>TAXES</b>			
General property taxes	\$ 3,668,074	\$ 3,668,364	\$ 290
Payments in lieu of taxes	76,000	79,392	3,392
Total Taxes	<u>3,744,074</u>	<u>3,747,756</u>	<u>3,682</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
State shared revenues	261,147	261,505	358
State aid - general transportation aids	358,747	358,714	(33)
State aid - fire insurance tax	28,000	28,698	698
State aid - DARE	4,000	4,000	-
Federal grants	900	-	(900)
Other state and county grants	47,600	49,308	1,708
Total Intergovernmental Revenues	<u>700,394</u>	<u>702,225</u>	<u>1,831</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage licenses	12,000	15,860	3,860
Operators' license	3,500	5,390	1,890
Cigarette and soda licenses	1,600	1,190	(410)
Bicycle licenses	3,100	7,851	4,751
Dog licenses	4,000	2,736	(1,264)
Cable television franchise fees	72,000	80,957	8,957
Building permits	35,000	164,371	129,371
HVAC permits	7,500	32,260	24,760
Electrical permits	12,000	54,548	42,548
Plumbing permits	10,000	33,810	23,810
Occupancy permits	500	1,300	800
Mobile home parking licenses	3,263	3,790	527
Zoning permits	1,000	2,312	1,312
Other permits	6,000	5,814	(186)
Total Licenses and Permits	<u>171,463</u>	<u>412,189</u>	<u>240,726</u>
<b>FINES, FORFEITURES AND PENALTIES</b>			
Court penalties and costs	165,000	129,721	(35,279)
Parking tickets	44,000	28,965	(15,035)
Total Fines, Forfeitures and Penalties	<u>209,000</u>	<u>158,686</u>	<u>(50,314)</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
<b>PUBLIC CHARGES FOR SERVICES</b>			
Ambulance	\$ 211,000	\$ 195,915	\$ (15,085)
Garbage and refuse collection	300,458	320,723	20,265
Special assessment letters	1,000	888	(112)
Weed control	700	444	(256)
Fire and rescue calls	10,000	37,120	27,120
Fire department tank inspections	68,474	65,500	(2,974)
Law enforcement fees	168,681	179,074	10,393
Recreation fees	58,740	64,706	5,966
Joint pistol range	1,000	3,280	2,280
Park users fees	3,400	8,428	5,028
Fiscal agent fees	20,100	-	(20,100)
Miscellaneous	4,000	9,096	5,096
Total Public Charges for Services	847,553	885,174	37,621
<b>INVESTMENT INCOME</b>			
Interest on temporary investments	20,000	5,853	(14,147)
<b>MISCELLANEOUS REVENUES</b>			
Miscellaneous	2,000	23,466	21,466
Rent	6,100	5,200	(900)
Insurance recoveries	-	7,523	7,523
Sale of police equipment	14,800	13,656	(1,144)
Sale of materials and supplies	300	26	(274)
Total Miscellaneous Revenues	23,200	49,871	26,671
Total Revenues	5,715,684	5,961,754	246,070
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Village board	23,967	24,050	(83)
Municipal court	51,956	53,829	(1,873)
Legal	76,750	53,109	23,641
General administration	134,380	132,491	1,889
Clerk's office	212,514	214,119	(1,605)
Elections	15,400	7,212	8,188
Data processing	12,000	12,946	(946)
Assessment of property	42,300	42,021	279
Special accounting and auditing	35,800	35,259	541
Village hall	43,000	48,898	(5,898)
Property and liability insurance	192,000	137,540	54,460
Miscellaneous general government	20,700	37,061	(16,361)
Total General Government	860,767	798,535	62,232

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, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC SAFETY</b>			
Police	\$ 2,169,297	\$ 2,184,267	\$ (14,970)
Water patrol	2,500	-	2,500
Fire service	1,038,688	972,880	65,808
Public fire protection	55,122	48,721	6,401
Fire inspection	63,784	68,068	(4,284)
Building inspection	56,650	186,545	(129,895)
Total Public Safety	<u>3,386,041</u>	<u>3,460,481</u>	<u>(74,440)</u>
<b>HEALTH AND SOCIAL SERVICES</b>			
Animal control	<u>4,300</u>	<u>4,043</u>	<u>257</u>
<b>PUBLIC WORKS</b>			
Public works administration	76,263	77,706	(1,443)
Public works wages and benefits	614,858	527,664	87,194
General engineering	6,000	1,587	4,413
Machinery and equipment	53,500	66,621	(13,121)
Garage and shed	42,150	39,574	2,576
Street maintenance	23,000	19,569	3,431
Snow and ice control	45,173	41,883	3,290
Street lighting	79,500	88,058	(8,558)
Sidewalk	3,500	3,716	(216)
Curb and gutter	2,800	-	2,800
Storm sewers	-	47	(47)
Tree and brush removal	1,000	-	1,000
Garbage and refuse collection	193,644	204,832	(11,188)
Recycling	104,979	121,888	(16,909)
Other sanitation	500	-	500
Total Public Works	<u>1,246,867</u>	<u>1,193,145</u>	<u>53,722</u>
<b>LEISURE ACTIVITIES</b>			
Library	235,935	235,935	-
Parks and recreation	<u>270,242</u>	<u>242,528</u>	<u>27,714</u>
Total Leisure Activities	<u>506,177</u>	<u>478,463</u>	<u>27,714</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Urban development	2,000	1,931	69
Weed control	900	974	(74)
Planning commission	7,700	7,689	11
Planning/engineering consulting	-	(34)	34
Total Conservation and Development	<u>10,600</u>	<u>10,560</u>	<u>40</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget
<b>CAPITAL OUTLAY</b>			
Police	\$ 59,600	\$ 92,185	\$ (32,585)
Parks	13,728	16,885	(3,157)
General government	-	285,038	(285,038)
Total Capital Outlay	<u>73,328</u>	<u>394,108</u>	<u>(320,780)</u>
Total Expenditures	<u>6,088,080</u>	<u>6,339,335</u>	<u>(251,255)</u>
Deficiency of revenues under expenditures	<u>(372,396)</u>	<u>(377,581)</u>	<u>(5,185)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>358,711</u>	<u>421,545</u>	<u>62,834</u>
Total Other Financing Sources (Uses)	<u>358,711</u>	<u>421,545</u>	<u>62,834</u>
<b>Net Change in Fund Balance</b>	(13,685)	43,964	57,649
FUND BALANCE - Beginning of Year	<u>3,322,451</u>	<u>3,322,451</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,308,766</u>	<u>\$ 3,366,415</u>	<u>\$ 57,649</u>

## VILLAGE OF PEWAUKEE

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2011

#### ***BUDGETARY INFORMATION***

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

Excess expenditures over appropriations are as follows:

	Amended Budget	Expenditures	Excess
<u>General Fund</u>			
Village board	\$ 23,967	\$ 24,050	\$ 83
Municipal court	51,956	53,829	1,873
Clerk's office	212,514	214,119	1,605
Data processing	12,000	12,946	946
Village hall	43,000	48,898	5,898
Miscellaneous general government	20,700	37,061	16,361
Police	2,169,297	2,184,267	14,970
Fire inspection	63,784	68,068	4,284
Building inspection	56,650	186,545	129,895
Weed control	900	974	74
Police outlay	59,600	92,185	32,585
Parks outlay	13,728	16,885	3,157
General government outlay	-	285,038	285,038

**SUPPLEMENTARY INFORMATION**

## VILLAGE OF PEWAUKEE

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2011

	Special Revenue Funds		Total
	Cemetery Fund	Downtown Loan Fund	Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 103,699	\$ 178,818	\$ 282,517
Receivables			
Loans	<u>-</u>	<u>33,715</u>	<u>33,715</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 103,699</u></b>	<b><u>\$ 212,533</u></b>	<b><u>\$ 316,232</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 500	\$ -	\$ 500
Deferred revenues	<u>-</u>	<u>33,715</u>	<u>33,715</u>
Total Liabilities	<u>500</u>	<u>33,715</u>	<u>34,215</u>
Fund Balances			
Restricted	103,199	-	103,199
Committed	<u>-</u>	<u>178,818</u>	<u>178,818</u>
Total Fund Balances	<u>103,199</u>	<u>178,818</u>	<u>282,017</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 103,699</u></b>	<b><u>\$ 212,533</u></b>	<b><u>\$ 316,232</u></b>

## VILLAGE OF PEWAUKEE

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2011

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	TID No. 1 Debt Service	
<b>REVENUES</b>				
Charges for services	\$ 12,190	\$ 2,500	\$ -	\$ 14,690
Investment income	108	247	-	355
Total Revenues	<u>12,298</u>	<u>2,747</u>	<u>-</u>	<u>15,045</u>
<b>EXPENDITURES</b>				
Current				
Health and human services	14,788	-	-	14,788
Conservation and development	-	12,500	-	12,500
Total Expenditures	<u>14,788</u>	<u>12,500</u>	<u>-</u>	<u>27,288</u>
Excess (deficiency) of revenues over expenditures	<u>(2,490)</u>	<u>(9,753)</u>	<u>-</u>	<u>(12,243)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(4,000)	(4,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
<b>Net Change in Fund Balances</b>	(2,490)	(9,753)	(4,000)	(16,243)
FUND BALANCES - Beginning of Year	<u>105,689</u>	<u>188,571</u>	<u>4,000</u>	<u>298,260</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 103,199</u>	<u>\$ 178,818</u>	<u>\$ -</u>	<u>\$ 282,017</u>

## VILLAGE OF PEWAUKEE

### COMBINING STATEMENT OF NET ASSETS AGENCY FUNDS As of December 31, 2011

	Pewaukee Library Fund	Lake Patrol Fund	Tax Collection Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 189,490	\$ -	\$ 6,967,216	\$ 7,156,706
Taxes receivable	-	-	6,491,825	6,491,825
Prepaid items	3,805	-	-	3,805
Due from other governments	-	8,978	-	8,978
<b>TOTAL ASSETS</b>	<u>\$ 193,295</u>	<u>\$ 8,978</u>	<u>\$ 13,459,041</u>	<u>\$ 13,661,314</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 34,271	\$ 1,751	\$ -	\$ 36,022
Accrued liabilities	7,744	-	-	7,744
Due to other governments	151,280	7,227	13,459,041	13,617,548
<b>TOTAL LIABILITIES</b>	<u>\$ 193,295</u>	<u>\$ 8,978</u>	<u>\$ 13,459,041</u>	<u>\$ 13,661,314</u>