

VILLAGE OF PEWAUKEE

Pewaukee, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

VILLAGE OF PEWAUKEE

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Pewaukee
Pewaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village of Pewaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Village Board
Village of Pewaukee

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of Pewaukee adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

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

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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Vinchow Krause, LLP

Madison, Wisconsin
May 14, 2013

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

As of and for the Year Ended December 31, 2012

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, 2012. You are invited to read this narrative in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets of the Village of Pewaukee exceeded its liabilities by \$46,955,395 (net position). Of this amount, \$9,733,807 is considered unrestricted, \$3,364,054 is restricted for specific purposes (restricted net position), and \$33,857,534 is the net investment in capital assets.
- > The village's total net position increased by \$602,784. Governmental activities net position increased by \$214,410, while business-type net position increased by \$388,374.
- > On December 31, 2012, the village's governmental funds reported combined fund balances of \$4,988,418, a decrease of \$449,427 from 2011. Unassigned fund balance was \$2,764,896.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
As of and for the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets 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 position and how they have changed. Net Position – 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 position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the village you need to consider additional non-financial factors such as changes in the village's property tax base and the condition of the village's roads.

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

FUND FINANCIAL STATEMENTS

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

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

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

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The village maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2012

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

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

**Table 1
Condensed Statements of Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 10,734,833	\$ 10,991,882	\$ 11,054,171	\$ 11,540,317	\$ 21,789,004	\$ 22,532,199
Capital Assets	18,206,047	17,943,313	26,755,052	26,885,049	44,961,099	44,828,362
Total Assets	28,940,880	28,935,195	37,809,223	38,425,366	66,750,103	67,360,561
Long-term Liabilities	9,872,485	10,295,173	4,366,586	5,285,312	14,239,071	15,580,485
Other Liabilities	5,308,071	5,094,108	247,566	333,357	5,555,637	5,427,465
Total Liabilities	15,180,556	15,389,281	4,614,152	5,618,669	19,794,708	21,007,950
Net Investment in Capital Assets	11,357,301	11,239,182	22,594,072	21,828,055	33,857,534	32,972,184
Restricted	218,337	206,977	3,145,717	3,132,375	3,364,054	3,339,352
Unrestricted	2,184,686	2,099,755	7,455,282	7,846,267	9,733,807	10,041,075
Total Net Position	\$ 13,760,324	\$ 13,545,914	\$ 33,195,071	\$ 32,806,697	\$ 46,955,395	\$ 46,352,611

The largest portion of the village's net position (72%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the village's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (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, 2012

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

**Table 2
Condensed Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	\$ 1,513,588	\$ 1,472,684	\$ 3,359,442	\$ 3,214,203	\$ 4,873,030	\$ 4,686,887
Operating grants and contributions	402,085	451,645	-	-	402,085	451,645
Capital grants and contributions	28,433	1,306,944	107,559	585,042	135,992	1,891,986
General Revenues						
Property taxes	4,504,569	4,426,366	-	-	4,504,569	4,426,366
Other taxes	81,728	79,392	-	-	81,728	79,392
Intergovernmental	292,564	274,368	-	-	292,564	274,368
Investment income	7,748	8,215	11,124	10,109	18,872	18,324
Gain on sale of assets	57,141	13,656	-	-	57,141	13,656
Miscellaneous	18,078	20,108	10,091	-	28,169	20,108
Total Revenues	6,905,934	8,053,378	3,488,216	3,809,354	10,394,150	11,862,732
Expenses						
General government	829,213	826,075	-	-	829,213	826,075
Public safety	3,737,381	3,608,234	-	-	3,737,381	3,608,234
Health and human services	18,763	18,831	-	-	18,763	18,831
Public works	1,445,402	1,441,081	-	-	1,445,402	1,441,081
Culture, recreation and education	624,565	598,107	-	-	624,565	598,107
Conservation and development	11,489	22,086	-	-	11,489	22,086
Water	-	-	967,680	1,043,122	967,680	1,043,122
Sewer	-	-	1,598,447	1,635,638	1,598,447	1,635,638
Stormwater	-	-	120,132	150,737	120,132	150,737
Interest and fiscal charges	438,294	454,481	-	-	438,294	454,481
Total Expenses	7,105,107	6,968,895	2,686,259	2,829,497	9,791,366	9,798,392
Income (Loss) Before Transfers	(199,173)	1,084,483	801,957	979,857	602,784	2,064,340
Transfers	413,583	417,545	(413,583)	(417,545)	-	-
Changes in Net Position	214,410	1,502,028	388,374	562,312	602,784	2,064,340
Beginning Net Position	13,545,914	12,043,886	32,806,697	32,244,385	46,352,611	44,288,271
Ending Net Position	\$ 13,760,324	\$ 13,545,914	\$ 33,195,071	\$ 32,806,697	\$ 46,955,395	\$ 46,352,611

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2012

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

As previously noted, the Statement of Net Position shows the financial position as of year-end. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.

GOVERNMENTAL ACTIVITIES

Governmental activities increased the village's net position by \$214,410. This is the result of the net change in fund balances of the governmental funds, a decrease of \$449,427, plus the reconciling items as detailed on page 9 of the financial statements.

BUSINESS-TYPE ACTIVITIES

Net position of the business-type activities increased \$388,374, primarily due to somewhat higher revenues from user charges in addition to a slight decrease in operating expenses during the year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

GOVERNMENTAL FUNDS

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

At December 31, 2012, the village's governmental funds reported combined fund balances of \$4,988,418. Approximately 55% of this amount, \$2,764,896 constitutes unassigned fund balance, which is available to meet the village's current and future needs. An additional \$980,902 is assigned for specific projects or expenditures. Restricted fund balance makes up another \$1,134,026 of fund balance and the remaining \$108,594 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 \$107,223 during 2012. Unassigned fund balance increased by \$94,161. 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 2012, unassigned fund balance is \$2,764,896, and the 2013 general fund expenditure budget is \$6,200,262, resulting in an unassigned fund balance ratio of 45%. The prior year was 44%.

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2012

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

GOVERNMENTAL FUNDS (cont.)

General Debt Service Fund

The village's debt service fund accounts for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs. The majority of the fund balance, \$473,192 is restricted for future debt service. The remaining \$32,315 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 \$703,846, a decrease of \$586,543 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 \$305,427, of which \$103,154 is restricted for future projects and expenditures. The remaining \$202,273 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, 2012, the village's proprietary funds reported combined net position of \$33,195,071.

Water Utility

The water utility net position increased \$146,858 or 1%. Operating revenues increased \$44,688 or 3%. Operating expenses decreased \$14,026 or 2%. The increase in operating revenues was due to two primary factors. The first was drought conditions throughout the summer months lead to increased water sales over the estimated budget amounts. The second factor was an increase in the amount of cell tower rental revenue retained by the Water Utility.

The decrease in operating expenses is primarily due to decreased expenses in the maintenance of reservoirs and mains as well as a slight decrease in outside service expenses (consultants, engineering and part-time labor).

Sewer Utility

The sewer utility net position increased \$155,923 or 1%. Operating revenues increased \$97,223 or 6%. Operating expenses decreased \$23,404 or 2%. The increase in operating revenue was due to increased water sales which directly impact the sanitary sewer charges, except for those utility customers who have exempt meters for outside watering. Operating expenses decreased due to a Utility Operator position remaining vacant for almost half of the year which leads to decreased payroll and benefit expenses.

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED
As of and for the Year Ended December 31, 2012

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

PROPRIETARY FUNDS (cont.)

Stormwater Utility

The stormwater utility net position increased \$85,593 or 27%. Operating revenues increased \$3,328 or 2%. Operating expenses decreased \$30,265 or 21%.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments made during the year.

Total revenues were \$5,930,380, \$269,249 more than budget. There were many contributing factors to the additional revenues. The first was greater than anticipated receipts for the Water Utility payment in lieu of taxes of \$20,656. The second factor was greater than anticipated activity related to the issuance of building, HVAC, electrical, and plumbing permits (approximately \$143,000). The third factor was greater than anticipated collections for false fire alarms and ambulance revenues (approximately \$66,000). A fourth factor was the unanticipated request from WCTC for summer police services which brought in an additional \$31,000 for the services rendered. The final major factor was receipts from the sale of public property (Public Works equipment) which brought in approximately \$48,000.

Total expenses were \$6,236,740, \$164,189 more than budgeted. Election expenses were greater than budgeted due to many reasons. The first is the Governor's recall elections (primary and general) and a special State Senate election in December (\$11,381 over budget). Significant variances within the budget include the Fire Administration account which encompasses Fire and EMS calls to the Village which are paid for on a per call basis under a contract with the City of Pewaukee. The budget is calculated on an estimated number of calls and the budget estimate for this service was under expenditures by \$113,842. The other major variance for expenses was related to the Village's Building Inspection contract with the City of Pewaukee. The Village pays to the City 60% of the building permit revenue received and for 2012, permit activity was significantly greater (revenues exceeded budget by approximately \$143,000) which then translates into a greater expense on the contract with the City of Pewaukee of approximately \$82,000.

VILLAGE OF PEWAUKEE

MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED As of and for the Year Ended December 31, 2012

CAPITAL ASSETS

At the end of 2012, the village had invested a total of \$44,961,099 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	
	2012	2011	2012	2011	2012	2011
Land	\$ 6,529,438	\$ 6,529,438	\$ 10,992	\$ 10,992	\$ 6,540,430	\$ 6,540,430
Buildings	9,535,509	9,240,250	-	-	9,535,509	9,240,250
Machinery and equipment	2,234,674	2,426,215	-	-	2,234,674	2,426,215
Water plant	-	-	17,189,237	17,008,389	17,189,237	17,008,389
Sewer plant	-	-	21,464,373	21,421,158	21,464,373	21,421,158
Storm water	-	-	451,260	391,230	451,260	391,230
Construction in progress	-	-	143,902	-	143,902	-
Infrastructure	1,872,803	1,738,744	-	-	1,872,803	1,738,744
Dams	582,973	582,973	-	-	582,973	582,973
Total Capital Assets	20,755,397	20,517,620	39,259,764	38,831,769	60,015,161	59,349,389
Less: Accumulated Depreciation	(2,549,350)	(2,574,307)	(12,504,712)	(11,946,720)	(15,054,062)	(14,521,027)
Net Capital Assets	\$ 18,206,047	\$ 17,943,313	\$ 26,755,052	\$ 26,885,049	\$ 44,961,099	\$ 44,828,362

Significant projects for 2012 include:

- > Budget court reconstruction
- > Capital Drive resurfacing

See Note IV.D. for additional information.

LONG-TERM DEBT

At December 31, 2012, the village and utilities had \$14,220,296 of long-term bonds. Of this amount, \$3,450,296 represents water and sewer revenue debt, and \$10,770,000 are general obligation issues.

Total long-term bonds and loans outstanding at December 31, 2012 decreased by a net amount of \$1,343,934.

At the end of the year, the village was at 23% of its general obligation debt capacity. The prior year was 24%.

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, 2012

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2012 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.

REQUESTS FOR INFORMATION

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

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

VILLAGE OF PEWAUKEE

STATEMENT OF NET POSITION

As of December 31, 2012

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 4,717,460	\$ 3,450,314	\$ 8,167,774
Receivables			
Taxes	4,907,312	-	4,907,312
Accounts	289,656	705,164	994,820
Loans	10,547	-	10,547
Special assessments	2,521	-	2,521
Internal balances	167,656	(167,656)	-
Inventories and prepaid items	89,485	28,948	118,433
Investment in Brookfield Plant (net)	-	3,658,650	3,658,650
Investment in Pewaukee Public Library	469,899	-	469,899
Restricted assets			
Cash and investments	-	3,332,145	3,332,145
Other assets	80,297	46,606	126,903
Capital assets			
Land (including right of way)	6,529,438	10,992	6,540,430
Construction in progress	-	143,902	143,902
Other capital assets, net of accumulated depreciation	<u>11,676,609</u>	<u>26,600,158</u>	<u>38,276,767</u>
Total Assets	<u>28,940,880</u>	<u>37,809,223</u>	<u>66,750,103</u>
LIABILITIES			
Accounts payable	604,269	219,077	823,346
Unearned revenue	4,689,485	1,061	4,690,546
Deposits	14,317	-	14,317
Liabilities payable from restricted assets			
Current portion of revenue bonds	-	824,872	824,872
Accrued interest	-	27,428	27,428
Noncurrent liabilities			
Due within one year	477,485	130,000	607,485
Due in more than one year	<u>9,395,000</u>	<u>3,411,714</u>	<u>12,806,714</u>
Total Liabilities	<u>15,180,556</u>	<u>4,614,152</u>	<u>19,794,708</u>
NET POSITION			
Net investment in capital assets	11,357,301	22,594,072	33,857,534
Restricted for			
Debt service	115,183	1,007,362	1,122,545
Replacement	-	2,138,355	2,138,355
Cemetery	103,154	-	103,154
Unrestricted	<u>2,184,686</u>	<u>7,455,282</u>	<u>9,733,807</u>
TOTAL NET POSITION	<u>\$ 13,760,324</u>	<u>\$ 33,195,071</u>	<u>\$ 46,955,395</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 829,213	\$ 123,664	\$ 5,200	\$ -
Public safety	3,737,381	972,202	39,983	-
Public works	1,445,402	338,786	356,902	676
Health and human services	18,763	14,479	-	-
Culture, recreation and education	624,565	64,457	-	-
Conservation and development	11,489	-	-	-
Interest and fiscal charges	438,294	-	-	27,757
Total Governmental Activities	7,105,107	1,513,588	402,085	28,433
Business-type Activities				
Water	967,680	1,507,049	-	13,262
Sewer	1,598,447	1,648,698	-	92,267
Stormwater	120,132	203,695	-	2,030
Total Business-type Activities	2,686,259	3,359,442	-	107,559
Total	\$ 9,791,366	\$ 4,873,030	\$ 402,085	\$ 135,992

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on sale of assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (700,349)	\$ -	\$ (700,349)
(2,725,196)	-	(2,725,196)
(749,038)	-	(749,038)
(4,284)	-	(4,284)
(560,108)	-	(560,108)
(11,489)	-	(11,489)
<u>(410,537)</u>	<u>-</u>	<u>(410,537)</u>
<u>(5,161,001)</u>	<u>-</u>	<u>(5,161,001)</u>
-	552,631	552,631
-	142,518	142,518
-	<u>85,593</u>	<u>85,593</u>
-	<u>780,742</u>	<u>780,742</u>
<u>(5,161,001)</u>	<u>780,742</u>	<u>(4,380,259)</u>
3,668,580	-	3,668,580
835,989	-	835,989
81,728	-	81,728
292,564	-	292,564
7,748	11,124	18,872
57,141	-	57,141
<u>18,078</u>	<u>10,091</u>	<u>28,169</u>
<u>4,961,828</u>	<u>21,215</u>	<u>4,983,043</u>
<u>413,583</u>	<u>(413,583)</u>	<u>-</u>
<u>5,375,411</u>	<u>(392,368)</u>	<u>4,983,043</u>
214,410	388,374	602,784
<u>13,545,914</u>	<u>32,806,697</u>	<u>46,352,611</u>
<u>\$ 13,760,324</u>	<u>\$ 33,195,071</u>	<u>\$ 46,955,395</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2012

	General Fund	Capital Projects Fund	General Debt Service
ASSETS			
Cash and investments	\$ 3,210,859	\$ 727,497	\$ 473,192
Receivables			
Taxes	4,036,604	881	850,718
Delinquent personal property tax	19,109	-	-
Accounts	264,470	25,186	-
Special assessments	-	2,521	-
Loans	-	-	-
Due from other funds	167,656	-	-
Prepaid items	57,170	-	32,315
	<u>\$ 7,755,868</u>	<u>\$ 756,085</u>	<u>\$ 1,356,225</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 391,559	\$ 48,837	\$ -
Accrued liabilities	19,775	-	-
Deposits	14,317	-	-
Deferred revenues	3,856,579	3,402	850,718
Total Liabilities	<u>4,282,230</u>	<u>52,239</u>	<u>850,718</u>
Fund Balances			
Nonspendable for prepaid expenditures	57,170	-	32,315
Nonspendable for long-term receivables	19,109	-	-
Restricted	-	355,407	473,192
Committed	-	-	-
Assigned	632,463	348,439	-
Unassigned	2,764,896	-	-
Total Fund Balances	<u>3,473,638</u>	<u>703,846</u>	<u>505,507</u>
	<u>\$ 7,755,868</u>	<u>\$ 756,085</u>	<u>\$ 1,356,225</u>
TOTAL LIABILITIES AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 305,912	\$ 4,717,460
-	4,888,203
-	19,109
-	289,656
-	2,521
10,547	10,547
-	167,656
-	89,485
<u>\$ 316,459</u>	<u>\$ 10,184,637</u>

\$ 485	\$ 440,881
-	19,775
-	14,317
<u>10,547</u>	<u>4,721,246</u>
<u>11,032</u>	<u>5,196,219</u>

-	89,485
-	19,109
103,154	931,753
202,273	202,273
-	980,902
-	2,764,896
<u>305,427</u>	<u>4,988,418</u>
<u>\$ 316,459</u>	<u>\$ 10,184,637</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2012

Total Fund Balances - Governmental Funds	\$ 4,988,418
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	18,206,047
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.	31,761
The Village's investment in the library joint venture is not a financial resource and, therefore, is not reported in the fund statements.	469,899
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(9,935,801)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 13,760,324</u>

VILLAGE OF PEWAUKEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>General Debt Service</u>
REVENUES			
Taxes	\$ 3,750,308	\$ -	\$ 835,989
Intergovernmental	605,138	84,311	27,757
Licenses and permits	340,285	-	-
Fines, forfeitures and penalties	163,238	-	-
Public charges for services	982,226	-	-
Special assessments	-	5,659	-
Investment income	5,848	1,492	-
Miscellaneous	83,337	-	-
Total Revenues	<u>5,930,380</u>	<u>91,462</u>	<u>863,746</u>
EXPENDITURES			
Current			
General government	833,384	-	-
Public safety	3,632,818	-	-
Public works	1,166,433	-	-
Health and human services	4,118	-	-
Culture, recreation and education	493,946	-	-
Conservation and development	12,503	-	-
Capital Outlay	93,538	678,005	-
Debt Service			
Principal	-	-	420,000
Interest and fiscal charges	-	-	437,263
Total Expenditures	<u>6,236,740</u>	<u>678,005</u>	<u>857,263</u>
Excess (deficiency) of revenues over expenditures	<u>(306,360)</u>	<u>(586,543)</u>	<u>6,483</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>413,583</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	107,223	(586,543)	6,483
FUND BALANCES - Beginning of Year	<u>3,366,415</u>	<u>1,290,389</u>	<u>499,024</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,473,638</u>	<u>\$ 703,846</u>	<u>\$ 505,507</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 4,586,297
-	717,206
-	340,285
-	163,238
37,647	1,019,873
-	5,659
408	7,748
-	<u>83,337</u>
<u>38,055</u>	<u>6,923,643</u>

-	833,384
-	3,632,818
-	1,166,433
14,645	18,763
-	493,946
-	12,503
-	771,543
-	420,000
-	<u>437,263</u>
<u>14,645</u>	<u>7,786,653</u>

<u>23,410</u>	<u>(863,010)</u>
---------------	------------------

<u>-</u>	<u>413,583</u>
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23,410	(449,427)
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<u>282,017</u>	<u>5,437,845</u>
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<u>\$ 305,427</u>	<u>\$ 4,988,418</u>
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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, 2012

Net change in fund balances - total governmental funds	\$ (449,427)
--	--------------

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	771,543
Some items reported as capital outlay were not capitalized	(122,067)
Adjustment made to accumulated depreciation for changes in assets' useful lives	70,130
Depreciation is reported in the government-wide financial statements	(384,299)
Net book value of assets retired	(72,573)

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.	(14,112)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	420,000
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Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of issuance costs	(7,107)
--------------------------------	---------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	2,688
Accrued interest on debt	4,922

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

<u>(5,288)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

<u>\$ 214,410</u>

VILLAGE OF PEWAUKEE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 851,658	\$ 2,455,181	\$ 143,475	\$ 3,450,314
Accounts receivable	234,403	370,269	52,855	657,527
Other accounts receivable	-	47,637	-	47,637
Materials and supplies	20,015	-	-	20,015
Prepayments	5,337	3,266	330	8,933
Restricted Assets				
Redemption account	55,967	346,881	-	402,848
Total Current Assets	<u>1,167,380</u>	<u>3,223,234</u>	<u>196,660</u>	<u>4,587,274</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	159,000	-	-	159,000
Depreciation account	100,000	531,942	-	631,942
Equipment replacement	-	2,138,355	-	2,138,355
Capital Assets				
Plant in service	17,199,979	21,464,623	451,260	39,115,862
Construction work in progress	143,902	-	-	143,902
Less: Accumulated depreciation	(4,769,900)	(7,656,448)	(78,364)	(12,504,712)
Other Assets				
Unamortized debt issuance costs	42,837	-	3,769	46,606
Investment in Brookfield plant	-	6,192,698	-	6,192,698
Accumulated amortization	-	(2,534,048)	-	(2,534,048)
Total Noncurrent Assets	<u>12,875,818</u>	<u>20,137,122</u>	<u>376,665</u>	<u>33,389,605</u>
Total Assets	<u>14,043,198</u>	<u>23,360,356</u>	<u>573,325</u>	<u>37,976,879</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 18,904	\$ 187,175	\$ 14	\$ 206,093
Due to municipality	167,656	-	-	167,656
Accrued wages	6,753	3,358	1,149	11,260
Accrued interest	-	-	1,724	1,724
Unearned revenue	1,061	-	-	1,061
Current portion of general obligation debt	110,000	-	20,000	130,000
Current liabilities payable from restricted assets				
Current portion of revenue bonds	310,000	514,872	-	824,872
Accrued interest	15,926	11,502	-	27,428
Total Current Liabilities	<u>630,300</u>	<u>716,907</u>	<u>22,887</u>	<u>1,370,094</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	650,000	-	145,000	795,000
Revenue bonds	980,000	1,645,424	-	2,625,424
Unamortized loss on advance refunding	(32,548)	-	-	(32,548)
Unamortized premium	23,838	-	-	23,838
Total Noncurrent Liabilities	<u>1,621,290</u>	<u>1,645,424</u>	<u>145,000</u>	<u>3,411,714</u>
Total Liabilities	<u>2,251,590</u>	<u>2,362,331</u>	<u>167,887</u>	<u>4,781,808</u>
NET POSITION				
Net investment in capital assets	10,734,528	11,647,879	211,665	22,594,072
Restricted for				
Debt service	140,041	867,321	-	1,007,362
Replacement	-	2,138,355	-	2,138,355
Unrestricted net position	<u>917,039</u>	<u>6,344,470</u>	<u>193,773</u>	<u>7,455,282</u>
TOTAL NET POSITION	<u>\$ 11,791,608</u>	<u>\$ 20,998,025</u>	<u>\$ 405,438</u>	<u>\$ 33,195,071</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
OPERATING REVENUES				
Charges for services	\$ 1,268,382	\$ 1,633,124	\$ 203,695	\$ 3,105,201
Other operating revenue	<u>238,667</u>	<u>15,574</u>	<u>-</u>	<u>254,241</u>
Total Operating Revenues	<u>1,507,049</u>	<u>1,648,698</u>	<u>203,695</u>	<u>3,359,442</u>
OPERATING EXPENSES				
Operation and maintenance	556,397	964,539	83,600	1,604,536
Depreciation	319,186	338,953	30,524	688,663
Amortization	<u>-</u>	<u>230,368</u>	<u>-</u>	<u>230,368</u>
Total Operating Expenses	<u>875,583</u>	<u>1,533,860</u>	<u>114,124</u>	<u>2,523,567</u>
Operating Income	<u>631,466</u>	<u>114,838</u>	<u>89,571</u>	<u>835,875</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,417	8,707	-	11,124
Rebate from Build America Bonds	4,062	-	2,030	6,092
Interest expense	(64,987)	(64,587)	(5,197)	(134,771)
Amortization of debt issuance costs	(7,649)	-	(811)	(8,460)
Amortization of loss on advance refunding	(19,461)	-	-	(19,461)
Miscellaneous revenues	<u>-</u>	<u>10,091</u>	<u>-</u>	<u>10,091</u>
Total Nonoperating Revenues (Expenses)	<u>(85,618)</u>	<u>(45,789)</u>	<u>(3,978)</u>	<u>(135,385)</u>
Income Before Contributions and Transfers	<u>545,848</u>	<u>69,049</u>	<u>85,593</u>	<u>700,490</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	9,200	92,267	-	101,467
Transfers out	(137,534)	(5,393)	-	(142,927)
Transfers- tax equivalent	<u>(270,656)</u>	<u>-</u>	<u>-</u>	<u>(270,656)</u>
Total Contributions and Transfers	<u>(398,990)</u>	<u>86,874</u>	<u>-</u>	<u>(312,116)</u>
Change in Net Position	146,858	155,923	85,593	388,374
NET POSITION - Beginning of Year	<u>11,644,750</u>	<u>20,842,102</u>	<u>319,845</u>	<u>32,806,697</u>
NET POSITION - END OF YEAR	<u>\$ 11,791,608</u>	<u>\$ 20,998,025</u>	<u>\$ 405,438</u>	<u>\$ 33,195,071</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,522,057	\$ 1,674,434	\$ 204,561	\$ 3,401,052
Paid to suppliers for goods and services	(380,064)	(895,667)	(29,206)	(1,304,937)
Paid to employees for services	(166,410)	(149,870)	(55,904)	(372,184)
Net Cash Flows From Operating Activities	<u>975,583</u>	<u>628,897</u>	<u>119,451</u>	<u>1,723,931</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	2,417	8,707	-	11,124
Net Cash Flows From Investing Activities	<u>2,417</u>	<u>8,707</u>	<u>-</u>	<u>11,124</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(264,183)	-	-	(264,183)
Transfers to other funds	(137,534)	(5,393)	-	(142,927)
Net Cash Flows From Noncapital Financing Activities	<u>(401,717)</u>	<u>(5,393)</u>	<u>-</u>	<u>(407,110)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(405,000)	(498,934)	(20,000)	(923,934)
Interest paid	(74,665)	(67,243)	(5,267)	(147,175)
Build America Bonds interest rate subsidy received	4,062	-	2,030	6,092
Acquisition and construction of capital assets	(381,328)	(129,219)	(60,030)	(570,577)
Capital contributions received	9,200	92,267	-	101,467
Cost of removal of property retired	973	-	-	973
Net Cash Flows From Capital and Related Financing Activities	<u>(846,758)</u>	<u>(603,129)</u>	<u>(83,267)</u>	<u>(1,533,154)</u>
Net Change in Cash and Cash Equivalents	(270,475)	29,082	36,184	(205,209)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,437,100</u>	<u>5,443,277</u>	<u>107,291</u>	<u>6,987,668</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,166,625</u>	<u>\$ 5,472,359</u>	<u>\$ 143,475</u>	<u>\$ 6,782,459</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Nonmajor Enterprise Fund - Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 631,466	\$ 114,838	\$ 89,571	\$ 835,875
Nonoperating revenue	-	10,091	-	10,091
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	319,186	338,953	30,524	688,663
Depreciation charged to other funds	11,999	-	-	11,999
Other operating amortization expenses	-	230,368	-	230,368
Changes in assets and liabilities				
Customer accounts receivable	8,045	23,817	866	32,728
Other accounts receivable	(5,035)	(8,172)	-	(13,207)
Materials and supplies	172	-	-	172
Prepayments	(21)	2,042	(330)	1,691
Accounts payable	4,045	(85,372)	(1,289)	(82,616)
Other current liabilities	5,726	2,332	109	8,167
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 975,583</u>	<u>\$ 628,897</u>	<u>\$ 119,451</u>	<u>\$ 1,723,931</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 851,658	\$ 2,455,181	\$ 143,475	\$ 3,450,314
Restricted cash and investments - statement of net position				
Redemption account	55,967	346,881	-	402,848
Reserve account	159,000	-	-	159,000
Depreciation account	100,000	531,942	-	631,942
Equipment replacement	-	2,138,355	-	2,138,355
CASH AND CASH EQUIVALENTS	<u>\$ 1,166,625</u>	<u>\$ 5,472,359</u>	<u>\$ 143,475</u>	<u>\$ 6,782,459</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

STATEMENT OF ASSETS AND LIABILITIES FIDUCIARY FUNDS As of December 31, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 7,069,515
Taxes receivable	6,814,474
Prepaid items	<u>7,796</u>
TOTAL ASSETS	<u>\$ 13,891,785</u>
LIABILITIES	
Accounts payable	\$ 21,698
Other accrued liabilities	10,330
Due to other governments	<u>13,859,757</u>
TOTAL LIABILITIES	<u>\$ 13,891,785</u>

See accompanying notes to financial statements.

VILLAGE OF PEWAUKEE

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VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the Village 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 June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Revenues, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The village made the decision to implement this standard effective January 1, 2012.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Separate financial statements are provided for governmental funds 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, 2012

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

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

Fund Financial Statements (cont.)

The village reports the following major governmental funds:

- 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

- 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

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and 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.

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

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred 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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Fund Financial Statements (cont.)

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and stormwater funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

1. Deposits and Investments (cont.)

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

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

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

The village is exposed to custodial credit risk for its deposits as well as credit risk 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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

1. Deposits and Investments (cont.)

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

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, 2012, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

Property tax calendar - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale - 2012 delinquent real estate taxes	October 2015

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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

2. Receivables (cont.)

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

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.

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

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

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

Fund Financial Statements

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

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. Compensatory time earned is also accrued within this liability.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2012, 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.

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 position.

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

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. Refer to Note V. C. on commitments and contingencies.

10. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 11,357,301	\$ 22,594,072	\$ (93,839)	\$ 33,857,534
Unrestricted	2,184,686	7,455,282	93,839	9,733,807

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

10. Equity Classifications (cont.)

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.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the village. 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.

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

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

The village has a working capital policy to meet cash flow needs during the year and to preserve credit worthiness. The working capital amount is to equal 10% of the ensuing year's budgeted expenditures. This amount is \$620,027 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. As of December 31, 2012, the village reported 45% of the ensuing year's budgeted general fund expenditures in its unassigned fund balance.

See Note IV. H. for further information.

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.

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

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

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

Bonds and notes payable	\$	9,845,000
Compensated absences		27,485
Accrued interest		143,613
Unamortized issuance costs		<u>(80,297)</u>
 Combined Adjustment for Long-Term Liabilities	 \$	 <u>9,935,801</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

The budgeted amounts presented represent amounts 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

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General fund	\$ 6,072,551	\$ 6,236,740	\$ 164,189
Capital Projects Fund	550,000	678,005	128,005

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS (cont.)

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, 2012, 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.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 7,291,892	\$ 7,428,354	Custodial credit
LGIP	11,277,342	11,277,342	Credit
Petty cash	200	-	N/A
 Total Deposits and Investments	 \$ 18,569,434	 \$ 18,705,696	

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	\$ 8,167,774
Restricted cash and investments	3,332,145
Per statement of net position - fiduciary funds	
Agency	<u>7,069,515</u>
 Total Deposits and Investments	 <u>\$ 18,569,434</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the 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, 2012, the banks had pledged various government securities in the amount of \$9,967,899 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.

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.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

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

Local Government Investment Pool

B. RECEIVABLES

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

Governmental funds report *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	\$ -	\$ 4,689,485	\$ 4,689,485
Deferred loan receivable	10,547	-	10,547
Special assessments	8,329	-	8,329
Charges for services	12,885	-	12,885
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 31,761	 \$ 4,689,485	 \$ 4,721,246

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, 2012, 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:

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

C. RESTRICTED ASSETS (cont.)

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.

Following is a list of restricted assets at December 31, 2012:

Restricted Assets	
Redemption account	\$ 402,848
Reserve account	159,000
Replacement account	2,138,355
Depreciation account	<u>631,942</u>
Total Restricted Assets	<u>3,332,145</u>
Less: Restricted assets not funded by revenues	
Reserve from borrowing	<u>(159,000)</u>
Current Liabilities Payable From Restricted Assets	<u>(27,428)</u>
Total Restricted Net Position	<u><u>\$ 3,145,717</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and right of way	\$ 6,529,438	\$ -	\$ -	\$ 6,529,438
Total Capital Assets Not Being Depreciated	<u>6,529,438</u>	<u>-</u>	<u>-</u>	<u>6,529,438</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Buildings	9,240,250	295,259	-	9,535,509
Machinery and equipment	2,426,215	220,158	411,699	2,234,674
Infrastructure	1,738,744	134,059	-	1,872,803
Dams	582,973	-	-	582,973
Total Capital Assets Being Depreciated	13,988,182	649,476	411,699	14,225,959
Total Capital Assets	20,517,620	649,476	411,699	20,755,397
Less: Accumulated depreciation for				
Buildings	\$ (1,337,941)	\$ (182,674)	\$ 70,130	\$ (1,450,485)
Machinery and equipment	(1,202,526)	(147,662)	339,126	(1,011,062)
Infrastructure	(33,840)	(43,469)	-	(77,309)
Dams	-	(10,494)	-	(10,494)
Total Accumulated Depreciation	(2,574,307)	(384,299)	409,256	(2,549,350)
Net Capital Assets Being Depreciated	11,413,875	265,177	2,443	11,676,609
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 17,943,313	\$ 265,177	\$ 2,443	\$ 18,206,047

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 20,493
Public safety	86,992
Public works	157,757
Culture, recreation, and education	119,057
Total Governmental Activities Depreciation Expense	\$ 384,299

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 10,742	\$ -	\$ -	\$ 10,742
Construction work in progress	-	143,902	-	143,902
Total Capital Assets Not Being Depreciated	10,742	143,902	-	154,644

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water (cont.)</u>				
Capital assets being depreciated				
Source of supply	\$ 1,035,333	\$ -	\$ -	\$ 1,035,333
Pumping	2,508,419	11,297	1,448	2,518,268
Water treatment	191,852	3,816	-	195,668
Transmission and distribution	12,998,209	142,949	25,685	13,115,473
General	274,826	80,425	30,756	324,495
Total Capital Assets Being Depreciated	17,008,639	238,487	57,889	17,189,237
Total Capital Assets	17,019,381	382,389	57,889	17,343,881
Less: Accumulated depreciation for General	(4,495,631)	(332,158)	57,889	(4,769,900)
Net Capital Assets Being Depreciated	12,513,008	(93,671)	-	12,419,337
Net Water Capital Assets	\$ 12,523,750	\$ 50,231	\$ -	\$ 12,573,981
	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	18,508,319	16,263	7,920	18,516,662
Pumping	2,476,371	112,957	77,835	2,511,493
Treatment and disposal	214,034	-	-	214,034
General	222,184	-	-	222,184
Total Capital Assets Being Depreciated	21,420,908	129,220	85,755	21,464,373
Total Capital Assets	21,421,158	129,220	85,755	21,464,623
Less: Accumulated depreciation for General	(7,403,249)	(338,954)	85,755	(7,656,448)
Net Capital Assets Being Depreciated	14,017,659	(209,734)	-	13,807,925
Net Sewer Capital Assets	\$ 14,017,909	\$ (209,734)	\$ -	\$ 13,808,175

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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	\$ 194,043	\$ 33,460	\$ -	\$ 227,503
Equipment	<u>197,187</u>	<u>26,570</u>	<u>-</u>	<u>223,757</u>
Total Capital Assets Being Depreciated	<u>391,230</u>	<u>60,030</u>	<u>-</u>	<u>451,260</u>
Less: Accumulated depreciation for				
Mains	<u>(47,840)</u>	<u>(30,524)</u>	<u>-</u>	<u>(78,364)</u>
Net Capital Assets Being Depreciated	<u>343,390</u>	<u>29,506</u>	<u>-</u>	<u>372,896</u>
Net Stormwater Capital Assets	<u>\$ 343,390</u>	<u>\$ 29,506</u>	<u>\$ -</u>	<u>\$ 372,896</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,885,049</u>	<u>\$ (129,997)</u>	<u>\$ -</u>	<u>\$ 26,755,052</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 319,186
Sewer	338,953
Stormwater	<u>30,524</u>

Total Business-type Activities Depreciation Expense \$ 688,663

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	Water utility	<u>\$ 167,656</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES 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 position, 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:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Water utility	\$ 270,656	Payment in lieu of taxes
General	Water utility	130,420	Reimbursement for rental tower fees
General	Water utility	7,114	Reimbursement for labor
General	Sewer utility	<u>5,393</u>	Reimbursement for labor
Total		<u>\$ 413,583</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, 2012

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 10,265,000	\$ -	\$ 420,000	\$ 9,845,000	\$ 450,000
Add/(Subtract) Deferred Amounts For					
Vested compensated absences	30,173	27,485	30,173	27,485	27,485
Sub-totals	10,295,173	27,485	450,173	9,872,485	477,485
Total Governmental Activities Long-Term Liabilities	\$ 10,295,173	\$ 27,485	\$ 450,173	\$ 9,872,485	\$ 477,485
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,050,000	\$ -	\$ 125,000	\$ 925,000	\$ 130,000
Revenue bonds	4,249,230	-	798,934	3,450,296	824,872
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	38,091	-	14,253	23,838	-
Refundings - Gains/(Losses)	(52,009)	-	(19,461)	(32,548)	-
Sub-totals	5,285,312	-	918,726	4,366,586	954,872
Total Business-type Activities Long-Term Liabilities	\$ 5,285,312	\$ -	\$ 918,726	\$ 4,366,586	\$ 954,872

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, 2012, was \$46,246,720. Total general obligation debt outstanding at year end was \$10,770,000.

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, 2012

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, 2012
G.O. Refunding Bonds	8/15/2005	3/1/2025	2.90 - 4.35%	\$ 3,755,000	\$ 3,140,000
G.O. Taxable Refunding Bonds	12/15/2005	3/1/2023	5.06 - 5.50%	2,440,000	2,220,000
G. O. Refunding Bonds	5/1/2008	9/1/2028	320 - 4.00%	2,765,000	2,705,000
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>665,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 9,845,000</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
G.O. bonds	8/15/2007	3/01/2015	4.35%	\$ 960,000	\$ 530,000
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>245,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 925,000</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
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	620,000	335,635	145,000	14,782
2018-2022	3,725,000	1,224,724	125,000	44,500
2023-2027	2,825,000	417,241	120,000	26,967
2028-2030	<u>630,000</u>	<u>38,018</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 9,845,000</u>	<u>\$ 3,583,101</u>	<u>\$ 925,000</u>	<u>\$ 200,575</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 have pledged future revenues, net of specified operating expenses, to repay \$3,450,296 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 61% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,656,332. Principal and interest paid for the current year and total customer net revenues were \$914,958 and \$1,493,309, respectively.

Revenue debt payable at December 31, 2012, 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, 2012</u>
<u>Water Utility</u>					
Revenue refunding bonds	8/09/2011	11/1/2016	2.00%	\$ 1,590,000	<u>\$ 1,290,000</u>
Total Water Utility					<u>1,290,000</u>
<u>Sewer Utility</u>					
Revenue bonds	5/8/1996	5/1/2016	3.156%	\$ 1,879,610	\$ 494,359
Revenue refunding bonds	10/9/1996	5/1/2016	3.26%	5,815,672	<u>1,665,937</u>
Total Sewer Utility					<u>2,160,296</u>
Total Business-type Activities Revenue Debt					<u><u>\$ 3,450,296</u></u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2013	\$ 824,873	\$ 86,588
2014	851,320	63,677
2015	873,294	40,033
2016	900,809	15,738
Totals	\$ 3,450,296	\$ 206,036

Other Debt Information

A statutory mortgage lien upon the village's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The village's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

G. LEASE DISCLOSURES

Lessor - Operating Leases

The village has entered into two lease agreements with the Pewaukee Public Library. One is a land lease with a cost of \$230,000 and the other is a building lease with a cost of \$4,083,547 and accumulated depreciation of \$548,789 at December 31, 2012. Both lease agreements expire on August 31, 2024. The library does not pay rent on either lease.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2012, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 6,529,438
Other capital assets, net of accumulated depreciation	11,676,609
Less: Long-term debt outstanding	(9,845,000)
Plus: Unspent capital related debt proceeds	602,118
Plus: Noncapital debt proceeds	2,313,839
Plus: Unamortized debt issuance costs	80,297
Total Net Investment in Capital Assets	<u>11,357,301</u>
Restricted	
Debt service	115,183
Cemetery	103,154
Total Restricted	<u>218,337</u>
Unrestricted	<u>2,184,686</u>
Total Governmental Activities Net Position	<u>\$ 13,760,324</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2012, include the following:

Nonspendable	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 19,109
Prepaid items	<u>57,170</u>
Total	<u>\$ 76,279</u>
Debt Service Funds	
Prepays	<u>\$ 32,315</u>

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Restricted

Major Funds

Debt Service Fund	
Debt service	\$ 473,192
Sub-Total	<u>473,192</u>
Capital Projects Fund	
Village capital projects	<u>355,407</u>
Total	<u>\$ 828,599</u>

Nonmajor Funds

Special Revenue Fund	
Cemetery	\$ <u>103,154</u>
Downtown loan fund	\$ <u>202,273</u>

Assigned

Major Funds

General Fund	
DARE funds	\$ 1,701
Motorcycle donations	235
Joint pistol range	5,229
Police forfeitures	4,933
Park and open spaces	417,486
Tax equivalent	167,656
Fund balance applied to 2013	<u>35,223</u>
Total	<u>\$ 632,463</u>

Capital projects	\$ <u>348,439</u>
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Unassigned

Major Funds

General fund	\$ <u>2,764,896</u>
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VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 10,992
Construction in progress	143,902
Other capital assets, net of accumulated depreciation	26,600,158
Less: Long-term debt outstanding	(4,375,296)
Plus: Unspent capital related debt proceeds	159,000
Plus: Unamortized loss on advance refunding	32,548
Plus: Unamortized debt issuance costs	46,606
Less: Unamortized premium on debt	(23,838)
Total Net Investment in Capital Assets	<u>22,594,072</u>
Restricted	
Debt service	1,007,362
Replacement	<u>2,138,355</u>
Total Restricted	<u>3,145,717</u>
Unrestricted	<u>7,455,282</u>
Total Business-type Activities Net Position	<u>\$ 33,195,071</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

Prior to June 29, 2011, covered employees in the General category were 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. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to the fund the remaining projected cost of future benefits.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for village employees covered by the WRS for the year ended December 31, 2012 was \$2,805,593; the employer's total payroll was \$2,887,209. The total required contribution for the year ended December 31, 2012 was \$396,400 or 14.1% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$391,182 and \$371,214, 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 and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The 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, 2012 there was no pension related debt for the village.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

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.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village made a payment totaling \$232,523 to the district for 2012. The village believes that the district will continue to provide services in the future at similar rates.

Financial information of the library as of December 31, 2012 is available directly from the library's office.

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

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Park and Recreation Service

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

The advisory board consists of three city citizens and one common council alderman as well as two village citizens and one village board trustee. The advisory board controls the financial affairs of the district. The board prepares budgets which are then approved by the village and city governing bodies. The village believes the joint venture will continue to provide services in the future at similar rates. The village share for 2012 was \$261,423.

Financial information of the district as of December 31, 2012 is available directly from the park and recreation service office.

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

Lake Patrol Service

The Village of Pewaukee, the City of Pewaukee, and the Town of Delafield jointly provide winter and summer lake patrol services on Pewaukee Lake. This agreement began December 20, 2010.

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

Expenses associated with the administration and implementation of the services are allocated on the following basis: 43% to the City of Pewaukee, 43% to the Town of Delafield and 14% to the Village of Pewaukee. The village did not make any payments during 2012.

Financial information for the lake patrol as of December 31, 2012 is available directly from the village's office.

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

E. SUBSEQUENT EVENTS

On April 16, 2013, the Village Board approved the sale of \$2,850,000 of general obligation refunding bonds, Series 2013A; \$1,970,000 general obligation corporate purpose bonds, Series 2013B; \$1,975,000 taxable general obligation refunding bonds Series 2013C; and \$1,320,000 general obligation promissory notes, Series 2013D. Final sale will be at the May 21, 2013 board meeting.

VILLAGE OF PEWAUKEE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE V - OTHER INFORMATION (cont.)

F. 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. 65, Items Previously Reported as Assets and Liabilities; Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62; Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25; Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, Statement No. 69, *Government Combinations and Disputes of Government Operations*, and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Application of these standards may restate portions of these financial statements.

G. INVESTMENT IN BROOKFIELD WASTEWATER TREATMENT FACILITY

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

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

The costs reflected in the Village of Pewaukee's sewer utility financial statements reflect the pro-rata share of costs for treatment plant capacity and do not constitute an ownership right in the facility. These costs will be amortized over the life of the facility. The Village of Pewaukee sewer utility's investment balance as of December 31, 2012 was \$6,192,698 with accumulated amortization of \$2,534,048.

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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
TAXES			
General property taxes	\$ 3,668,074	\$ 3,668,580	\$ 506
Payments in lieu of taxes	80,000	81,728	1,728
Total Taxes	<u>3,748,074</u>	<u>3,750,308</u>	<u>2,234</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues	196,548	196,747	199
State aid - general transportation aids	322,842	322,842	-
State aid - fire insurance tax	28,000	31,603	3,603
State aid - DARE	4,000	-	(4,000)
Other state and county grants	49,500	53,946	4,446
Total Intergovernmental Revenues	<u>600,890</u>	<u>605,138</u>	<u>4,248</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	13,000	14,882	1,882
Operators' license	4,500	6,315	1,815
Cigarette and soda licenses	1,100	1,075	(25)
Bicycle licenses	5,000	6,768	1,768
Dog licenses	4,000	3,037	(963)
Cable television franchise fees	78,000	87,655	9,655
Building permits	35,000	124,945	89,945
HVAC permits	7,500	16,818	9,318
Electrical permits	12,000	36,368	24,368
Plumbing permits	10,000	29,577	19,577
Occupancy permits	500	850	350
Mobile home parking licenses	3,263	3,457	194
Zoning permits	1,000	2,800	1,800
Other permits	6,000	5,738	(262)
Total Licenses and Permits	<u>180,863</u>	<u>340,285</u>	<u>159,422</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	165,000	134,693	(30,307)
Parking tickets	41,000	28,028	(12,972)
Miscellaneous asset forfeitures	-	487	487
Other law and ordinance violations	-	30	30
Total Fines, Forfeitures and Penalties	<u>206,000</u>	<u>163,238</u>	<u>(42,762)</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC CHARGES FOR SERVICES			
Ambulance	\$ 211,000	\$ 224,648	\$ 13,648
Garbage and refuse collection	339,224	336,680	(2,544)
Special assessment letters	1,000	1,496	496
Weed control	700	610	(90)
Fire and rescue calls	15,000	68,712	53,712
Fire department tank inspections	68,474	72,132	3,658
Law enforcement fees	172,716	205,659	32,943
Fiscal agent fees	20,100	-	(20,100)
Recreation fees	60,390	61,354	964
Park users fees	4,000	3,103	(897)
Miscellaneous	4,000	7,832	3,832
Joint pistol range	1,000	-	(1,000)
Total Public Charges for Services	<u>897,604</u>	<u>982,226</u>	<u>84,622</u>
INVESTMENT INCOME			
Interest on temporary investments	<u>6,000</u>	<u>5,848</u>	<u>(152)</u>
MISCELLANEOUS REVENUES			
Miscellaneous	2,000	12,210	10,210
Rent	6,100	5,200	(900)
Insurance recoveries	-	6,283	6,283
Sale of police equipment	13,500	10,908	(2,592)
Sale of other equipment	-	48,676	48,676
Sale of materials and supplies	100	60	(40)
Total Miscellaneous Revenues	<u>21,700</u>	<u>83,337</u>	<u>61,637</u>
Total Revenues	<u>5,661,131</u>	<u>5,930,380</u>	<u>269,249</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Village board	23,717	23,990	(273)
Municipal court	50,881	53,808	(2,927)
Legal	72,750	59,853	12,897
General administration	128,232	127,084	1,148
Clerk's office	204,633	215,994	(11,361)
Elections	20,775	32,156	(11,381)
Data processing	13,000	12,055	945
Assessment of property	43,800	43,542	258
Special accounting and auditing	35,200	30,243	4,957
Village hall	41,000	49,900	(8,900)
Property and liability insurance	193,214	148,019	45,195
Miscellaneous general government	21,000	36,740	(15,740)
Total General Government	<u>848,202</u>	<u>833,384</u>	<u>14,818</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC SAFETY			
Police	\$ 2,209,520	\$ 2,212,772	\$ (3,252)
Water patrol	2,500	-	2,500
Fire service	1,038,688	1,152,530	(113,842)
Public fire protection	55,122	57,627	(2,505)
Fire inspection	63,784	71,332	(7,548)
Building inspection	<u>56,650</u>	<u>138,557</u>	<u>(81,907)</u>
Total Public Safety	<u>3,426,264</u>	<u>3,632,818</u>	<u>(206,554)</u>
HEALTH AND SOCIAL SERVICES			
Animal control	<u>4,300</u>	<u>4,118</u>	<u>182</u>
PUBLIC WORKS			
Public works administration	76,138	76,115	23
Public works wages and benefits	503,180	504,082	(902)
General engineering	8,000	904	7,096
Machinery and equipment	63,500	67,841	(4,341)
Garage and shed	40,060	27,340	12,720
Street maintenance	29,700	14,187	15,513
Snow and ice control	47,844	46,105	1,739
Street lighting	87,000	89,267	(2,267)
Sidewalk	5,000	4,303	697
Curb and gutter	3,000	2,083	917
Other sanitation	500	-	500
Tree and brush removal	1,000	-	1,000
Garbage and refuse collection	214,225	212,073	2,152
Recycling	<u>114,175</u>	<u>122,133</u>	<u>(7,958)</u>
Total Public Works	<u>1,193,322</u>	<u>1,166,433</u>	<u>26,889</u>
LEISURE ACTIVITIES			
Library	232,523	232,523	-
Parks and recreation	<u>271,290</u>	<u>261,423</u>	<u>9,867</u>
Total Leisure Activities	<u>503,813</u>	<u>493,946</u>	<u>9,867</u>
CONSERVATION AND DEVELOPMENT			
Weed control	900	1,014	(114)
Planning commission	7,700	11,067	(3,367)
Planning/engineering consulting	<u>-</u>	<u>422</u>	<u>(422)</u>
Total Conservation and Development	<u>8,600</u>	<u>12,503</u>	<u>(3,903)</u>
CAPITAL OUTLAY			
Police	60,000	64,364	(4,364)
Parks	28,050	27,243	807
Highway	<u>-</u>	<u>1,931</u>	<u>(1,931)</u>
Total Capital Outlay	<u>88,050</u>	<u>93,538</u>	<u>(5,488)</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, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Total Expenditures	\$ 6,072,551	\$ 6,236,740	\$ (164,189)
Excess (deficiency) of revenues over (under) expenditures	<u>(411,420)</u>	<u>(306,360)</u>	<u>105,060</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>380,420</u>	<u>413,583</u>	<u>33,163</u>
Net Change in Fund Balance	(31,000)	107,223	138,223
FUND BALANCE - Beginning of Year	<u>3,366,415</u>	<u>3,366,415</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,335,415</u>	<u>\$ 3,473,638</u>	<u>\$ 138,223</u>

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

VILLAGE OF PEWAUKEE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2012

BUDGETARY INFORMATION

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

Excess expenditures over appropriations are as follows:

<u>General Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Village board	\$ 23,717	\$ 23,990	\$ 273
Municipal court	50,881	53,808	2,927
Clerk's office	204,633	215,994	11,361
Elections	20,775	32,156	11,381
Village hall	41,000	49,900	8,900
Miscellaneous general government	21,000	36,740	15,740
Police	2,209,520	2,212,772	3,252
Public fire protection	55,122	57,627	2,505
Fire service	1,038,688	1,152,530	113,842
Fire inspection	63,784	71,332	7,548
Building inspection	56,650	138,557	81,907
Public works wages and benefits	503,180	504,082	902
Machinery and equipment	63,500	67,841	4,341
Street lighting	87,000	89,267	2,267
Recycling	114,175	122,133	7,958
Weed control	900	1,014	114
Planning commission	7,700	11,067	3,367
Planning/engineering consulting	-	422	422
Police outlay	60,000	64,364	4,364
Highway outlay	-	1,931	1,931

SUPPLEMENTARY INFORMATION

VILLAGE OF PEWAUKEE

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2012

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	
ASSETS			
Cash and investments	\$ 103,639	\$ 202,273	\$ 305,912
Receivables			
Loans	-	10,547	10,547
TOTAL ASSETS	\$ 103,639	\$ 212,820	\$ 316,459
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 485	\$ -	\$ 485
Deferred revenues	-	10,547	10,547
Total Liabilities	485	10,547	11,032
Fund Balances			
Restricted	103,154	-	103,154
Committed	-	202,273	202,273
Total Fund Balances	103,154	202,273	305,427
TOTAL LIABILITIES AND FUND BALANCES	\$ 103,639	\$ 212,820	\$ 316,459

VILLAGE OF PEWAUKEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	
REVENUES			
Charges for services	\$ 14,479	\$ 23,168	\$ 37,647
Investment income	121	287	408
Total Revenues	14,600	23,455	38,055
EXPENDITURES			
Current			
Health and human services	14,645	-	14,645
Excess (deficiency) of revenues over expenditures	(45)	23,455	23,410
Net Change in Fund Balances	(45)	23,455	23,410
FUND BALANCES - Beginning of Year	103,199	178,818	282,017
FUND BALANCES - END OF YEAR	\$ 103,154	\$ 202,273	\$ 305,427

VILLAGE OF PEWAUKEE

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2012

	<u>Pewaukee Library Fund</u>	<u>Tax Collection Fund</u>	<u>Lake Patrol Fund</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 203,254	\$ 6,866,261	\$ -	\$ 7,069,515
Taxes receivable	-	6,814,474	-	6,814,474
Prepaid items	7,796	-	-	7,796
Due from other governments	-	-	11,293	11,293
TOTAL ASSETS	<u>\$ 211,050</u>	<u>13,680,735</u>	<u>11,293</u>	<u>13,903,078</u>
LIABILITIES				
Accounts payable	\$ 15,184	\$ -	\$ 6,514	\$ 21,698
Accrued liabilities	10,330	-	4,779	15,109
Due to other governments	185,536	13,680,735	-	13,866,271
TOTAL LIABILITIES	<u>\$ 211,050</u>	<u>\$ 13,680,735</u>	<u>\$ 11,293</u>	<u>\$ 13,903,078</u>