

CITY OF PEWAUKEE

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

CITY OF PEWAUKEE
TABLE OF CONTENTS
December 31, 2015

<u>BASIC FINANCIAL STATEMENTS</u>	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Proprietary Funds:	
Statement of Net Position	21
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
Agency Fund:	
Statement of Fiduciary Net Position	24
Notes to the Financial Statements	25
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
General Fund and Storm Water Management Fund:	
Budgetary comparison statement	52
Wisconsin Retirement System:	
Schedule of the City's proportionate share of the net pension asset	53
Schedule of pension contributions – Last three fiscal years	53
Notes to required supplementary information	54

CITY OF PEWAUKEE
TABLE OF CONTENTS - Continued
December 31, 2015

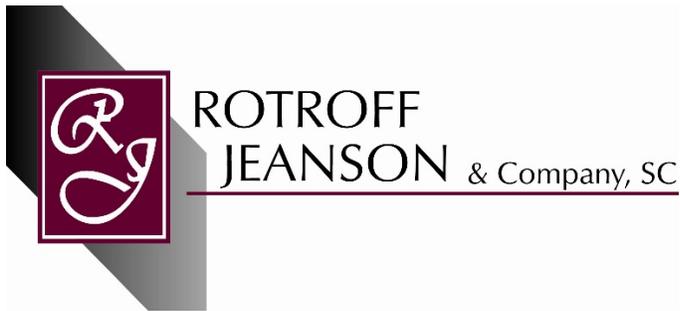
<u>SUPPORTING SCHEDULES</u>	<u>Page</u>
Major Governmental Funds	
General Fund:	
Statement of Revenues Compared to Budget	55
Statement of Expenditures Compared to Budget	58
Storm Water Management Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget	60
Debt Service Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget	61
Non-Major Governmental Funds	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
Special Revenue Funds:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget	66
Capital Projects Funds:	
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget	68
Permanent Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balances – Cemetery Perpetual Care	69
Major Enterprise Funds	
Comparative Statements of Position - Water and Sewer Utility	70
Combining Statements of Revenues, Expenses and Changes in Net Position - Water and Sewer Utility	72

CITY OF PEWAUKEE

TABLE OF CONTENTS - Continued

December 31, 2015

<u>SUPPORTING SCHEDULES - CONTINUED</u>	<u>Page</u>
Major Enterprise Funds - continued	
Comparative Statements of Operating Income and Expenses - Water Utility	73
Comparative Statements of Operating Income and Expenses - Sewer Utility	74
Comparative Statements of Cash Flows - Water and Sewer Utility	75
Analysis of Utility Plant in Service – Water and Sewer Utility	76



Independent Auditors' Report

Common Council
City of Pewaukee
Waukesha County, Wisconsin

Dear Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pewaukee, Wisconsin as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City'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 entity'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 entity'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.

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 City of Pewaukee, Wisconsin as of December 31, 2015, 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 described in Note 5 F., the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* effective January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 14 and the budgetary comparison information and the schedules of the City's proportionate share of net pension asset and employer pension contributions – Wisconsin Retirement System on pages 52 - 54 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.

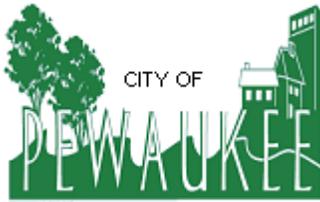
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pewaukee, Wisconsin's basic financial statements. The combining and individual fund financial statements, business-type activities statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, business-type activities statements, and statistical section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and individual fund financial statements, business-type activities statements, and statistical section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Delafield, Wisconsin
May 31, 2016



The City in the Country

Office of the Mayor

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

This discussion and analysis presents the highlights of financial activities and financial position for the City of Pewaukee (City) for the year ended December 31, 2015. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budgetary comparisons, and specific issues related to funds and the economic factors affecting the City. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements, which follow this section.

Financial Highlights

The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$134,004,869 (net position). Of this amount, \$105,975,425 relates to the net investment in capital assets. \$7,676,840 is restricted for debt service, capital projects, pension benefits and other various purposes. \$20,352,604 is considered unrestricted and available to meet the government's ongoing obligations to citizens and creditors.

During 2015 the City's net position increased by \$5,112,638 or 4%. The City's governmental activities increased \$4,141,204 while the business-type activities increased by \$971,434.

At December 31, 2015, the City's governmental funds reported combined ending fund balances of \$14,105,654, a decrease of \$634,411 from the previous year. The General Fund comprised \$4,904,244, or 35% of the combined fund balances. The Capital Equipment Fund comprised \$3,649,494, or 26% of the combined fund balances. The Storm Water Management Fund comprised \$2,959,519 or 21% of the combined fund balances, of which \$470,908 remains from the prior year borrowings and is, therefore, considered restricted. The Road Construction Fund comprised \$1,245,139, or 9% of the combined fund balances. Additional restricted funds from various special revenue funds totaled \$789,507. The Sport Complex Capital Project Fund ended 2015 with a deficit fund balance of \$103,189. The Common Council plans on borrowing funds in 2016 to cover the cost of the Sports Complex Project and eliminate this deficit.

The Common Council adopted resolutions and ordinances committing \$6,096,111 for future capital projects of which \$2,488,611 is for future storm water management, \$1,469,500 for public safety capital equipment and an additional vehicle bay at fire station #2, \$800,905 for public works capital equipment and a new salt shed, \$1,092,450 for City Hall Improvements, \$167,595 for park and recreation equipment replacement and \$77,050 for other capital needs within the City.

The General Fund balance increased by \$139,284 in 2015 to \$4,904,244. Unassigned general fund balance was \$4,522,795 or approximately 34% of current year general fund revenues.

Components of the assigned fund balance include \$1,245,139 for road construction, \$577,031 for future debt service expenditures, \$209,589 for future capital purchases, \$16,790 for green space improvements, and \$17,502 for community policing events.

During 2015, the City's fixed assets, net of accumulated depreciation, increased \$2,952,363 from \$118,532,026 to \$121,484,389.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

The City's long-term obligations, including \$421,399 of vested employee benefits, totaled \$16,471,744 at December 31, 2015. At December 31, 2014 total long-term obligations had been \$18,906,088.

As described in Note 5 F., the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* effective January 1, 2015. The cumulative effect of implementing these two Statements is reflected as an increase in net position as of January 1, 2015 of \$1,788,327; \$1,629,142 for the governmental funds and \$159,185 for the business-type funds.

Overview of the Financial Statements

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

Management's Discussion and Analysis

This section of the report is intended to serve as an introduction to the City's basic financial statements providing an overview of financial highlights and economic factors affecting the City.

Financial Report Overview

The City's basic financial statements are comprised of government-wide financial statements, fund financial statements and notes to these financial statements. They include required supplementary information related to budgetary comparisons for the general fund and major special revenue funds and the City's net pension asset and pension contributions. They also contain other supplementary information including combining and individual fund financial statements and statistical schedules.

Government-Wide Financial Statements

The government-wide financial statements, found on pages 15 - 16, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a picture of the assets the City owns, the liabilities it owes and the net difference as of December 31, 2015. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities focuses on gross and net costs of City activities. This statement summarizes and simplifies the user's analysis to determine the extent to which activities are self-supporting and/or subsidized by general revenues, including local tax revenues. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, net of amounts estimated to be uncollectible, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods (e.g., uncollected billings and earned but unused employee benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and judicial, health and sanitation, public works, culture and recreation, and economic development. Business-type activities include operations of the City's water and sewer utility.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds and can be found in the statements on pages 17 - 24.

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.

Although the City of Pewaukee maintains the following thirteen governmental funds, only the general, storm water management and debt service funds are considered to be "major" funds.

- General
- Special Revenue:
 - Storm water management
 - Park dedication
 - Impact fee
 - Tourism and convention
 - Green space facilities
 - Public safety grants
 - Expendable cemetery
- Debt Service
- Capital Projects:
 - Road construction
 - Sports complex
 - Capital equipment
- Permanent:
 - Non-expendable cemetery – Perpetual care

Fund financial statements focus separately on major 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 City's three major funds – general, storm water management and debt service. The other special revenue funds, capital project funds and the permanent fund are considered "non-major" and are combined into a column titled "Other Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Proprietary funds

The financial statements for the City's proprietary funds follow the governmental funds and include statements of net position, revenues, expenses and changes in fund net position, and cash flows for the City's water and sewer utilities.

Proprietary funds provide the same type of information as the "business-type" activities in the government-wide statements, only in more detail. They include operations for the City's water and sewer utility.

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 City of Pewaukee's own programs.

The fiduciary fund maintained by the City is used to account for assets held by the City as an agent for individuals, private organizations, or other governments but is primarily related to current year taxes levied and collected on behalf of other taxing jurisdictions. These "agency" funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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. The notes to the financial statements can be found on pages 25 - 51 of this report.

Required Supplementary Information

In accordance with GASB 34, budgetary comparison statements are required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The budgetary comparison statement for 2015 includes the general fund and the storm water management fund.

In accordance with GASB 68 and 71, the schedule of the City's proportionate share of the net pension asset within the Wisconsin Retirement System for the year ended December 31, 2015 and the schedule of employer pension contributions for the last three fiscal years are included as required supplementary information.

Notes to required supplementary information describe the City's budgetary process, amendments to the originally approved budget and additional information related to the City's pension plan.

Required supplementary information can be found on pages 52 -54 of this report.

Supporting Schedules

Readers desiring additional supplementary information can find it in the supporting schedules found on pages 55 - 76, immediately following the notes to required supplementary information. These schedules include information and data about the City's non-major funds as well as providing additional detail about the City's major funds including:

- Combining statements including balance sheets and statements of revenues, expenditures and changes in fund balances
- Budgetary information
- Capital Assets

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Pewaukee, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$134,004,869 and \$128,892,231 at the close of the most recent fiscal years.

Statement of Net Position at December 31, 2014 (restated) and 2015
(in thousands)

	Governmental		Business-Type		Total		Total Change	
	Activities		Activities				Dollars	%
	2014	2015	2014	2015	2014	2015	2014 - 2015	
Current and other assets	\$ 29,374	29,184	14,389	14,334	43,763	43,518	(245)	(.6)%
Capital assets	41,815	45,063	76,717	76,421	118,532	121,484	2,952	2.5%
Total assets	71,189	74,247	91,106	90,755	162,295	165,002	2,707	1.7%
Deferred outflows of resources	337	849	33	83	370	932	562	151.9%
Current and other liabilities	3,730	4,322	2,116	1,894	5,846	6,216	370	6.3%
Long-term liabilities	9,518	8,111	8,280	7,228	17,798	15,339	(2,459)	(13.8)%
Total liabilities	13,248	12,433	10,396	9,122	23,644	21,555	(2,089)	(8.8)%
Deferred inflows of resources	10,129	10,372	-	2	10,129	10,374	245	2.4%
Net position:								
Net investment in capital assets	31,998	36,530	68,710	69,445	100,708	105,975	5,267	5.2%
Restricted	4,091	2,981	5,210	4,696	9,301	7,677	(1,624)	(17.5)%
Unrestricted	12,060	12,780	6,823	7,573	18,883	20,353	1,470	7.8%
Total net position	\$ 48,149	52,291	80,743	81,714	128,892	134,005	5,113	4.0%

Capital assets include infrastructure assets of the governmental activities and reflect the cost of the City's streets and roads, storm sewers, bridges, and water and sewer utility improvements. The largest portion of the City's net position (79.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding.

The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in 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.

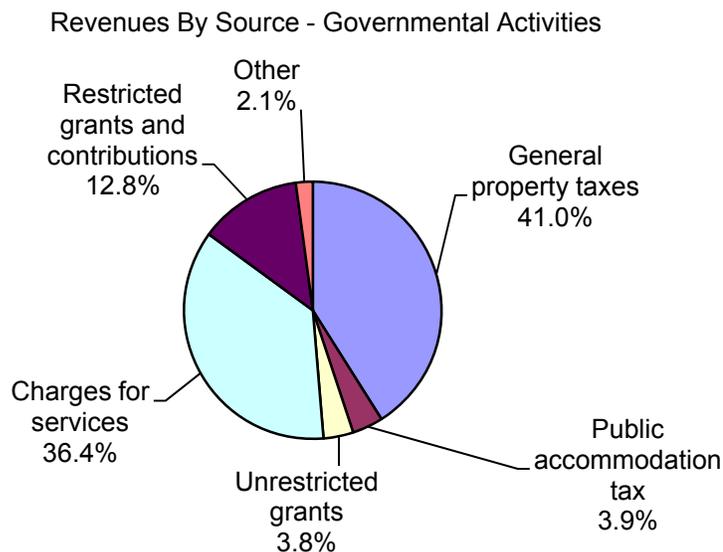
A portion of the year-end net position is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. These include development charges and other collections limited to the repayment of debt and amounts payable for future pension benefits. Of the amounts shown as "Restricted net assets", \$4,107,232 has been restricted for future debt service payments.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Statement of Activities

Governmental Activities

The City's net position from governmental activities increased \$4,141,204 in 2015. The increase in net position is primarily attributable to increases in program revenues and infrastructure assets contributed to the City by developers. As shown by the following graph, taxes (general property and public accommodation) totaling \$8,991,174 made up 44.9% of the total governmental revenues during the current fiscal year.



Program charges for services, which directly offset related program expenses, totaled \$7,258,622 and \$7,144,712 respectively, for the years ended December 31, 2015 and 2014 and included the following:

	2014	2015
Public safety and judicial	\$ 3,693,816	4,016,921
Health and sanitation	925,572	751,204
Public works	1,870,741	1,781,644
Culture and recreation	565,616	606,547
Miscellaneous	88,967	102,306

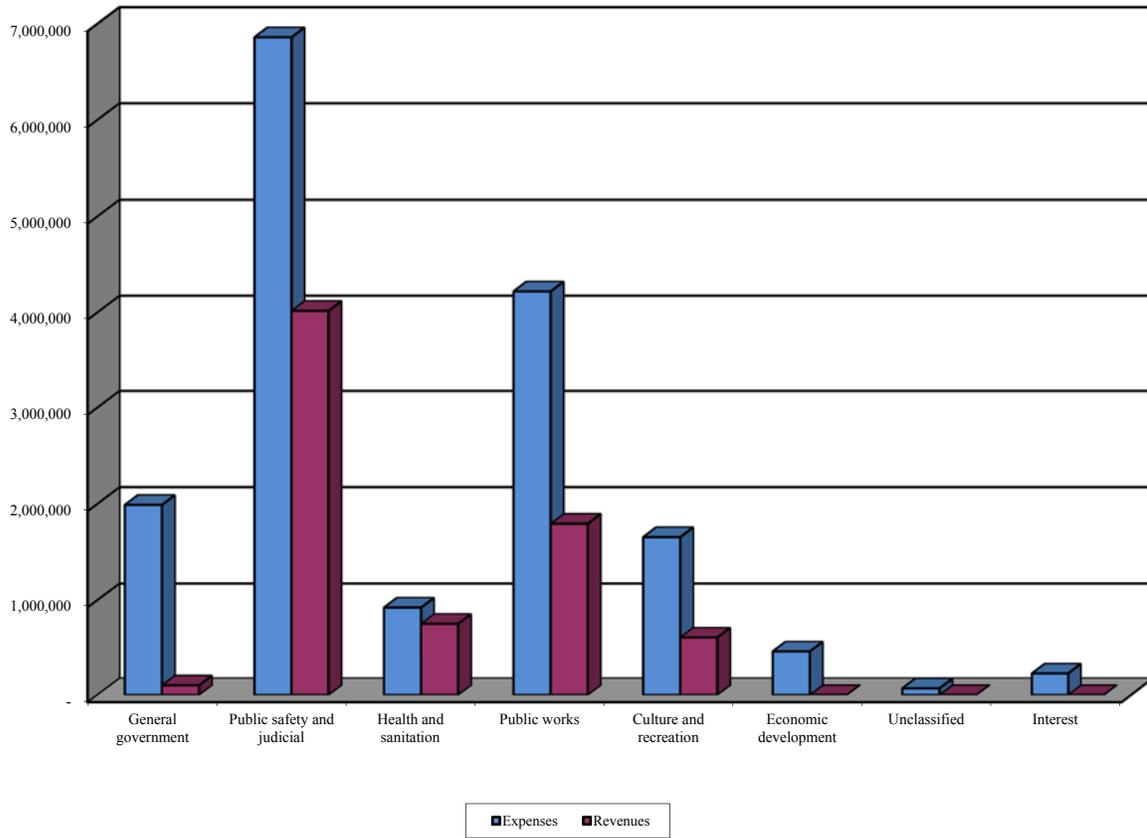
Restricted program grants and contributions include special assessments for road improvements charged to the benefitting property owners, developer financed improvements subsequently contributed to the City, aids received from the State of Wisconsin for public safety and highway and transportation, and from Waukesha County for recycling. The majority of unrestricted grants were shared revenues received from the State of Wisconsin.

For governmental activity expenses, 41.8% relate to public safety and judicial operations, which includes police protection, fire, paramedic and rescue protection, building inspection and municipal court operations. An additional 25.7% was spent for public works, i.e. maintenance of City streets, roads and storm water management. The City spent \$1,654,964, or 10.1%, towards its culture and recreation programs in 2015. 81.5% of health and sanitation program expenses were directly offset by related revenues. Depreciation of the City governmental activity fixed assets of \$2,508,562 was allocated to the various governmental activities during 2015 based upon actual usage of the various capital assets, compared to \$2,371,053 in 2014. 69.7% of the current year depreciation was related to the City's public works operations, the majority of which related to roads, bridges and storm sewer infrastructure.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

The following graph provides an illustration of the breakdown of the City's governmental activities, the related expenses, and the directly related revenues offsetting these expenses.

**Program Expenses and Revenues -
Governmental Activities**



Business-type Activities

Business-type activities for the City are comprised of its water and sewer utilities. The utilities increased the City of Pewaukee's net position by \$971,434 as displayed in Exhibit B. This was primarily the result of grants and contributions of \$1,641,380 less the transfer to the general fund of \$557,354 for the 2015 property tax equivalent. The table below is a summary of the water and sewer utility operations.

**Summary of Water and Sewer operations
(in thousands)**

	Water Operations		Sewer Operations		Total		Total Change	
	2014	2015	2014	2015	2014	2015	Dollars	%
Revenues	\$ 1,967	2,050	3,064	3,132	5,031	5,182	151	3.0%
Expenses	2,148	2,226	2,808	3,008	4,956	5,234	278	5.6%
Operating income (loss)	\$ (181)	(176)	256	124	75	(52)	(127)	(169.3)%

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

The following is a summary of the Statement of Activity for the current fiscal year.

Statement of Activities for the Years Ended December 31, 2014 (restated) and 2015
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total Change</u>	
	2014	2015	2014	2015	2014	2015	Dollars	%
REVENUES								
Program revenues:								
Charges for services	\$ 7,145	7,271	5,031	5,182	12,176	12,453	277	2.3%
Grants and contributions:								
Operating	628	671	-	-	628	671	43	6.8%
Capital	1,744	1,894	3,166	1,641	4,910	3,535	(1,375)	(28.0)%
General revenues:								
General property taxes	7,962	8,205	-	-	7,962	8,205	243	3.1%
Public accommodation taxes	719	774	-	-	719	774	55	7.6%
Unrestricted grants	752	751	-	-	752	751	(1)	(.1)%
Interest earnings	60	137	89	135	149	272	123	82.6%
Other	358	286	(257)	(22)	101	264	163	161.4%
Total revenues	19,368	19,989	8,029	6,936	27,397	26,925	(472)	(1.7)%
EXPENSES								
General government	1,771	1,990	-	-	1,771	1,990	219	12.4%
Public safety and judicial	6,380	6,861	-	-	6,380	6,861	481	7.5%
Health and sanitation	1,098	922	-	-	1,098	922	(176)	(16.0)%
Public works	3,409	4,220	-	-	3,409	4,220	811	23.8%
Culture and recreation	1,603	1,655	-	-	1,603	1,655	52	3.2%
Economic development	500	460	-	-	500	460	(40)	(8.0)%
Unclassified	71	70	-	-	71	70	(1)	(1.4)%
Interest and fiscal charges	260	227	-	-	260	227	(33)	(12.7)%
Water utility operations	-	-	2,264	2,332	2,264	2,332	68	3.0%
Sewer utility operations	-	-	2,896	3,076	2,896	3,076	180	6.2%
Total expenses	15,092	16,405	5,160	5,408	20,252	21,813	1,561	7.7%
Change in net position before transfers	4,276	3,584	2,869	1,528	7,145	5,112	(2,033)	
Transfers	504	557	(504)	(557)	-	-	-	
Change in net position	4,780	4,141	2,365	971	7,145	5,112	(2,033)	
Net position, restated:								
Beginning of year	43,369	48,149	78,378	80,743	121,747	128,892	7,145	
End of year	\$48,149	52,290	80,743	81,714	128,892	134,004	5,112	

Financial Analysis of the City's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,105,654. Approximately 31.3% of this total amount, or \$4,419,606, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The assigned fund balance, \$2,066,051 indicates that the City has set these balances aside for specific future purposes. These include \$1,245,139 for road construction projects, \$577,031 for debt service payments, \$209,589 for capital outlay acquisitions and \$17,502 is for community policing. The green space facilities fund also has an assigned fund balance of \$16,790.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Committed fund balances of \$6,096,111 represent amounts which can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances adopted prior to the end of the current fiscal year of the Common Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Common Council removes the specified use by taking the same type of action imposing the commitment. The following funds have fund balances which have been committed:

General fund	\$ 167,595
Storm water management	2,488,611
Capital equipment	3,439,905

The restricted fund balance of \$1,260,415 is constrained by creditors, contributors and laws or regulations of other governments, or imposed by law through constitutional provisions and enabling legislation. The following funds have fund balances which are restricted:

Storm water management – Unexpended debt proceeds	\$ 470,908
Impact fees	330,456
Tourism and convention	398,824
Cemetery – Expendable	60,227

Although the Common Council originally budgeted to use \$1,004,800 of its general fund surplus in 2015, the fund balance actually increased by \$139,284. General fund revenues exceeded the originally approved 2015 budget by \$858,654 and general fund expenditures were \$600,754 less than budgeted. These were partially offset by net transfers between the general fund and other funds which exceeded originally budgeted amounts by \$247,548.

Regulation and compliance revenue exceeded original budgeted amounts by \$191,421. This was primarily due to permits, budgeted at \$630,000, totaling \$873,885. Charges for services exceeded original budgeted amounts by \$493,621. This was the result of intergovernmental fire and ambulance service contract revenues, intergovernmental building service contracts and ambulance run revenues exceeding budgeted amounts by \$361,456, 39,581 and \$38,606, respectively.

The majority of departmental expenditures were less than originally budgeted. Overall the general fund expenditures totaled \$12,282,727, \$600,752 or 4.9% less than budgeted. This was primarily the result of the following being under budget: Public safety - \$179,773, Public works - \$198,247 and general government - \$138,926.

The City also spent \$1,663,965 and \$1,047,413 on storm water management and road construction projects, respectively, during 2015.

The individual fund balance increases (decreases) are as follows:

General	\$ 139,284
Storm water management	(189,177)
Debt service fund	50,351
Park dedication	(158,700)
Impact fee	(136,244)
Tourism and convention	(16,182)
Expendable cemetery	8,134
Road construction	(816,554)
Sports complex	(579,975)
Capital equipment	1,062,910
Cemetery – perpetual care	1,742
	\$ <u>(634,411)</u>

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2015 the City had invested \$121,484,389 in capital assets, net of accumulated depreciation. During 2015 the City's gross capital assets increased \$7,336,305, as \$5,769,388 were completed and funded by the City in the form of roads, storm sewers, equipment and additions to the water and sewer utility's system. In addition, developer donated assets of \$1,566,917 were contributed to the City in the form of roads, storm sewers, and water and sewer utility's system.

Capital Assets at December 31, 2015
(in thousands)

	Governmental Activities	Business-type Activities	Total Government
Land	\$ 3,936	530	4,466
Buildings	11,473	9,624	21,097
Furniture and equipment	8,487	1,097	9,584
Infrastructure and improvements other than buildings	47,809	97,501	145,310
Construction in progress	2,065	242	2,307
Total capital assets	73,770	108,994	182,764
Less: Accumulated depreciation	28,708	32,572	61,280
Total net assets	<u>\$ 45,062</u>	<u>76,422</u>	<u>121,484</u>

The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end.

Change in Capital Assets, Net of Accumulated Depreciation
(in thousands)

	Governmental Activities	Business-type Activities	Total Government
Beginning balance	\$ 41,815	76,717	118,532
Additions	5,831	2,136	7,967
Disposals, net	(75)	(36)	(111)
Depreciation	(2,509)	(2,395)	(4,904)
Ending balance	<u>\$ 45,062</u>	<u>76,422</u>	<u>121,484</u>

Depreciation for governmental assets for the current fiscal year was allocated and included in the direct expenses for the following activities:

General government	\$ 232,190
Public safety	410,862
Health and sanitation	1,118
Public works, including infrastructure	1,748,560
Culture and recreation	<u>115,832</u>
	<u>\$ 2,508,562</u>

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Debt Outstanding

The City has \$16,471,744 in outstanding debt at December 31, 2015, including long-term employee benefits of \$421,399. \$2,376,456 of the debt comes due within one year.

**Outstanding Debt at Fiscal Year End
(in thousands)**

Governmental:	
General obligation notes	\$3,990
General obligation bonds	5,084
Compensated absences	<u>421</u>
	<u>9,495</u>
Business-type:	
Sewerage system revenue bonds	587
General obligation bonds	6,021
Intermunicipal loans	<u>369</u>
	<u>6,977</u>
	<u>\$ 16,472</u>

2015 debt repayments, including long-term employee benefits were:

Governmental activities	\$ 1,384,100
Proprietary activities	<u>992,356</u>
	<u>\$ 2,376,456</u>

Other Economic Factors

The City of Pewaukee has consistently established a very good financial position as it relates to the fiscal ability to provide needed and desired public services to City residents and taxpayers at a relatively low expenditure of tax dollars. As reported by the Wisconsin Taxpayers Alliance the City's 2014/2015 municipal tax rate ranked the second lowest in comparison to all 190 cities within the State of Wisconsin and the City's total tax rate (includes schools, state & county) ranked second lowest among Waukesha County Cities and Villages.

In 2013, the City developed a Strategic Plan that covers the five-year period from 2014 through 2018. The Common Council and staff utilized this activity to establish future goals. In 2013, Moody's Investors Service reviewed and assigned a rating of Aa1 to the City of Pewaukee. As of December 31, 2015, the City's general obligation debt burden is 11.1% of our \$140.4 million dollar capacity to borrow. The City continues to commit funds for the purchase of capital equipment, i.e.: fire engines, plow trucks and ambulances, in future years in order to more equally distribute the cost. The Common Council continues to plan forward in the coming years with improvements to streets, storm water management improvements, and various water and sewer projects. As outlined in the Long-Term Financial Plan, the City anticipates borrowing to maintain the infrastructure.

For the past five years, the City of Pewaukee has continued to stand apart from other communities in the area related to the increase in the number of single-family homes started in the community. In 2015, the City issued 112 new home permits.

The City of Pewaukee continues to evaluate the staffing levels and the needs of the community related to the services that are provided.

CITY OF PEWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

The City of Pewaukee has established agreements with surrounding agencies to maximize a high level of service which the community has come to expect, while being cost conscious. This is demonstrated by the following agreements:

- The City has contracted for police services from the Waukesha County Sheriff's Department since 2010.
- The Village of Pewaukee currently contracts with the City for Fire/EMS services and Building Inspection services.
- The Pewaukee Public Library is a joint City/Village library, in 2015 with the City of Pewaukee was responsible for 75% of the shared expenses.
- The City and Village have had a Joint Park/Recreation Department since 1997 with the City of Pewaukee responsible for 67% of the expenses and revenues.

The City of Pewaukee elected officials and staff continue to work cooperatively to maintain a solid financial position, prepare for the continued development of the community, and provide a desired level of service to the citizens.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City at W240N3065 Pewaukee Road, Pewaukee, WI 53072.

CITY OF PEWAUKEE
STATEMENT OF NET POSITION
December 31, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 9,588,044	2,556,292	12,144,336
Investments	11,178,088	264,359	11,442,447
Property taxes receivable	4,989,295	-	4,989,295
Other receivables (net)	1,308,410	1,459,192	2,767,602
Internal balances	(41,248)	41,248	-
Inventories and prepaid expenses	179,519	7,662	187,181
Restricted assets:			
Cash and cash equivalents:			
Debt retirement	-	4,107,232	4,107,232
Capital projects	695,465	427,921	1,123,386
Fixed assets:			
Land and construction in progress	6,001,819	771,880	6,773,699
Capital assets, net of accumulated depreciation	39,060,901	75,649,789	114,710,690
Special assessments	464,062	4,849,129	5,313,191
Restricted - Net pension asset	822,702	80,387	903,089
Unamortized charges	-	540,574	540,574
Total assets	<u>74,247,057</u>	<u>90,755,665</u>	<u>165,002,722</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>848,461</u>	<u>82,734</u>	<u>931,195</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,021,444	901,899	2,923,343
Unearned revenue	916,039	-	916,039
Current portion of long-term obligations	1,384,100	992,356	2,376,456
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	8,111,129	5,984,159	14,095,288
Assessments due developers	-	1,193,083	1,193,083
Construction contracts payable	-	50,740	50,740
Total liabilities	<u>12,432,712</u>	<u>9,122,237</u>	<u>21,554,949</u>
Deferred Inflows of Resources:			
Subsequent year's tax levy	8,382,880	-	8,382,880
Special assessments	437,059	-	437,059
Storm water fees	1,534,029	-	1,534,029
Pensions	18,339	1,792	20,131
Total deferred inflows or resources	<u>10,372,307</u>	<u>1,792</u>	<u>10,374,099</u>
Net Position:			
Net investment in capital assets	36,530,271	69,445,154	105,975,425
Restricted	2,980,358	4,696,482	7,676,840
Unrestricted	12,779,870	7,572,734	20,352,604
Total net position	<u>\$ 52,290,499</u>	<u>81,714,370</u>	<u>134,004,869</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
Direct expenses:							
General government	\$ 1,989,720	102,306	-	-	(1,887,414)	-	(1,887,414)
Public safety and judicial	6,860,797	4,016,921	117,616	-	(2,726,260)	-	(2,726,260)
Health and sanitation	922,094	751,204	80,165	-	(90,725)	-	(90,725)
Public works	4,220,117	1,781,644	473,071	1,894,318	(71,084)	-	(71,084)
Culture and recreation	1,654,964	606,547	-	-	(1,048,417)	-	(1,048,417)
Economic development	459,852	-	-	-	(459,852)	-	(459,852)
Unclassified	70,252	-	-	-	(70,252)	-	(70,252)
Indirect expenses:							
Interest and other related charges	227,253	-	-	-	(227,253)	-	(227,253)
Total governmental activities	<u>16,405,049</u>	<u>7,258,622</u>	<u>670,852</u>	<u>1,894,318</u>	<u>(6,581,257)</u>	<u>-</u>	<u>(6,581,257)</u>
Business-type activities:							
Water utility	2,331,683	2,050,241	-	557,249	-	275,807	275,807
Sewer utility	3,075,648	3,131,843	-	1,084,131	-	1,140,326	1,140,326
Total business-type activities	<u>5,407,331</u>	<u>5,182,084</u>	<u>-</u>	<u>1,641,380</u>	<u>-</u>	<u>1,416,133</u>	<u>1,416,133</u>
Total primary government	<u>\$ 21,812,380</u>	<u>12,440,706</u>	<u>670,852</u>	<u>3,535,698</u>	<u>(6,581,257)</u>	<u>1,416,133</u>	<u>(5,165,124)</u>
General revenues and transfers:							
Property taxes					\$ 8,217,406	-	8,217,406
Public accommodation taxes					773,768	-	773,768
Grants not restricted to specific programs					751,267	-	751,267
Cable television franchise fees					135,864	-	135,864
Interest and investment earnings					136,484	135,203	271,687
Miscellaneous					150,318	-	150,318
Loss on the disposal of fixed assets					-	(22,548)	(22,548)
Transfers					557,354	(557,354)	-
Total general revenues and transfers					<u>10,722,461</u>	<u>(444,699)</u>	<u>10,277,762</u>
Change in Net Position					4,141,204	971,434	5,112,638
Net Position - Beginning of Year, restated					48,149,295	80,742,936	128,892,231
Net Position - End of Year					<u>\$ 52,290,499</u>	<u>81,714,370</u>	<u>134,004,869</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
BALANCE SHEET
Governmental Funds
December 31, 2015

	General	Storm Water Management	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,731,214	3,811,221	1,221,196	4,866,479	11,630,110
Investments	7,180,683			1,955,339	9,136,022
Receivables:					
Current taxes	3,496,544	320,950	644,160	510,808	4,972,462
Delinquent personal property taxes	16,833	-	-	-	16,833
Accounts	206,122	-	-	32,819	238,941
Special assessments	-	-	464,062	-	464,062
Intergovernmental	581,699	-	-	-	581,699
Inventory of supplies	151,454	-	-	-	151,454
Prepaid expenditures	28,065	-	-	-	28,065
Restricted assets:					
Cash and cash equivalents - capital projects	-	695,465	-	-	695,465
Total assets	\$ 13,392,614	4,827,636	2,329,418	7,365,445	27,915,113
Liabilities, Deferred Inflows of Resources and Fund Balance:					
Liabilities:					
Accounts payable	\$ 651,991	65,893	-	71,121	789,005
Construction contracts payable	-	268,195	-	585,567	853,762
Accrued payroll	129,410	-	-	-	129,410
Other accrued liabilities	186,144	-	-	-	186,144
Due to other funds	41,248	-	-	-	41,248
Unearned revenue	897,420	-	-	18,619	916,039
Total liabilities	1,906,213	334,088	-	675,307	2,915,608
Deferred Inflows of Resources:					
Subsequent year's tax levy	6,157,602	-	1,200,000	1,025,278	8,382,880
Special assessments	424,555	-	552,387	-	976,942
Storm water fees	-	1,534,029	-	-	1,534,029
Total deferred inflows of resources	6,582,157	1,534,029	1,752,387	1,025,278	10,893,851
Fund Balance:					
Nonspendable	196,352	-	-	67,119	263,471
Restricted	-	470,908	-	789,507	1,260,415
Committed	167,595	2,488,611	-	3,439,905	6,096,111
Assigned	17,502	-	577,031	1,471,518	2,066,051
Unassigned	4,522,795	-	-	(103,189)	4,419,606
Total fund balance	4,904,244	2,959,519	577,031	5,664,860	14,105,654
Total liabilities, deferred inflows of resources and fund balance	\$ 13,392,614	4,827,636	2,329,418	7,365,445	27,915,113

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
Governmental Funds
December 31, 2015

Total fund balances - governmental funds	\$	14,105,654
Amounts reported for governmental activities in the Statement of Net position are different because:		
Certain accounts receivable are not available soon enough after year-end to pay for the current year's expenditures, and therefore are not reported in the governmental funds		487,770
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 73,770,611	
Less: Accumulated depreciation	<u>(28,707,891)</u>	45,062,720
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.		822,702
Other long-term assets are not available to pay for current year expenditures and therefore are deferred in the funds.		539,883
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the governmental funds.		830,122
Accrued employee benefits are not due and payable in the current period and therefore are not reported in the governmental funds.		(421,399)
Interest and other payables used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		(63,123)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.		<u>(9,073,830)</u>
Total net position - governmental activities	\$	<u><u>52,290,499</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended December 31, 2015

	General	Storm Water Management	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 5,994,534	-	1,420,680	1,896,640	9,311,854
Intergovernmental	1,407,805	-	9,314	27,588	1,444,707
Regulation and compliance	1,830,556	-	-	-	1,830,556
Charges for services	3,407,396	1,601,638	-	213,594	5,222,628
Recreation	257,216	-	-	-	257,216
Interest	83,930	10,430	18,286	23,838	136,484
Miscellaneous	135,568	67,964	-	-	203,532
Total revenues	<u>13,117,005</u>	<u>1,680,032</u>	<u>1,448,280</u>	<u>2,161,660</u>	<u>18,406,977</u>
Expenditures:					
Current:					
General government	1,748,241	-	-	-	1,748,241
Public safety and judicial	6,460,789	-	-	5,000	6,465,789
Health and sanitation	907,176	-	-	13,800	920,976
Public works	1,285,233	1,663,965	-	-	2,949,198
Culture and recreation	1,782,922	-	-	-	1,782,922
Economic development	-	-	-	459,852	459,852
Unclassified	98,366	-	-	-	98,366
Capital outlay	-	-	-	3,557,433	3,557,433
Debt service:					
Principal	-	-	1,380,365	-	1,380,365
Interest	-	-	235,600	-	235,600
Total expenditures	<u>12,282,727</u>	<u>1,663,965</u>	<u>1,615,965</u>	<u>4,036,085</u>	<u>19,598,742</u>
Excess (deficiency) of revenues over expenditures	<u>834,278</u>	<u>16,067</u>	<u>(167,685)</u>	<u>(1,874,425)</u>	<u>(1,191,765)</u>
Other financing sources (uses):					
Transfers in	557,354	12,792	218,036	1,839,599	2,627,781
Transfers out	<u>(1,252,348)</u>	<u>(218,036)</u>	<u>-</u>	<u>(600,043)</u>	<u>(2,070,427)</u>
Total other financing sources (uses)	<u>(694,994)</u>	<u>(205,244)</u>	<u>218,036</u>	<u>1,239,556</u>	<u>557,354</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	139,284	(189,177)	50,351	(634,869)	(634,411)
Fund balance:					
January 1	4,764,960	3,148,696	526,680	6,299,729	14,740,065
December 31	<u>\$ 4,904,244</u>	<u>2,959,519</u>	<u>577,031</u>	<u>5,664,860</u>	<u>14,105,654</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Governmental Funds
Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$ (634,411)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues recorded in the statement of activities include items which were earned in prior years, but do not provide financial resources for the current year in the governmental funds.	81,545
Long-term special assessment which are not available to pay for current year expenditures are deferred until collected in the governmental funds. In the Statement of Activities these are reported when earned.	10,613
Capital outlays are reported in governmental funds as expenditures. In the Statement of Activities, however, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital purchases exceed depreciation expense.	1,782,224
Contributed capital assets are not included as revenues in the governmental funds. In the Statement of Activities, however, they are reported at their estimated fair value at the time of acquisition.	1,540,437
In governmental funds proceeds from the sale of assets are financial resources and are recognized as revenue. In the Statement of Activities, only the amount by which the sales proceeds exceed the remaining book value of the sold asset is recognized as revenue.	(74,738)
Governmental funds report pension contributions as expenditures. In the Statement of Activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.	23,682
Accrued sick leave benefits not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, however, these costs are current year expenses.	23,140
Interest on long-term debt is recognized as an expenditure in the funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues.	8,347
Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>1,380,365</u>
Change in net position of governmental activities	<u>\$ 4,141,204</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF NET POSITION
Proprietary Funds
December 31, 2015

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,556,292
Investments	264,359
Other receivables	1,459,192
Due from general fund	41,248
Inventory of supplies	7,662
Restricted assets - cash and cash equivalents:	
Debt retirement	4,107,232
Capital projects	427,921
Non-current assets:	
Fixed assets:	
Non-depreciable:	
Land	530,387
Construction in progress	241,493
Depreciable:	
Capital assets, net of accumulated depreciation	75,649,789
Special assessments	4,849,129
Net pension asset	80,387
Unamortized charges	540,574
Total assets	<u>90,755,665</u>
Deferred outflows of resources:	
Deferred outflows related to pensions	<u>82,734</u>
Liabilities:	
Current liabilities:	
Accounts payable	671,314
Construction contracts payable	128,019
Customer advances on construction	56,274
Accrued interest on long-term debt	46,292
Current portion of long-term obligations	992,356
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	5,984,159
Assessments due developers	1,193,083
Long-term contracts payable	50,740
Total liabilities	<u>9,122,237</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	<u>1,792</u>
Net Position:	
Net investment in capital assets	69,445,154
Restricted for:	
Expendable - Debt service and capital projects	4,696,482
Unrestricted	7,572,734
Total net position	<u>\$ 81,714,370</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Proprietary Funds
Year Ended December 31, 2015

Operating revenues	\$ <u>5,182,084</u>
Operating expenses:	
Operation and maintenance	2,734,532
Depreciation	2,394,638
Amortization	103,269
Taxes	<u>1,790</u>
Total operating expenses	<u>5,234,229</u>
Operating loss	<u>(52,145)</u>
Non-operating revenues (expenses):	
Interest income	135,203
Interest expense and fiscal fees	(173,102)
Loss on the disposal of fixed assets	<u>(22,548)</u>
Total non-operating revenues (expenses)	<u>(60,447)</u>
Loss before contributions and transfers	(112,592)
Grants and contributions	1,641,380
Transfers out	<u>(557,354)</u>
Change in net position	971,434
Total net position:	
January 1, restated	<u>80,742,936</u>
December 31	\$ <u><u>81,714,370</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE
STATEMENT OF CASH FLOWS
Proprietary Funds
Year Ended December 31, 2015

Cash flows from operating activities:	
Receipts from customers	\$ 5,080,480
Payments for interfund services - net	(721,284)
Payments to suppliers	(2,129,645)
Payments to employees	<u>(623,573)</u>
Net cash provided by operating activities	<u>1,605,978</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,630,347)
Proceeds from disposal of fixed assets	13,937
Reserve capacity assessments received	914,029
Long-term debt retirements	(1,030,839)
Collection of special assessments, net	665,211
Interest and fiscal charges paid on long-term debt	<u>(178,654)</u>
Net cash used by capital and related financing activities	<u>(2,246,663)</u>
Cash flows from investing activities:	
Interest received on cash and investments	123,885
Securities matured	262,253
Securities purchased	<u>(264,359)</u>
Net cash provided by investing activities	<u>121,779</u>
Net decrease in cash and cash equivalents	(518,906)
Cash and cash equivalents, January 1	<u>7,610,351</u>
Cash and cash equivalents, December 31	<u>\$ 7,091,445</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Unrestricted	\$ 2,556,292
Restricted - Debt retirement and capital projects	<u>4,535,153</u>
	<u>\$ 7,091,445</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (52,145)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	2,497,907
Changes in assets and liabilities:	
Accounts receivable, net	(101,604)
Inventory of supplies	743
Accounts payable and accrued expenses	<u>(738,923)</u>
Net cash provided by operating activities	<u>\$ 1,605,978</u>
Schedule of non-cash activities:	
Plant assets contributed by developers	<u>\$ 26,480</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE
STATEMENT OF FIDUCIARY NET POSITION
Agency Fund
December 31, 2015

Assets:	
Cash and cash equivalents	\$ 18,702,822
Taxes receivable	<u>17,630,114</u>
Total assets	<u>\$ 36,332,936</u>
Liabilities:	
Due to other taxing units:	
School districts	\$ 29,091,270
Waukesha County	5,733,166
State of Wisconsin	476,636
Deposits:	
Ditch and erosion	350,080
Developer	572,529
Holding tank	44,050
Occupancy	49,000
Street opening	15,000
Park reservation	<u>1,205</u>
Total liabilities	<u>\$ 36,332,936</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

NOTE	Page
I. Summary of Significant Accounting Policies	
A. Reporting Entity	26
B. Government-Wide and Fund Financial Statements	26
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	28
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity	
1. Deposits and Investments	29
2. Receivables	30
3. Inventories and Prepaid Items	31
4. Restricted Assets	31
5. Deferred Outflows/Inflows of Resources	32
6. Capital Assets	32
7. Compensated Absences	33
8. Long-Term Obligations	33
9. Claims and Judgments	34
10. Equity Classifications	34
11. Use of Estimates	35
2. Reconciliation of Government-Wide and Fund Financial Statements	
A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position	35
B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities	36
3. Stewardship, Compliance, and Accountability	
A. Limitations on the City's Tax Levy	37
B. Deficit Fund Equity	37
4. Detailed Notes on All Funds	
A. Deposits and Investments	37
B. Receivables	39
C. Capital Assets	39
D. Payables	40
E. Interfund Receivables/Payables and Transfers	41
F. Long-Term Obligations	41
G. Governmental Activities Net Position/Fund Balances	43
5. Other Information	
A. Defined Benefit Pension Plan	44
B. Risk Management	48
C. Commitments	49
D. Joint Ventures	49
E. Segment Information	50
F. Cumulative Effect of Change in Accounting Principle	51
G. Subsequent Events	51

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Pewaukee included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

This report includes all of the funds of the City of Pewaukee. The reporting entity for the City consists of the primary government, organizations for which the primary government is financially accountable and 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization or 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.

Based upon the application of these criteria, operations of the joint park and recreation department, described in Note 5 (D), have been blended with the City and are included in these financial statements as component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

B. Government-Wide and Fund Financial Statements - continued

Fund Financial Statements - continued

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

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

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

The City reports the following major governmental funds:

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

Storm Water Management Fund – a special revenue fund which accounts for resources accumulated and payments made for storm water management projects.

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

The City reports the following major proprietary fund:

Water and Sewer Utility – accounts for the operations of the water and sewer system.

The City reports the following non-major governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes and includes:

Park Dedication Fund
Impact Fee Fund
Tourism and Convention Fund
Green Space Facilities Fund
Public Safety Grants Fund
Expendable Cemetery Fund

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

B. Government-Wide and Fund Financial Statements - continued

Fund Financial Statements - continued

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities and includes:

Road Construction Fund
Sports Complex Fund
Capital Equipment Fund

Permanent Fund - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry and includes:

Non-Expendable Cemetery Fund

In addition, the City reports the following fund type:

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

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. Accordingly, all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position.

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 from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty 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, termination benefits, and compensated absences, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

Fund Financial Statements - continued

Property taxes are recorded in the year levied as receivables and deferred inflows of resources and are recognized as revenues in the succeeding year when services financed by the levy are being provided. Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City but not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are recorded as current liabilities.

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 inflows of resources.

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. 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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

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

Wisconsin municipalities are authorized by statute to invest idle funds in the following institutions and investments:

- a. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association, which is authorized to transact business in the state if the time deposits mature in not more than 3 years.
- b. Bonds or securities issued or guaranteed as to principal and interest by the federal government or by a commission, board or other instrumentality of the federal government.
- c. Bonds or securities of any county, city, village, town, drainage district, technical college district, or school district of this state.
- d. Bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district or local cultural arts district.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – continued

1. Deposits and Investments - continued

- e. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- f. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- g. Securities of an open-end management investment company or investment trust (mutual fund), if the portfolio is limited to the following:
 - 1. Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
 - 2. Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government.
 - 3. Repurchase agreements fully collateralized by bonds or securities under (g) 1 or 2.
- h. Bonds or securities issued under the authority of the municipality, whether the bonds or securities create a general municipality liability or a liability of the property owners of the municipality for special improvements, and may sell or hypothecate the bonds or securities.
- i. The Local Government Pooled Investment Fund.
- j. Repurchase agreements with public depositories, if federal bonds or securities secure the agreement.

Investments made during 2015 were held in the City's name and were in accordance with those allowable by state statutes.

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 unrated and 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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 City, taxes are collected for and remitted to the state and county governments as well as local school districts and the 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 balance sheet.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – continued

2. Receivables - continued

Property tax calendar – 2015 tax roll:

Levy:	
Tax lien and levy date	December 2015
Tax bills mailed	December 2015
Due dates:	
Real property taxes:	
Payment in full or first installment	January 31, 2016
Second installment payable to County	July 31, 2016
Personal property taxes, special assessments and special charges, in full	January 31, 2016
Tax settlements with taxing jurisdictions:	
First settlement	January 15, 2016
Second settlement	February 20, 2016
Final settlement	August 20, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

Real estate taxes delinquent as of January 31 are assumed by Waukesha County. The City maintains responsibility for collection of delinquent personal property taxes. Accounts receivable have been shown net of an allowance for uncollectible accounts. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place delinquent bills on the tax roll.

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 “due from” 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 government-wide financial statements as “internal balances”.

3. Inventories and Prepaid Items

Governmental fund inventories are valued at cost on a first in, first out basis. Inventory in the general fund consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed. Reported inventories are offset as nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of fund balance. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to operation and maintenance expense when used.

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

4. Restricted Assets

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

Restricted assets have been reported in connection with the net pension asset which must be used to fund employee benefits.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – continued

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

For purposes of measuring the net pension asset, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Capital Assets

Government - Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 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 fixed assets are recorded at their estimated fair value at the date of donation.

Governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation of GASB 34. Retroactive reporting of all major general infrastructure assets, although encouraged, was not required until January 1, 2007, when GASB 34 required the City to retroactively report all major general infrastructure assets acquired since January 1, 1980.

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. Interest costs on restricted tax-exempt borrowings, less any interest earned on temporary investment of the proceeds of those borrowings during the construction period, have been capitalized as part of the cost of the related assets. No interest was capitalized during the current year. 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 of depreciation. The range of estimated useful lives by type of asset is as follows:

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – continued

6. Capital Assets - continued

Government - Wide Statements - continued

Buildings and improvements	15-40 Years
Land improvements	10-40 Years
Machinery and equipment	2-20 Years
Water and sewer plant	4-100 Years
Infrastructure	20-60 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.

7. Compensated Absences

Compensated absences represent liabilities arising from the City's sick and vacation leave policies. The sick leave policy allows employees (excluding firefighters) to accrue sick leave at a rate of one day per month to a maximum of 130 days. Firefighters are allowed to accrue up to 135 hours per year to a maximum of 1,920 hours. If such days are not taken as paid time off during the course of employment, payment may be received upon termination at a rate of 50% of total accrued benefits. A liability is recorded only to the extent that it is estimated to result in termination payments.

The City's vacation leave policy allows employees to accrue vacation benefits beginning in the year of hire. Vacation leave accrues to a maximum of five weeks based upon each employee's length of service. Vacation leave can only be accrued to a maximum of 150% of the earned benefit based upon the employee's seniority at any point during the year.

All vested vacation and sick leave pay is accrued when earned in the full-accrual government-wide and proprietary fund financial statements. The vacation pay liability is reported in governmental fund financial statements however, vested sick pay is accrued only to the extent that it is expected to utilize current financial resources.

8. Long-Term Obligations

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts is 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.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – continued

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

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 of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - 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 - All other net positions that do not meet the definition of “net investment in capital assets” or “restricted”.

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Standards Board Statement No. 54 fund balance is further categorized into five classifications based on the constraints imposed on the use of these resources. These five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form – prepaids or inventories; or are legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- a. Restricted - This classification reflects the constraints imposed on resources externally by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- b. Committed - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Common Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Common Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – continued

10. Equity Classifications - continued

Fund Statements - continued

- c. Assigned - This classification reflects the amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The Common Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- d. Unassigned - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. In these circumstances GASB Statement No. 54 indicates that restricted funds are to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require 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.

(2) Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The financial statements include reconciliation between fund balance – total governmental funds as reported in the governmental fund balance sheet and net position – governmental activities as reported in the government-wide statement of net position.

Capital assets net of accumulated depreciation of \$45,062,720 used in governmental funds are not financial resources and, therefore, are not reported in the funds.

The long-term portion of special assessments receivable that is not available to pay for current year expenditures of \$539,883 is recorded as deferred inflows of resources in the governmental funds.

Certain accounts receivable that were not available soon enough after year-end to pay for the current year's expenditures, and therefore are not reported in the governmental funds total \$487,770.

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

Bonds and notes payable	\$ 9,073,830
Accrued employee benefits	421,399
Accrued interest payable	<u>63,123</u>
	<u>\$ 9,558,352</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(2) Reconciliation of Government-Wide and Fund Financial Statements - Continued

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position - continued

The net pension asset of \$822,702 and related deferred outflows of resources of \$848,461 and deferred inflows of resources of \$18,339 are not current financial resources and, therefore, are not reported in the funds.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The financial statements include reconciliation between net change in fund balances – total governmental funds as reported in the statement of revenues, expenditures and changes in fund balances and change in net position of governmental activities as reported in the government-wide statement of activities.

A significant element of the reconciliation is the purchase and disposal of long-term capital assets and the repayment of long-term debt and employee benefits, both of which consume current financial resources of governmental funds. These are not considered current year expenditures in the government-wide statement of activities.

Capital asset additions	\$ 4,290,786
Principal repayment	1,380,365
Decrease in accrued interest payable	8,347
Decrease in accrued sick leave accrual	<u>23,140</u>
	<u>\$ 5,702,638</u>

Another element of the reconciliation is that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:

Depreciation expense	\$ 2,508,562
Decrease in net pension assets	469,353
Increase in deferred outflows of resources related to pensions	(511,374)
Increase in deferred inflows of resources related to pensions	18,339
Net book value of fixed asset disposed of	<u>74,738</u>
	<u>\$ 2,559,618</u>

Long-term special assessment receivables which are not available to pay for current year expenditures are recorded as deferred inflows of resources until collected in the governmental funds. In the Statement of Activities these are reported when they are earned and totaled \$10,613 in 2015.

Contributions of assets from third parties are reported as revenues in the statement of activities but since they do not provide current financial resources they are omitted from the governmental fund statements. These totaled \$1,540,437 in 2015.

Revenues of \$81,545 were earned in the current year and are included in the current year statement of activities. They did not, however provide financial resources of the current year and are therefore not reported in the fund financial statements.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(3) Stewardship, Compliance, and Accountability

A. Limitations of the City's Tax Levy

Wisconsin Statute 66.0602 limits the City's property tax levy, with exceptions, to its prior tax levy, increased by the percentage change in the City's equalized value due to new construction. Changes in debt service from one year to the next are generally exempt from this limit.

B. Deficit Fund Equity

The Sport Complex Capital Project Fund has a deficit fund balance position deficit of \$103,189 as of December 31, 2015. The deficit balance is primarily the result of insufficient funds to finance current year expenditures related to the construction of the City's new sports complex. In 2016 the City anticipates obtaining financing that will fund the entire Sports Complex Project.

(4) Detailed Notes on All Funds

A. Deposits and Investments

The City's deposits and investments at December 31, 2015 were comprised of the following:

	Carrying Value	Bank and Investment Balances	<u>Associated Risks</u>
Deposits	\$ 31,391,463	30,077,105	Custodial credit risk
Negotiable certificates of deposit	6,336,012	6,336,012	Custodial credit risk
Investments:			
Federal Home Loan Bank	1,897,431	1,897,431	Credit risk, interest rate risk
Federal Farm Credit Bank	1,263,050	1,263,050	Credit risk, interest rate risk
Federal National Mortgage Association	747,847	747,847	Credit risk, interest rate risk
Federal Home Loan Mortgage Corp	996,946	996,946	Credit risk, interest rate risk
Municipal Bonds	181,453	181,453	Credit risk, interest rate risk
LGIP	4,705,222	4,705,222	Credit risk, interest rate risk
Petty cash	799	799	
	<u>\$ 47,520,223</u>	<u>46,205,865</u>	

The difference between the carrying value of deposits and bank balances is due to deposits in transit and outstanding checks. Reconciliation of carrying value of deposits and investments to the statement of net position and statement of fiduciary net position is as follows:

Per Statement of Net Position:	
Cash and cash equivalents:	
Unrestricted	\$ 12,144,336
Restricted	5,230,618
Current investments	2,306,425
Long-term investments	9,136,022
Per Statement of Fiduciary Net Position	<u>18,702,822</u>
	<u>\$ 47,520,223</u>

All time and savings deposits owned by the City and held by the City's official custodian in an insured depository institution within the State of Wisconsin are combined and insured up to \$250,000. All demand deposits owned by the City and held by the City's official custodian in an insured depository institution within the State of Wisconsin are combined and insured up to \$250,000.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

A. Deposits and Investments - continued

For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts, money market deposit accounts and certificates of deposit. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. For accounts held by the City located outside the State of Wisconsin, all time, savings, and demand deposits are combined within each depository institution and insured up to \$250,000.

In addition to FDIC insurance, there is insurance currently available through the State of Wisconsin depository insurance program, which would provide a maximum of \$400,000 of insurance on deposits in any one institution. The amount available to fund the entire Wisconsin program is limited and, therefore, the actual benefits available at a time of claim would depend upon the remaining balance in the state fund. This coverage has not been considered in computing the custodial credit risk.

The fair value of negotiable certificates of deposits and investments grouped by maturity at December 31, 2015 is:

<u>Maturity</u>	
Current to one year	\$ 2,286,717
One to two years	3,657,224
Two to three years	3,259,273
Three to four years	<u>2,219,525</u>
	<u>\$ 11,422,739</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. Of the City's total bank balance, \$29,262,773 was collateralized by securities held by the pledging financial institution in excess of federal depository insurance limits. The remaining balance of \$128,783 was exposed to custodial credit risk as uninsured and uncollateralized.

Fluctuating cash flows during January and December, due to tax collections, result in temporary cash and investment balances, which significantly exceed insured amounts, until settlement with the respective taxing jurisdictions during the following month.

The City's deposit and investment policy requires that any deposits in excess of \$500,000 in any single public depository be properly collateralized or specifically approved by the City Council. This policy does not include funds established for tax collections or other accounts requiring segregation as specified by approved agreements.

Credit and Interest Rate Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value has to changes in market interest rates.

At December 31, 2015 the City's investments include United States Government securities and local municipal bonds totaling \$5,086,727. The City also held investments with a fair value of \$4,705,222 in the LGIP. The average maturity date for investments held by the LGIP is 49 days. The State Investment Fund, which the LGIP is a part of, had 97% of its investments in U.S. government securities at December 31, 2015.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

B. Receivables

Governmental fund financial statements report deferred inflows of resources in connection with receivables not considered 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 the City's receivables included as deferred inflows of resources reported in the governmental fund financial statements are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Current year property taxes receivable:			
General fund	\$ 3,496,544	-	3,496,544
Storm water management fund	320,950	-	320,950
Debt service fund	644,160	-	644,160
Road construction fund	99,449	-	99,449
Capital equipment fund	404,578	-	404,578
Expendable cemetery fund	6,781	-	6,781
Special assessments not yet due	<u>-</u>	<u>464,062</u>	<u>464,062</u>
	<u>\$ 4,972,462</u>	<u>464,062</u>	<u>5,436,524</u>

In addition, other receivables are reported in the government-wide financial statements net of amounts estimated to be uncollectible of \$239,297.

C. Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2015 was as follows:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/15</u>
Capital Assets Not Being Depreciated:				
Land	\$ 3,936,474	-	-	3,936,474
Construction in progress	<u>166,730</u>	<u>1,898,615</u>	<u>-</u>	<u>2,065,345</u>
	<u>4,103,204</u>	<u>1,898,615</u>	<u>-</u>	<u>6,001,819</u>
Capital Assets Being Depreciated:				
Buildings and improvements	11,270,695	212,607	10,107	11,473,195
Land improvements	1,493,223	198,049	-	1,691,272
Equipment	8,085,608	629,959	229,103	8,486,464
Infrastructure	<u>43,495,144</u>	<u>2,891,993</u>	<u>269,276</u>	<u>46,117,861</u>
	<u>64,344,670</u>	<u>3,932,608</u>	<u>508,486</u>	<u>67,768,792</u>
	<u>68,447,874</u>	<u>5,831,223</u>	<u>508,486</u>	<u>73,770,611</u>
Less Accumulated Depreciation:				
Buildings and improvements	(3,753,287)	(292,346)	(9,358)	(4,036,275)
Land improvements	(802,972)	(71,357)	-	(874,329)
Equipment	(3,794,311)	(678,461)	(188,884)	(4,283,888)
Infrastructure	<u>(18,282,507)</u>	<u>(1,466,398)</u>	<u>(235,506)</u>	<u>(19,513,399)</u>
	<u>(26,633,077)</u>	<u>(2,508,562)</u>	<u>(433,748)</u>	<u>(28,707,891)</u>
Capital assets, net of depreciation	<u>\$ 41,814,797</u>	<u>3,322,661</u>	<u>74,738</u>	<u>45,062,720</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

C. Capital Assets – continued

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$ 232,190
Public safety	410,862
Health and sanitation	1,118
Public works, including infrastructure	1,748,560
Culture and recreation	<u>115,832</u>
	<u>\$ 2,508,562</u>

Capital asset activity in the business-type activities for the year ended December 31, 2015 was as follows:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/15</u>
Capital Assets Not Being Depreciated:				
Land	\$ 530,387	-	-	530,387
Construction in process	<u>757,764</u>	-	<u>516,271</u>	<u>241,493</u>
	<u>1,288,151</u>	-	<u>516,271</u>	<u>771,880</u>
Capital Assets Being Depreciated:				
Buildings	9,618,989	5,090	-	9,624,079
Improvements other than buildings	94,989,778	2,608,709	97,825	97,500,662
Furniture and equipment	<u>1,083,261</u>	<u>38,035</u>	<u>24,170</u>	<u>1,097,126</u>
	<u>105,692,028</u>	<u>2,651,834</u>	<u>121,995</u>	<u>108,221,867</u>
	<u>106,980,179</u>	<u>2,651,834</u>	<u>638,266</u>	<u>108,993,747</u>
Less Accumulated Depreciation:				
Buildings	(2,739,633)	(262,297)	-	(3,001,930)
Improvements other than buildings	(26,654,376)	(2,011,805)	(61,340)	(28,604,841)
Furniture and equipment	<u>(868,941)</u>	<u>(120,536)</u>	<u>(24,170)</u>	<u>(965,307)</u>
	<u>(30,262,950)</u>	<u>(2,394,638)</u>	<u>(85,510)</u>	<u>(32,572,078)</u>
Capital assets, net of depreciation	<u>\$ 76,717,229</u>	<u>257,196</u>	<u>552,756</u>	<u>76,421,669</u>

Depreciation expense for business-type activities was charged to functions as follows:

Water utility	\$ 1,048,075
Sewer utility	<u>1,346,563</u>
	<u>\$ 2,394,638</u>

D. Payables

Payables as of December 31, 2015 for the City's individual major and non-major governmental funds in the aggregate, are as follows:

	<u>General</u>	<u>Storm Water</u> <u>Management</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
Accounts payable	\$ 651,991	65,893	71,121	789,005
Construction contracts payable	-	268,195	585,567	853,762
Accrued payroll	129,410	-	-	129,410
Accrued compensated absences	143,543	-	-	143,543
Other accrued liabilities	<u>42,601</u>	-	-	<u>42,601</u>
Total per fund balance sheet	<u>\$ 967,545</u>	<u>334,088</u>	<u>656,688</u>	1,958,321
Accrued interest				63,123
Total per government-wide statement of net position				<u>\$ 2,021,444</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

E. Interfund Receivables/Payables and Transfers

The balance of interfund receivables/payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

Transfers between funds included one between the water utility and the general fund for payment of the property tax equivalent. Transfers from the general fund were made to the capital equipment fund to finance various capital expenditures. A transfer was made to the debt service fund from the storm water management fund to reimburse the fund for principal and interest payments made on long-term debt used to purchase equipment used by the storm water management fund. The tourism and convention fund, park dedication fund, and the impact fee fund transferred funds to the sports complex fund for construction of a future sports facility.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General fund	Business-type activities -	
	Water utility	\$ 557,354
Storm Water Management fund	General fund	12,348
Storm Water Management fund	Non-major governmental fund -	
	Expendable Cemetery fund	444
Debt Service fund	Storm Water Management fund	218,036
Non-major governmental fund -		
Capital Equipment fund	General fund	1,240,000
Non-major governmental fund -	Non-major governmental fund -	
Sports Complex fund	Tourism and Convention fund	100,000
Sports Complex fund	Park Dedication Fund	158,727
Sports Complex fund	Impact Fee Fund	<u>340,872</u>
Total per fund statements		2,627,781
Interfund eliminations		<u>(2,070,427)</u>
Total per statement of activities		<u>\$ 557,354</u>

F. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>12/31/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/15</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 10,454,195	-	1,380,365	9,073,830	1,384,100
Other liabilities:					
Vested compensated					
absences	<u>444,539</u>	<u>-</u>	<u>23,140</u>	<u>421,399</u>	<u>-</u>
Total governmental					
long-term liabilities	<u>\$ 10,898,734</u>	<u> </u>	<u>1,403,505</u>	<u>9,495,229</u>	<u>1,384,100</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

F. Long-Term Obligations - continued

	<u>Balance</u> <u>12/31/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/15</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Bonds and notes payable:					
General obligation debt	\$ 6,851,516	-	462,038	6,389,478	405,319
Revenue bonds	<u>1,155,838</u>	-	<u>568,801</u>	<u>587,037</u>	<u>587,037</u>
Total business-type long-term liabilities	<u>\$ 8,007,354</u>	<u>-</u>	<u>1,030,839</u>	<u>6,976,515</u>	<u>992,356</u>

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies and special assessment collections. Business-type activities debt is payable by revenues from user fees of those funds.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City of \$2,807,997,900. The debt limit as of December 31, 2015, was \$140,399,895. Total general obligation debt outstanding at year-end was \$15,463,308. The business-type activity sewer system revenue bonds are not general obligation debt and therefore, have been excluded from debt capacity computation. The following is a list of long-term obligations at December 31, 2015:

Governmental Activities

Date of	<u>Final</u>		<u>Interest</u>	<u>Original</u>	<u>Balance</u>	<u>Amounts</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>12/31/15</u>	<u>Due Within</u>
						<u>One Year</u>
General obligation debt:						
2010 G.O. note	4/1/10	9/1/19	2.85-4.2%	\$ 2,910,000	1,300,000	315,000
2011 G.O. note	2/24/11	3/1/20	2.5-2.75%	4,937,095	2,690,000	515,000
2012 G.O. bonds	6/12/12	12/1/24	.6-2.15%	3,040,788	2,353,830	419,100
2013 G.O. bonds	5/30/13	9/1/32	2.0-3.0%	3,060,000	<u>2,730,000</u>	<u>135,000</u>
				\$	<u>9,073,830</u>	<u>1,384,100</u>

Debt service requirements to maturity for governmental activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,384,100	208,565	1,592,665
2017	1,216,570	179,799	1,396,369
2018	1,227,835	150,145	1,377,980
2019	1,270,305	118,046	1,388,351
2020	949,040	82,819	1,031,859
2021-2025	1,780,980	263,900	2,044,880
2026-2030	865,000	126,166	991,166
2031-2032	<u>380,000</u>	<u>17,250</u>	<u>397,250</u>
	<u>\$ 9,073,830</u>	<u>1,146,690</u>	<u>10,220,520</u>

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

F. Long-Term Obligations – continued

Business-type Activities

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/15</u>	<u>Amounts Due Within One Year</u>
1996 Revenue bonds	10/9/96	5/1/16	3.21%	\$ 8,049,176	587,037	587,037
1998 Installment loan	3/17/98	5/1/16	3.16%	816,870	51,744	51,744
2010 G.O. note	5/1/10	5/1/29	2.91%	222,618	176,177	10,374
2011 G.O. note	7/13/11	5/1/31	2.4%	174,403	140,387	7,301
2012 G.O. bonds	6/12/12	12/1/24	.6-2.15%	834,212	731,170	75,900
2013 G.O. bonds	5/30/13	9/1/32	2.0-3.0%	5,915,000	<u>5,290,000</u>	<u>260,000</u>
					<u>\$ 6,976,515</u>	<u>992,356</u>

Debt service requirements to maturity for business-type activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 992,356	151,198	1,143,554
2017	361,582	134,719	496,301
2018	370,807	128,216	499,023
2019	378,840	121,394	500,234
2020	385,622	114,233	499,855
2021-2025	1,955,597	452,784	2,408,381
2026-2030	1,786,291	252,659	2,038,950
2031-2032	<u>745,420</u>	<u>33,425</u>	<u>778,845</u>
	<u>\$ 6,976,515</u>	<u>1,388,628</u>	<u>8,365,143</u>

G. Governmental Activities Net Position/Fund Balances

Governmental activities net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

Governmental Activities

Net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 45,062,720
Less: related long-term debt outstanding, excluding unspent capital related debt proceeds and non-capital borrowings	<u>(8,532,449)</u>
	36,530,271

Restricted

Non-Expendable

Cemetery perpetual care	67,119
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Expendable

Storm water management	470,908
Impact fee	330,456
Tourism and convention	398,824
Cemetery	60,227
Pension benefits	1,652,824

Unrestricted

Total Governmental Activities Net Position	<u>\$ 52,290,499</u>
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CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(4) Detailed Notes on All Funds - Continued

G. Governmental Activities Net Position/Fund Balances - continued

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

Nonspendable - Major Funds	
General Fund	
Delinquent personal property taxes	\$ 16,833
Inventory of supplies	151,454
Prepaid expenditures	28,065
Non-major Funds	
Permanent Fund - Cemetery Perpetual Care	67,119
Restricted - Major Funds	
Storm Water Management	470,908
Non-Major Funds	
Impact fee	330,456
Tourism and convention	398,824
Cemetery - Expendable	60,227
Committed - Major Funds	
General Fund – Park and recreation equipment	167,595
Storm Water Management	2,488,611
Non-Major Funds	
Capital equipment – Future capital outlays	3,439,905
Assigned - Major Funds	
General fund –Community policing	17,502
Debt service	577,031
Non-Major Funds	
Green space facilities	16,790
Road construction	1,245,139
Capital equipment	209,589
Unassigned – Major Fund	
General fund	4,522,795
Non-Major Fund	
Sports complex (deficit)	<u>(103,189)</u>
Total Governmental fund balance	<u>\$ 14,105,654</u>

(5) Other Information

A. Defined Benefit Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan - continued

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan - continued

During the reporting period, the WRS recognized \$365,736 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.3%

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the City of Pewaukee reported an asset of \$903,089 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City of Pewaukee's proportionate share of the net pension asset was based on the City of Pewaukee's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City of Pewaukee's proportion was .03676663%, which was an increase of .00079189% from its proportionate share measured as of December 31, 2013.

For the year ended December 31, 2015 the City of Pewaukee recognized pension expense of \$349,801.

At December 31, 2015, the City of Pewaukee reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 130,920	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	437,319	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	20,131
Employer contributions subsequent to the measurement date	<u>362,956</u>	<u>-</u>
Total	<u>\$ 931,195</u>	<u>20,131</u>

\$931,195 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan - continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended</u> <u>December 31:</u>	<u>Deferred Outflow</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
2016	\$ 139,178	4,590
2017	139,178	4,590
2018	139,178	4,590
2019	139,177	4,590
2020	11,528	1,771

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	7.2%
Discount Rate	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

A. Defined Benefit Pension Plan - continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Pewaukee's proportionate share of the net pension asset to changes in the discount rate. The following presents the City of Pewaukee's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the City of Pewaukee's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate <u>(6.20%)</u>	Current Discount Rate <u>(7.20%)</u>	1% Increase To Discount Rate <u>(8.20%)</u>
City of Pewaukee's proportionate share of the net pension asset (liability)	\$ (2,547,770)	\$903,089	\$ 3,628,438

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

C. Commitments

Business-type Activities

The City of Pewaukee has an ownership interest in the treatment capacity of a regional sewage treatment facility operated by the City of Brookfield known as the Fox River Water Pollution Control Center.

In September 1996 the City of Pewaukee entered into an agreement with the City of Brookfield to share the design and construction costs to upgrade existing capacity, upgrade a lift station and interceptor, and to purchase an additional 1.1 million gallons per day capacity in an expansion of the treatment facility. Project costs were shared between the participating communities based upon ownership percentages in the treatment plant's capacity.

Funding for the project was provided by sewer revenue bonds issued through the Clean Water Fund Financial Assistance Program, which is administered jointly by the Wisconsin Department of Natural Resources and the Wisconsin Department of Administration. The Clean Water Fund Financial Assistance Program provides subsidized interest rate loans through grants passed through the Wisconsin Department of Natural Resources from the U.S. Environmental Protection Agency. The City of Pewaukee issued sewer revenue bonds in the amount of \$8,049,176 and the outstanding balance as of December 31, 2015 was \$587,037.

The City of Pewaukee has pledged, as security for the bonds, revenues derived from future wastewater sewer service charges or, in the event that those revenues are not sufficient, supplemental revenues from other sources. The bond indenture requires the to maintain sewage service revenues, net of operating expenses, of at least 110% of the annual principal and interest requirements on all outstanding debt payable from the wastewater sewer service charge

On September 24, 1996, in accordance with these provisions, a resolution was adopted revising sewer service rates to include a debt service component for the purpose of providing sufficient revenues to meet the debt service requirements on the revenue bonds. For the year ended December 31, 2015 the sewage service revenues net of operating expenses, exclusive of depreciation charges, was \$1,469,945. Total debt service requirements on all outstanding debt payable from the wastewater sewer service charge were \$593,700.

D. Joint Ventures

Parks and Recreation

On November 4, 1996 the City entered into an agreement with the Village of Pewaukee to create a joint park and recreation department commencing January 1, 1997. The agreement created a joint board comprised of seven voting and two non-voting members for purposes of facilitating and overseeing the operation of the department. The voting board members, one from each municipality's governing board, two citizen representatives from the Village and three from the , are appointed to staggered terms.

Operating costs and resulting revenues of the department are apportioned to each participant based upon the percentage determined as part of the budget formulation for the subsequent year. All costs for acquisition, improvement or maintenance of land, buildings and fixtures are borne by the municipality in which the land or facilities are located. Total operating costs for 2015 were \$1,095,354 and the City received \$201,462 for costs apportioned to the Village.

The joint department agreement provides for dissolution of the department in the event of an affirmative vote of the governing bodies. Such dissolution would be delayed for six months to allow time for the joint department to wind up its affairs. Upon dissolution, either of the units of government may provide the other unit of government the opportunity to purchase its interest in the assets of the joint department at the value fixed by agreement or by appraisal.

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

D. Joint Ventures - continued

Library

The City of Pewaukee and the Village of Pewaukee jointly operate the Pewaukee Public Library that provides library services to both communities since 2005. The Joint Library Board consists of seven members, three citizens from each community and one representative nominated by the Superintendent of the Pewaukee School District. Local representatives are appointed by the Mayor, subject to confirmation by the Common Council. The Joint Library Board shall plan for, implement and manage all library services, programs and activities. The Board prepares a budget for the operation and maintenance of the library which is presented to the City and Village on or before August 1 of each year. The City made payments totaling \$687,568 to the library for 2015, or 75% of the shared expenditures.

The intergovernmental agreement is for a twenty-year term and then automatically renews for five-year terms unless notice of intent to terminate the agreement is provided. Termination would become effective on January 1 at least twelve months from the date of notification.

Financial information related to the library as of December 31, 2015 is available directly from the Library Director.

E. Segment Information

The City provides water and sewer services. Segment information for the year ended December 31, 2015 is as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Operating revenues	\$ 2,050,241	3,131,843	5,182,084
Operating expenses:			
Operations and maintenance	1,072,634	1,661,898	2,734,532
Depreciation expense	1,048,075	1,346,563	2,394,638
Amortization expense	103,269	-	103,269
Taxes	1,790	-	1,790
Net operating income (loss)	(175,527)	123,382	(52,145)
Non-operating revenues			135,203
Non-operating expenses			195,650
Grants and contributions			1,641,380
Transfers to General Fund:			
Payment in lieu of property taxes			557,354
Assets:			
Current assets			8,863,906
Capital assets, net of depreciation			76,421,669
Other assets			5,470,090
Total assets			90,755,665
Deferred outflows of resources			82,734
Liabilities:			
Current liabilities			1,894,255
Long-term liabilities			6,034,899
Other liabilities			1,193,083
Total liabilities			9,122,237
Deferred inflow of resources			1,792

CITY OF PEWAUKEE
NOTES TO FINANCIAL STATEMENTS

(5) Other Information - Continued

E. Segment Information –continued

	Total
Net position:	
January 1, 2015, restated	\$ 80,742,936
Change in net position	971,434
December 31, 2015:	
Invested in capital assets, net of related debt	69,445,154
Restricted	4,696,482
Unrestricted	7,572,734
Net cash provided (used) by:	
Operating activities	1,605,978
Capital and related financing activities	(2,246,663)
Investing activities	121,779
Cash and cash equivalents:	
January 1, 2015	7,610,351
December 31, 2015	7,091,445

F. Cumulative Effect of Change in Accounting Principle

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* effective January 1, 2015.

The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions and improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

These Statements establish standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures and identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The cumulative effect of implementing these two Statements is reflected as a change in net position as of January 1, 2015 as follows:

Governmental activities:	
Restricted - Net pension asset	\$ 1,292,055
Deferred outflows related to pensions	<u>337,087</u>
Cumulative effect of the change in accounting principle – governmental activities	\$ <u>1,629,142</u>
Business-type activities:	
Restricted - Net pension asset	\$ 126,248
Deferred outflows related to pensions	<u>32,937</u>
Cumulative effect of the change in accounting principle – business-type activities	\$ <u>159,185</u>

G. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 31, 2016 the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PEWAUKEE
BUDGETARY COMPARISON STATEMENT
General Fund and Storm Water Management Fund
Year Ended December 31, 2015

General Fund:	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary fund balance, January 1	\$ 4,764,960	4,764,960	4,764,960	-
Resources (inflows):				
Taxes	5,942,621	5,942,621	5,994,534	51,913
Intergovernmental	1,366,470	1,366,470	1,407,805	41,335
Regulation and compliance	1,639,135	1,639,135	1,830,556	191,421
Charges for services	2,913,775	2,913,775	3,407,396	493,621
Recreation	229,000	229,000	257,216	28,216
Interest	49,250	49,250	83,930	34,680
Miscellaneous	118,100	118,100	135,568	17,468
Transfers in	550,000	550,000	557,354	7,354
Amounts available for appropriation	<u>17,573,311</u>	<u>17,573,311</u>	<u>18,439,319</u>	<u>866,008</u>
Charges to appropriations (outflows):				
General government	1,887,167	1,887,167	1,748,241	138,926
Public safety and judicial	6,640,562	6,640,562	6,460,789	179,773
Health and sanitation	918,795	918,795	907,176	11,619
Public works	1,483,480	1,483,480	1,285,233	198,247
Culture and recreation	1,775,347	1,850,475	1,782,922	67,553
Unclassified	103,000	103,000	98,366	4,634
Transfers out	1,004,800	1,252,350	1,252,348	2
Total charges to appropriations	<u>13,813,151</u>	<u>14,135,829</u>	<u>13,535,075</u>	<u>600,754</u>
Fund balance, December 31	\$ <u>3,760,160</u>	<u>3,437,482</u>	<u>4,904,244</u>	<u>1,466,762</u>
Storm Water Management Fund:				
Budgetary fund balance, January 1	\$ 3,148,696	3,148,696	3,148,696	-
Resources (inflows):				
Charges for services	1,487,700	1,487,700	1,601,638	113,938
Interest	1,000	1,000	10,430	9,430
Miscellaneous	-	-	67,964	67,964
Face amount of long-term debt	515,000	515,000	-	(515,000)
Transfers in	12,794	12,794	12,792	(2)
Amounts available for appropriation	<u>5,165,190</u>	<u>5,165,190</u>	<u>4,841,520</u>	<u>(323,670)</u>
Charges to appropriations (outflows):				
Public works	4,449,188	4,449,188	1,663,965	2,785,223
Transfer out	283,888	283,888	218,036	65,852
Total charges to appropriations	<u>4,733,076</u>	<u>4,733,076</u>	<u>1,882,001</u>	<u>2,851,075</u>
Fund balance, December 31	\$ <u>432,114</u>	<u>432,114</u>	<u>2,959,519</u>	<u>2,527,405</u>

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

CITY OF PEWAUKEE
WISCONSIN RETIREMENT SYSTEM
Year Ended December 31, 2015

Schedule of the City's Proportionate Share of the Net Pension Asset -
Year Ended December 31, 2015

Proportion of the net pension asset		0.03676663%
Proportionate share of the net pension asset	\$	903,089
Covered employee payroll		4,320,562
Employer's proportionate share of the net pension asset as a percentage of its covered payroll		20.90%
Plan fiduciary net position as a percentage of the total pension asset		102.74%

Schedule of Employer Pension Contributions -
Last Three Fiscal Years

Contractually required contributions	\$	983,224
Contributions in relation to the contractually required contributions		983,224
Contribution deficiency (excess)		-
Covered employee payroll		12,339,725
Contributions as a percentage of covered-employee payroll		7.97%

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

CITY OF PEWAUKEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 (C) to the basic financial statements. The City prepares an annual budget on a basis consistent with generally accepted accounting principles.

The general fund budget is adopted at the departmental level of expenditure. All other governmental funds of the City are adopted at the functional level of expenditure. Transfers between departments and changes to the overall budget must be approved by a two-thirds majority of the Common Council.

Amendments made to the original approved budget were in accordance with these requirements and included the following:

	<u>Original</u>	<u>Amended</u>
General Fund		
Other financing uses:		
Transfer to capital equipment fund	\$ 1,004,800	1,252,350
Impact Fee Fund		
Other financing uses:		
Transfers to other funds	130,000	340,872
Sports Complex Fund		
Other financing sources:		
Transfers from other funds	388,818	599,690
Capital Equipment Fund		
Other financing sources:		
Transfer from general fund	992,450	1,240,000

(2) Wisconsin Retirement System Pension

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

The City is required to present the last ten fiscal years data; however the standards allow the City to present as many years as are available until ten fiscal years are presented.

There were no changes of benefit terms for any participating employer in WRS.

There were no changes in the assumptions.

SUPPORTING SCHEDULES

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Taxes:			
General property	\$ 5,704,363	5,704,363	-
Public accommodation	232,128	207,858	24,270
Other	58,043	30,400	27,643
	<u>5,994,534</u>	<u>5,942,621</u>	<u>51,913</u>
Intergovernmental:			
State shared revenues	663,776	630,155	33,621
Exempt computer aids	78,170	80,000	(1,830)
Fire insurance dues	91,730	96,000	(4,270)
Transportation aids	473,071	468,315	4,756
Lake patrol reimbursements	12,016	13,500	(1,484)
Tank inspection aids	8,870	8,500	370
County recycling aids	80,165	70,000	10,165
Other	7	-	7
	<u>1,407,805</u>	<u>1,366,470</u>	<u>41,335</u>
Regulation and compliance:			
Licenses:			
Liquor class A	600	700	(100)
Liquor class B	13,268	13,500	(232)
Special class B licenses	10	10	-
Operator	5,955	5,000	955
Cigarette	500	700	(200)
Amusement	710	600	110
Hotel and motel	75	75	-
Dog and kennel	5,367	5,000	367
Permits:			
Building	605,566	450,000	155,566
Electrical	141,063	100,000	41,063
Plumbing	127,256	80,000	47,256
Erosion	96,225	80,000	16,225
State code stamps	4,520	4,000	520
Sign	4,225	4,000	225
Street opening	8,050	8,000	50

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Regulation and compliance - continued:			
Permits - continued:			
Outdoor entertainment	\$ 300	250	50
Fire inspection - commercial buildings	154,165	155,000	(835)
Special event	8,375	8,000	375
Other	2,445	1,300	1,145
Fines:			
Court	513,232	575,000	(61,768)
Lake patrol	2,785	3,000	(215)
Cable TV franchise	100,203	112,000	(11,797)
AT&T video service fee	35,661	33,000	2,661
	<u>1,830,556</u>	<u>1,639,135</u>	<u>191,421</u>
Charges for services:			
Publication fees	810	1,500	(690)
Copies	131	500	(369)
Administrative fees	3,958	-	3,958
Planning and zoning fees	6,000	6,000	-
Special assessment letters	13,213	8,500	4,713
Certified survey maps and plat review fees	7,731	4,000	3,731
Zoning letter fees	200	200	-
Legal review fees	42,264	30,000	12,264
Engineering review fees	103,803	98,000	5,803
Refuse collection	739,563	730,825	8,738
House numbers	1,686	1,000	686
Highway materials and services	-	2,000	(2,000)
Weed cutting	662	500	162
Police sales and copies	31	50	(19)
Boat launch fees	7,726	7,000	726
Fire runs	418	3,000	(2,582)
Fire inspections	93,070	82,500	10,570
Ambulance runs	452,906	414,300	38,606
Police services	-	4,900	(4,900)
Fire and ambulance services	1,561,456	1,200,000	361,456
Private fire protection plan	20,050	6,000	14,050

CITY OF PEWAUKEE
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Charges for services - continued:			
Management services	\$ 60,000	60,000	-
Building inspection contract	89,581	50,000	39,581
Park equipment usage fees	-	8,000	(8,000)
Park and recreation contracts	201,462	195,000	6,462
Street light reimbursement	675	-	675
	<u>3,407,396</u>	<u>2,913,775</u>	<u>493,621</u>
Recreation:			
Program fees	181,011	155,000	26,011
Field trips	27,529	20,000	7,529
Club use fees	15,951	18,000	(2,049)
Reservation fees	28,545	30,000	(1,455)
WPRA ticket sales	4,180	6,000	(1,820)
	<u>257,216</u>	<u>229,000</u>	<u>28,216</u>
Interest:			
Investments	81,190	45,000	36,190
Other	2,740	4,250	(1,510)
	<u>83,930</u>	<u>49,250</u>	<u>34,680</u>
Miscellaneous:			
Rent:			
Water and sewer utility	36,000	36,000	-
Other	5,195	5,000	195
Recycling	2,541	7,000	(4,459)
Sale of assets	50,700	35,000	15,700
Insurance recoveries	4,582	-	4,582
Credit card rebate	9,716	10,000	(284)
Gifts and donations	3,400	3,000	400
Insurance dividend	20,919	15,000	5,919
Delinquent personal property recoveries	380	2,000	(1,620)
Other	2,135	5,100	(2,965)
	<u>135,568</u>	<u>118,100</u>	<u>17,468</u>
Total revenues	\$ <u>13,117,005</u>	<u>12,258,351</u>	<u>858,654</u>

CITY OF PEWAUKEE
General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
General government:			
Mayor	\$ 9,624	9,624	-
Common council	44,366	44,523	157
Fire commission	333	262	(71)
Public works committee	119	296	177
Administration	188,781	192,034	3,253
Human resources	165,715	159,481	(6,234)
Clerk/treasurer	334,828	357,893	23,065
Assessor	91,275	90,800	(475)
Board of review	103	623	520
Outside services	244,419	261,174	16,755
Elections	21,535	18,365	(3,170)
Facilities	261,584	311,160	49,576
Information technology	242,132	275,410	33,278
Insurance	87,682	108,434	20,752
Plan commission	55,386	55,527	141
Board of appeals	359	1,561	1,202
	<u>1,748,241</u>	<u>1,887,167</u>	<u>138,926</u>
Public safety and judicial:			
Municipal court	121,701	127,917	6,216
Law enforcement	2,359,645	2,390,027	30,382
Fire and rescue	3,626,977	3,715,496	88,519
Building services	352,466	407,122	54,656
	<u>6,460,789</u>	<u>6,640,562</u>	<u>179,773</u>
Health and sanitation:			
Animal control	6,699	7,000	301
Weed, lake and wetlands	143,219	143,270	51
Refuse collection and recycling	757,258	768,525	11,267
	<u>907,176</u>	<u>918,795</u>	<u>11,619</u>

CITY OF PEWAUKEE
General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Public works:			
Engineering	\$ 366,355	375,080	8,725
Safety program	4,446	5,350	904
Highway and transportation	<u>914,432</u>	<u>1,103,050</u>	<u>188,618</u>
	<u>1,285,233</u>	<u>1,483,480</u>	<u>198,247</u>
 Culture and recreation:			
Library	687,568	687,568	-
Parks	395,580	463,133	67,553
Recreation	<u>699,774</u>	<u>699,774</u>	<u>-</u>
	<u>1,782,922</u>	<u>1,850,475</u>	<u>67,553</u>
 Unclassified	<u>98,366</u>	<u>103,000</u>	<u>4,634</u>
 Total expenditures	<u>\$ <u>12,282,727</u></u>	<u>12,883,479</u>	<u>600,752</u>

CITY OF PEWAUKEE
Storm Water Management Fund

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET

Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,601,638	1,487,700	113,938
Interest earnings	10,430	1,000	9,430
Miscellaneous	<u>67,964</u>	<u>-</u>	<u>67,964</u>
Total revenues	<u>1,680,032</u>	<u>1,488,700</u>	<u>191,332</u>
Expenditures:			
Administration	233,402	192,604	(40,798)
Storm water maintenance	21,289	34,236	12,947
Ditch and culvert maintenance	77,947	102,886	24,939
Yard maintenance	-	3,147	3,147
Street sweeping	15,603	14,736	(867)
Catch basin maintenance	47,298	100,886	53,588
Permit compliance	24,130	80,678	56,548
Infrastructure improvements	1,041,788	3,730,015	2,688,227
Capital equipment	<u>202,508</u>	<u>190,000</u>	<u>(12,508)</u>
Total expenditures	<u>1,663,965</u>	<u>4,449,188</u>	<u>2,785,223</u>
Excess (deficiency) of revenues over expenditures	<u>16,067</u>	<u>(2,960,488)</u>	<u>2,976,555</u>
Other financing sources (uses):			
Transfer from general fund	12,348	12,350	(2)
Transfer from cemetery fund	444	444	-
Transfer to debt service	(218,036)	(283,888)	65,852
Face amount of long-term debt	<u>-</u>	<u>515,000</u>	<u>(515,000)</u>
Total other financing sources (uses)	<u>(205,244)</u>	<u>243,906</u>	<u>(449,150)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	(189,177)	<u>(2,716,582)</u>	<u>2,527,405</u>
Fund balance, January 1	<u>3,148,696</u>		
Fund balance, December 31	\$ <u>2,959,519</u>		

CITY OF PEWAUKEE
Debt Service Fund

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET

Year Ended December 31, 2015

	Actual	Budget	Variance: Favorable (Unfavorable)
Revenues:			
Taxes:			
General tax levy	\$ 1,100,000	1,100,000	-
Special assessments	320,680	150,000	170,680
Build America bond rebate	9,314	20,095	(10,781)
Interest earnings	18,286	500	17,786
Total revenues	1,448,280	1,270,595	177,685
Expenditures:			
Debt service:			
Principal	1,380,365	1,380,365	-
Interest	235,600	235,600	-
Total expenditures	1,615,965	1,615,965	-
Excess (deficiency) of revenues over expenditures	(167,685)	(345,370)	177,685
Other financing sources:			
Transfers in	218,036	283,888	(65,852)
Total other financing sources	218,036	283,888	(65,852)
Excess (deficiency) of revenues and other financing sources over expenditures	50,351	(61,482)	111,833
Fund balance, January 1	526,680		
Fund balance, December 31	\$ 577,031		

CITY OF PEWAUKEE
Non-Major Governmental Funds

COMBINING BALANCE SHEET

December 31, 2015

	Special Revenue	Capital Projects	Permanent	Total Non-Major Funds
Assets:				
Cash and cash equivalents	\$ 806,975	3,992,385	67,119	4,866,479
Investments	-	1,955,339	-	1,955,339
Receivables:				
Current taxes	6,781	504,027	-	510,808
Accounts	32,819	-	-	32,819
Total assets	\$ 846,575	6,451,751	67,119	7,365,445
Liabilities, Deferred Inflows of Resources and Fund Balance:				
Liabilities:				
Accounts payable	\$ 6,659	64,462	-	71,121
Construction contracts payable	-	585,567	-	585,567
Unearned revenue	18,619	-	-	18,619
Total liabilities	25,278	650,029	-	675,307
Deferred Inflows of Resources				
Subsequent year's tax levy	15,000	1,010,278	-	1,025,278
Fund Balance:				
Nonspendable	-	-	67,119	67,119
Restricted	789,507	-	-	789,507
Committed	-	3,439,905	-	3,439,905
Assigned	16,790	1,454,728	-	1,471,518
Unassigned	-	(103,189)	-	(103,189)
Total fund balance	806,297	4,791,444	67,119	5,664,860
Total liabilities, deferred inflows of resources and fund balance				
	\$ 846,575	6,451,751	67,119	7,365,445

CITY OF PEWAUKEE
Non-Major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Non-Major Funds</u>
Revenues:				
Taxes	\$ 556,640	1,340,000	-	1,896,640
Intergovernmental	5,000	22,588	-	27,588
Charges for services	211,852	-	1,742	213,594
Interest	<u>2,211</u>	<u>21,627</u>	<u>-</u>	<u>23,838</u>
Total revenues	<u>775,703</u>	<u>1,384,215</u>	<u>1,742</u>	<u>2,161,660</u>
Expenditures:				
Current:				
Public safety	5,000	-	-	5,000
Health and sanitation	13,800	-	-	13,800
Economic development	459,852	-	-	459,852
Capital outlay	<u>-</u>	<u>3,557,433</u>	<u>-</u>	<u>3,557,433</u>
Total expenditures	<u>478,652</u>	<u>3,557,433</u>	<u>-</u>	<u>4,036,085</u>
Excess (deficiency) of revenues over expenditures	<u>297,051</u>	<u>(2,173,218)</u>	<u>1,742</u>	<u>(1,874,425)</u>
Other financing sources (uses):				
Transfers in	-	1,839,599	-	1,839,599
Transfers out	<u>(600,043)</u>	<u>-</u>	<u>-</u>	<u>(600,043)</u>
Total other financing sources (uses)	<u>(600,043)</u>	<u>1,839,599</u>	<u>-</u>	<u>1,239,556</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(302,992)	(333,619)	1,742	(634,869)
Fund balance, January 1	<u>1,109,289</u>	<u>5,125,063</u>	<u>65,377</u>	<u>6,299,729</u>
Fund balance, December 31	<u>\$ 806,297</u>	<u>4,791,444</u>	<u>67,119</u>	<u>5,664,860</u>

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 2015

	Impact Fee	Tourism and Convention	Green Space Facilities	Public Safety Grants	Cemetery	Total
Assets:						
Cash and cash equivalents	\$ 330,456	371,759	16,790	18,619	69,351	806,975
Taxes receivable	-	-	-	-	6,781	6,781
Accounts receivable	-	32,819	-	-	-	32,819
Total assets	\$ 330,456	404,578	16,790	18,619	76,132	846,575
Liabilities, Deferred Inflows of Resources and Fund Balance:						
Liabilities:						
Accounts payable	\$ -	5,754	-	-	905	6,659
Unearned revenue	-	-	-	18,619	-	18,619
Total liabilities	-	5,754	-	18,619	905	25,278
Deferred inflows of resources:						
Subsequent year's tax levy	-	-	-	-	15,000	15,000
Fund balance:						
Restricted	330,456	398,824	-	-	60,227	789,507
Assigned	-	-	16,790	-	-	16,790
Total fund balance	330,456	398,824	16,790	-	60,227	806,297
Total liabilities, deferred inflows of resources and fund balance	\$ 330,456	404,578	16,790	18,619	76,132	846,575

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2015

	<u>Park Dedication</u>	<u>Impact Fee</u>	<u>Tourism and Convention</u>	<u>Green Space Facilities</u>	<u>Public Safety Grants</u>	<u>Cemetery</u>	<u>Total</u>
Revenues:							
General tax levy	\$ -	-	-	-	-	15,000	15,000
Public accommodation tax	-	-	541,640	-	-	-	541,640
Intergovernmental	-	-	-	-	5,000	-	5,000
Charges for services:							
Impact fees	-	204,494	-	-	-	-	204,494
Interment fees	-	-	-	-	-	6,500	6,500
Lot sales	-	-	-	-	-	858	858
Interest earnings	27	134	2,030	-	-	20	2,211
Total revenues	<u>27</u>	<u>204,628</u>	<u>543,670</u>	<u>-</u>	<u>5,000</u>	<u>22,378</u>	<u>775,703</u>
Expenditures:							
Public safety	-	-	-	-	5,000	-	5,000
Health and sanitation	-	-	-	-	-	13,800	13,800
Economic development	-	-	459,852	-	-	-	459,852
Total expenditures	<u>-</u>	<u>-</u>	<u>459,852</u>	<u>-</u>	<u>5,000</u>	<u>13,800</u>	<u>478,652</u>
Excess of revenues over expenditures	<u>27</u>	<u>204,628</u>	<u>83,818</u>	<u>-</u>	<u>-</u>	<u>8,578</u>	<u>297,051</u>
Other financing uses:							
Transfers out	<u>(158,727)</u>	<u>(340,872)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(444)</u>	<u>(600,043)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(158,700)</u>	<u>(136,244)</u>	<u>(16,182)</u>	<u>-</u>	<u>-</u>	<u>8,134</u>	<u>(302,992)</u>
Fund balance, January 1	<u>158,700</u>	<u>466,700</u>	<u>415,006</u>	<u>16,790</u>	<u>-</u>	<u>52,093</u>	<u>1,109,289</u>
Fund balance, December 31	<u>\$ -</u>	<u>330,456</u>	<u>398,824</u>	<u>16,790</u>	<u>-</u>	<u>60,227</u>	<u>806,297</u>

CITY OF PEWAUKEE
Non-Major Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET

Year Ended December 31, 2015

	Park Dedication		Impact Fee		Tourism and Convention		Green Space Facilities		Cemetery		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenues:												
General tax levy	\$ -	-	-	-	-	-	-	-	15,000	15,000	15,000	15,000
Public accommodation tax	-	-	-	-	541,640	485,000	-	-	-	-	541,640	485,000
Charges for services:												
Impact fees	-	-	204,494	95,000	-	-	-	-	-	-	204,494	95,000
Interment fees	-	-	-	-	-	-	-	-	6,500	3,000	6,500	3,000
Lot sales	-	-	-	-	-	-	-	-	858	200	858	200
Columbarium niche sales	-	-	-	-	-	-	-	-	-	1,400	-	1,400
Interest earnings	27	80	134	100	2,030	400	-	8	20	70	2,211	658
Total revenues	27	80	204,628	95,100	543,670	485,400	-	8	22,378	19,670	770,703	600,258
Expenditures:												
Economic development	-	-	-	-	459,852	480,450	-	-	-	-	459,852	480,450
Health and sanitation	-	-	-	-	-	-	-	-	13,800	27,500	13,800	27,500
Total expenditures	-	-	-	-	459,852	480,450	-	-	13,800	27,500	473,652	507,950
Excess (deficiency) of revenues over expenditures	27	80	204,628	95,100	83,818	4,950	-	8	8,578	(7,830)	297,051	92,308
Other financing uses:												
Transfers out	(158,727)	(158,818)	(340,872)	(340,872)	(100,000)	(100,000)	-	-	(444)	(444)	(600,043)	(600,134)
Excess (deficiency) of revenues over expenditures and other financing uses	(158,700)	(158,738)	(136,244)	(245,772)	(16,182)	(95,050)	-	8	8,134	(8,274)	(302,992)	(507,826)
Fund balance, January 1	158,700		466,700		415,006		16,790		52,093		1,109,289	
Fund balance, December 31	\$ -		330,456		398,824		16,790		60,227		806,297	

CITY OF PEWAUKEE
Non-Major Capital Projects Funds

COMBINING BALANCE SHEET

December 31, 2015

	<u>Road Construction</u>	<u>Sports Complex</u>	<u>Capital Equipment</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,683,289	193,096	2,116,000	3,992,385
Investments	-	-	1,955,339	1,955,339
Taxes receivable	<u>99,449</u>	<u>-</u>	<u>404,578</u>	<u>504,027</u>
Total assets	<u>\$ 1,782,738</u>	<u>193,096</u>	<u>4,475,917</u>	<u>6,451,751</u>
 Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 22,162	26,155	16,145	64,462
Construction contracts payable	<u>315,437</u>	<u>270,130</u>	<u>-</u>	<u>585,567</u>
Total liabilities	<u>337,599</u>	<u>296,285</u>	<u>16,145</u>	<u>650,029</u>
 Deferred Inflows of Resources:				
Subsequent year's tax levy	<u>200,000</u>	<u>-</u>	<u>810,278</u>	<u>1,010,278</u>
 Fund Balance (Deficit):				
Committed	-	-	3,439,905	3,439,905
Assigned	1,245,139	-	209,589	1,454,728
Unassigned	<u>-</u>	<u>(103,189)</u>	<u>-</u>	<u>(103,189)</u>
Total fund balance (deficit)	<u>1,245,139</u>	<u>(103,189)</u>	<u>3,649,494</u>	<u>4,791,444</u>
 Total liabilities, deferred inflows of resources and fund balance (deficit)	 <u>\$ 1,782,738</u>	 <u>193,096</u>	 <u>4,475,917</u>	 <u>6,451,751</u>

CITY OF PEWAUKEE
Non-Major Capital Projects Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND BUDGET

Year Ended December 31, 2015

	<u>Road Construction</u>		<u>Sports Complex</u>		<u>Capital Equipment</u>		<u>Total</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Revenues:								
Taxes:								
General property	\$ 200,000	200,000	-	-	1,140,000	1,140,000	1,340,000	1,340,000
Intergovernmental	22,588	-	-	-	-	-	22,588	-
Interest earnings	8,271	2,000	932	175	12,424	700	21,627	2,875
Total revenues	<u>230,859</u>	<u>202,000</u>	<u>932</u>	<u>175</u>	<u>1,152,424</u>	<u>1,140,700</u>	<u>1,384,215</u>	<u>1,342,875</u>
Expenditures:								
Capital outlays	<u>1,047,413</u>	<u>3,411,325</u>	<u>1,180,506</u>	<u>2,800,000</u>	<u>1,329,514</u>	<u>1,636,650</u>	<u>3,557,433</u>	<u>7,847,975</u>
Excess (deficiency) of revenues over expenditures	<u>(816,554)</u>	<u>(3,209,325)</u>	<u>(1,179,574)</u>	<u>(2,799,825)</u>	<u>(177,090)</u>	<u>(495,950)</u>	<u>(2,173,218)</u>	<u>(6,505,100)</u>
Other financing sources:								
Face amount of long-term debt	-	2,021,427	-	2,000,000	-	-	-	4,021,427
Transfers in	-	-	599,599	599,690	1,240,000	1,240,000	1,839,599	1,839,690
	<u>-</u>	<u>2,021,427</u>	<u>599,599</u>	<u>2,599,690</u>	<u>1,240,000</u>	<u>1,240,000</u>	<u>1,839,599</u>	<u>5,861,117</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(816,554)</u>	<u>(1,187,898)</u>	<u>(579,975)</u>	<u>(200,135)</u>	<u>1,062,910</u>	<u>744,050</u>	<u>(333,619)</u>	<u>(643,983)</u>
Fund balance, January 1	<u>2,061,693</u>		<u>476,786</u>		<u>2,586,584</u>		<u>5,125,063</u>	
Fund balance, December 31	\$ <u>1,245,139</u>		<u>(103,189)</u>		<u>3,649,494</u>		<u>4,791,444</u>	

CITY OF PEWAUKEE
Permanent Fund - Cemetery Perpetual Care

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2015

Revenues:

Charges for services:

Perpetual care	\$	1,742
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Expenditures:

Unclassified	<u> </u>	-
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Excess of revenues over expenditures		1,742
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Fund balance, January 1	<u> </u>	65,377
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Fund balance, December 31	\$ <u><u> </u></u>	67,119
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CITY OF PEWAUKEE
Enterprise Funds
Water and Sewer Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,556,292	2,559,492
Investments	264,359	262,253
Receivables:		
Accounts	1,181,274	1,065,636
Special assessments	225,810	244,460
Intergovernmental	26,103	26,103
Accrued interest	485	289
Other	25,520	39,554
Due from general fund	41,248	-
Inventory of supplies	7,662	8,405
Restricted assets:		
Cash and cash equivalents:		
Debt retirement	4,107,232	4,044,754
Capital projects	427,921	1,006,105
Total current assets	<u>8,863,906</u>	<u>9,257,051</u>
Fixed assets:		
Land	530,387	530,387
Construction in progress	241,493	757,764
Buildings	9,624,079	9,618,989
Improvements other than buildings	97,500,662	94,989,778
Furniture and equipment	1,097,126	1,083,261
	<u>108,993,747</u>	<u>106,980,179</u>
Less: Accumulated depreciation	<u>32,572,078</u>	<u>30,262,950</u>
Net fixed assets	<u>76,421,669</u>	<u>76,717,229</u>
Other assets:		
Long-term portion of special assessments receivable	4,849,129	4,842,941
Net pension asset	80,387	126,248
Unamortized charges	540,574	285,422
Total other assets	<u>5,470,090</u>	<u>5,254,611</u>
Total assets	<u>90,755,665</u>	<u>91,228,891</u>

CITY OF PEWAUKEE
Enterprise Funds
Water and Sewer Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Deferred outflows of resources:		
Deferred outflows related to pensions	\$ <u>82,734</u>	<u>32,937</u>
Liabilities and Net Position:		
Liabilities:		
Current liabilities:		
Accounts payable	671,314	686,809
Due to general fund	-	122,682
Construction contracts payable	128,019	290,862
Customer advances on construction	56,274	56,274
Accrued interest on long-term debt	46,292	51,844
Current portion of long-term debt	<u>992,356</u>	<u>1,030,839</u>
Total current liabilities	1,894,255	2,239,310
Long-term liabilities (net of current portion):		
General obligation debt	5,984,159	6,389,478
Sewerage system revenue bonds	-	587,037
Construction contracts payable	50,740	50,740
Other liabilities:		
Assessments due to developers	<u>1,193,083</u>	<u>1,252,327</u>
Total liabilities	<u>9,122,237</u>	<u>10,518,892</u>
Deferred Inflows of Resources:		
Deferred inflows related to pensions	<u>1,792</u>	<u>-</u>
Net position, restated:		
Net investment in capital assets	69,445,154	68,709,875
Restricted	4,696,482	5,210,044
Unrestricted	<u>7,572,734</u>	<u>6,823,017</u>
Total net position, restated	\$ <u><u>81,714,370</u></u>	<u><u>80,742,936</u></u>

CITY OF PEWAUKEE
Enterprise Funds
Water and Sewer Utility

COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Years Ended December 31, 2015 and 2014

		2015		2014	
	\$	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>	<u>Combined</u>
Operating revenues	\$	2,050,241	3,131,843	5,182,084	5,030,963
Operating expenses:					
Operation and maintenance		1,072,634	1,661,898	2,734,532	2,655,252
Depreciation		1,048,075	1,346,563	2,394,638	2,256,976
Amortization		103,269	-	103,269	42,500
Taxes		1,790	-	1,790	1,780
Total operating expenses		<u>2,225,768</u>	<u>3,008,461</u>	<u>5,234,229</u>	<u>4,956,508</u>
Operating income (loss)	\$	<u>(175,527)</u>	<u>123,382</u>	<u>(52,145)</u>	<u>74,455</u>
Non-operating revenues (expenses):					
Interest income				135,203	89,663
Interest expense and fiscal fees				(173,102)	(203,983)
Gain (loss) on the disposal of fixed assets				<u>(22,548)</u>	<u>(257,302)</u>
Total non-operating revenues (expenses)				<u>(60,447)</u>	<u>(371,622)</u>
Loss before contributions and transfers				(112,592)	(297,167)
Grants and contributions				1,641,380	3,165,764
Transfers out				<u>(557,354)</u>	<u>(504,100)</u>
Change in net position				971,434	2,364,497
Total net position, January 1 - restated				<u>80,742,936</u>	<u>78,378,439</u>
Total net position, December 31	\$			<u><u>81,714,370</u></u>	<u><u>80,742,936</u></u>

CITY OF PEWAUKEE
Enterprise Fund
Water Utility

COMPARATIVE STATEMENTS OF OPERATING INCOME AND EXPENSES

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Sale of water:		
Residential	\$ 905,253	822,652
Commercial	561,527	536,692
Industrial	85,722	84,396
Public authorities	<u>3,597</u>	<u>3,078</u>
	1,556,099	1,446,818
Public fire protection	412,434	439,041
Private fire protection	63,847	63,715
Customer's forfeited discounts	10,387	10,042
Other revenue	<u>7,474</u>	<u>7,799</u>
Total operating revenues	<u>2,050,241</u>	<u>1,967,415</u>
Operating expenses:		
Plant operation and maintenance:		
Salaries and wages	134,903	153,777
Transportation expense	16,386	25,517
Power purchased for pumping	244,238	252,923
Chemicals	125,654	116,642
Operating supplies	72,799	38,931
Repairs of water plant	<u>131,206</u>	<u>176,959</u>
	<u>725,186</u>	<u>764,749</u>
General operating expenses:		
Administrative salaries	149,610	161,771
Office supplies and expenses	26,202	27,348
Outside services employed	49,318	115,071
Insurance	11,831	12,209
Employee benefits	88,063	55,647
Other general expenses	<u>22,424</u>	<u>19,556</u>
	<u>347,448</u>	<u>391,602</u>
Total operation and maintenance expenses	1,072,634	1,156,351
Depreciation	1,048,075	947,887
Amortization	103,269	42,500
Taxes	<u>1,790</u>	<u>1,780</u>
Total operating expenses	<u>2,225,768</u>	<u>2,148,518</u>
Net operating loss	<u>\$ (175,527)</u>	<u>(181,103)</u>

CITY OF PEWAUKEE
Enterprise Fund
Sewer Utility

COMPARATIVE STATEMENTS OF OPERATING INCOME AND EXPENSES

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Sewer service charges:		
Residential	\$ 1,776,809	1,723,337
Commercial	1,163,433	1,146,121
Industrial	158,201	162,439
Public authorities	8,894	8,875
Other revenue	<u>24,506</u>	<u>22,776</u>
Total operating revenues	<u>3,131,843</u>	<u>3,063,548</u>
Operating expenses:		
Plant operation and maintenance:		
Sewage treatment charges	1,223,115	1,101,536
Salaries and wages	50,562	47,932
Power purchased for pumping	38,367	41,703
Supplies and expenses	8,725	9,424
Maintenance	<u>46,037</u>	<u>27,007</u>
	<u>1,366,806</u>	<u>1,227,602</u>
General operating expenses:		
Administrative salaries	149,609	161,771
Office supplies and expenses	26,203	27,348
Outside services employed	36,344	47,504
Insurance	11,830	12,208
Employee benefits	48,682	2,912
Other general expenses	<u>22,424</u>	<u>19,556</u>
	<u>295,092</u>	<u>271,299</u>
Total operation and maintenance expenses	1,661,898	1,498,901
Depreciation	<u>1,346,563</u>	<u>1,309,089</u>
Total operating expenses	<u>3,008,461</u>	<u>2,807,990</u>
Net operating income	<u>\$ 123,382</u>	<u>255,558</u>

CITY OF PEWAUKEE
Enterprise Funds
Water and Sewer Utility

COMPARATIVE STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Receipts from customers	\$ 5,080,480	5,024,236
Payments for interfund services - net	(721,284)	(1,061,605)
Payments to suppliers	(2,129,645)	(1,890,928)
Payments to employees	(623,573)	(678,928)
Net cash provided by operating activities	<u>1,605,978</u>	<u>1,392,775</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,630,347)	(6,605,545)
Proceeds from disposals of fixed assets	13,937	-
Reserve capacity assessments received	914,029	1,298,237
Long-term debt retirements	(1,030,839)	(1,045,828)
Collection of special assessments, net	665,211	450,740
Interest and fiscal charges paid on long-term debt	(178,654)	(243,678)
Net cash used by capital and related financing activities	<u>(2,246,663)</u>	<u>(6,146,074)</u>
Cash flows from investing activities:		
Interest received on cash and investments	123,885	61,987
Securities matured	262,253	260,686
Securities purchased	(264,359)	(262,254)
Net cash provided by investing activities	<u>121,779</u>	<u>60,419</u>
Net decrease in cash and cash equivalents	(518,906)	(4,692,880)
Cash and cash equivalents, January 1	<u>7,610,351</u>	<u>12,303,231</u>
Cash and cash equivalents, December 31	<u>\$ 7,091,445</u>	<u>7,610,351</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position		
Unrestricted	\$ 2,556,292	2,559,492
Restricted - Debt retirement and capital projects	4,535,153	5,050,859
	<u>\$ 7,091,445</u>	<u>7,610,351</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (52,145)	74,455
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,497,907	2,299,476
Changes in assets and liabilities:		
Accounts receivable, net	(101,604)	(6,727)
Inventory of supplies	743	(902)
Accounts payable and accrued expenses	(738,923)	(973,527)
Net cash provided by operating activities	<u>\$ 1,605,978</u>	<u>1,392,775</u>
Schedule of non-cash activities:		
Plant assets contributed by developers	<u>\$ 26,480</u>	<u>1,714,664</u>

CITY OF PEWAUKEE
Enterprise Funds
Water and Sewer Utility

ANALYSIS OF UTILITY PLANT IN SERVICE

Years Ended December 31, 2015 and 2014

	Utility Plant				% Rate	Accumulated Depreciation			
	Balance Dec. 31, 2014	Additions	Disposals	Balance Dec. 31, 2015		Balance Dec. 31, 2014	Additions	Disposals	Balance Dec. 31, 2015
Water Utility:									
Source of supply plant:									
Wells and springs	\$ 2,352,135	-	-	2,352,135	2.90	794,704	68,212	-	862,916
Supply mains	237,649	185	-	237,834	1.80	72,843	4,280	-	77,123
Pumping plant:									
Land	530,387	-	-	530,387	-	-	-	-	-
Structures and improvements	5,820,739	2,944	-	5,823,683	3.20	2,033,044	186,310	-	2,219,354
Electric pumping equipment	1,616,047	76,851	59,851	1,633,047	4.40	386,405	72,763	24,646	434,522
Other pumping equipment	201,714	158	-	201,872	4.40	134,699	8,878	-	143,577
Water treatment plant	382,838	9,690	10,244	382,284	6.00	180,535	23,261	10,244	193,552
Transmission and distribution plant:									
Distribution reservoirs and standpipes	2,001,099	1,735	-	2,002,834	1.90	644,600	38,037	-	682,637
Transmission and distribution mains	25,187,690	726,497	-	25,914,187	1.30	4,030,669	332,162	-	4,362,831
Services	3,955,555	62,933	-	4,018,488	2.90	1,366,505	115,623	-	1,482,128
Meters	529,323	71,208	25,530	575,001	5.50	254,161	31,072	25,530	259,703
Hydrants	3,288,565	75,200	2,200	3,361,565	2.20	844,234	73,175	920	916,489
General plant:									
Transportation equipment	253,135	31,035	24,170	260,000	13.30	203,777	35,731	24,170	215,338
Office furniture and equipment	177,482	3,500	-	180,982	Var.	135,606	34,272	-	169,878
Other general equipment	304,268	-	-	304,268	Var.	252,872	24,299	-	277,171
Power operating equipment	175	-	-	175	7.50	175	-	-	175
	<u>46,838,801</u>	<u>1,061,936</u>	<u>121,995</u>	<u>47,778,742</u>		<u>11,334,829</u>	<u>1,048,075</u>	<u>85,510</u>	<u>12,297,394</u>
Sewer Utility:									
Buildings and structures	3,798,250	2,146	-	3,800,396	2.00	706,589	75,987	-	782,576
Collection sewers	32,585,529	818,255	-	33,403,784	1.00	4,752,786	329,946	-	5,082,732
Force mains	2,245,487	55,367	-	2,300,854	3.33	720,619	75,697	-	796,316
Services	4,936,270	96,139	-	5,032,409	1.00	646,145	49,843	-	695,988
Pumping equipment	4,028,022	1,784	-	4,029,806	5.00	2,019,883	201,445	-	2,221,328
Other equipment	348,201	3,500	-	351,701	Var.	276,511	26,234	-	302,745
Treatment plant	11,441,855	612,707	-	12,054,562	5.00	9,805,588	587,411	-	10,392,999
	<u>59,383,614</u>	<u>1,589,898</u>	<u>-</u>	<u>60,973,512</u>		<u>18,928,121</u>	<u>1,346,563</u>	<u>-</u>	<u>20,274,684</u>
Construction in progress	757,764	-	516,271	241,493		-	-	-	-
Total	\$ <u>106,980,179</u>	<u>2,651,834</u>	<u>638,266</u>	<u>108,993,747</u>		<u>30,262,950</u>	<u>2,394,638</u>	<u>85,510</u>	<u>32,572,078</u>