



Reporting and insights from 2020 audit: Village of Pewaukee

December 31, 2020

Executive summary

July 19, 2021

To the Village Board of
Village of Pewaukee
235 Hickory Street
Pewaukee, WI 53072-3592

We have completed our audit of the financial statements of the Village of Pewaukee (the "Village") for the year ended December 31, 2020, and have issued our report thereon dated July 19, 2021. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Village's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

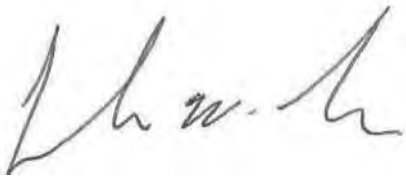
Additionally, we have included information on key risk areas the Village of Pewaukee should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- John Rader, Director: john.rader@bakertilly.com or +1 (608) 240 2431
- Paul McEvilly, Senior Associate: paul.mcevilly@bakertilly.com or +1 (608) 240 2687
- Kacey Spoerl, Senior Associate: kacey.spoerl@bakertilly.com or +1 (608) 316 1337

Sincerely,

Baker Tilly US, LLP



John W. Rader, CPA, Firm Director

Table of contents

Executive summary.....	2
Responsibilities	5
Audit status.....	7
Audit approach and results	9
Accounting changes relevant to the Village of Pewaukee	17
Trending challenges and opportunities for organizations	20
Appendix A: Client service team	24
Appendix B: Management representation letter	26
Appendix C: Corrected misstatements.....	34
Appendix D: Two-way communication regarding your audit.....	36
Appendix E: Audit results	39

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

Responsibilities



Responsibilities

Our responsibilities




As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Village's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the Village's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management	Auditor
 Prepare and fairly present the financial statements	Our audit does not relieve management or those charged with governance of their responsibilities
 Establish and maintain effective internal control over financial reporting	An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls
 Provide us with written representations at the conclusion of the audit	See Appendix B for a copy of management's representations

Audit status



Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results



Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Village and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards
- Areas of complexity including Tax Incremental Districts

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Village's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on nonfinancial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis	Testing approach	
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses.

– Financial statement close process

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

This level of internal control over financial reporting can be a difficult task for governments that operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare certain year-end audit entries and financial statements.

- Restatement of Prior Year Financial Statements – Correction of a Prior Period Error

The Village's internal controls over financial reporting should be designed to prepare financial statements in accordance with GAAP and regulatory requirements. Subsequent discovery of material financial reporting errors and the required correction of previously issued financial statements indicate that there is a material weakness in the Village's financial reporting system.

As described in Note 3 of the Village's financial statements, a restatement of prior year financial statements was necessary to correct costs capitalized for well and pump repairs in prior years that should have been expensed according to the Public Service Commission of the State of Wisconsin.

Overall, the total business-type activities and the Water utility fund net position were each overstated by \$367,461 at December 31, 2019.

The proper internal controls were not in place at the Village to ensure that all activity and the appropriate accounting information was reflected in the Village's general ledger and ultimately in its financial statements. The absence of these controls resulted in the error not being detected in the December 31, 2019 financial statements, which resulted in the restatement as described above.

- Other Comments and Recommendations

Decentralized Cash Collections

Many governments collect cash at numerous decentralized locations that are separate from the primary system of accounting procedures and controls. The opportunity for theft is often higher at those locations because one person is frequently involved in most, if not all, aspects of a transaction (i.e. lack of segregation of duties).

Examples in your government that fit this situation include the municipal court, the library and the marina.

Management is responsible for designing and implementing controls and procedures to detect and prevent fraud. As a result, we recommend that management review its decentralized cash collection procedures and controls on a periodic basis and make changes as necessary to strengthen the internal control environment. Reviewing the adequacy of the controls is a responsibility of the governing body.

Below are example procedures and controls to help mitigate the risk of loss at decentralized cash collection points:

- Implement a centralized receipting process with adequate segregation of duties
- For cash collections, ensure pre-numbered receipts are being used and all receipts in the sequence are being reviewed by someone other than the person receipting the cash and receipts tie to deposits
- Perform surprise procedures at decentralized locations (cash counts, walkthrough of processes, etc.)
- Require regular cash deposits to minimize collection on hand
- Limit the number of separate bank accounts
- Segregate duties as much as possible – the person receipting cash should be separate from the person preparing deposits and the person reconciling bank accounts should be separate from the cash collection activity
- Perform a month-to-month or year-to-year comparisons to look for unusual changes in collections
- If collecting from a drop box site, consider sending two people to collect the funds, especially during peak times

As always, the cost of controls and staffing must be weighed against the benefits of safeguarding your assets.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Pewaukee are described in Note 1 to the financial statements. As described in Note 1, the Village changed accounting policies related to financial reporting for interest costs by adopting Governmental Accounting Standards Board (GASB) No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period* in 2020. We noted no transactions entered into by the Village during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Shared services with the City of Pewaukee for fire and rescue	Evaluation is based on budgetary estimates utilizing prior year actuals	Reasonable in relation to the financial statements as a whole
Net pension liability (asset) and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The schedule within the Appendix summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Village or that otherwise appear to be unusual due to their timing, size or nature.

Other information in documents containing audited financial statements

Official statements (or other equivalent document which we may not read unless engaged separately)

The Village's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The Village can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Village's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Village of Pewaukee that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Village's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled regulatory reports
- Compiled TIF financial statements
- Water rate study

In addition, we prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Accounting changes relevant to the Village of Pewaukee



Accounting changes relevant to the Village of Pewaukee

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	12/31/22*
91	Conduit Debt	✓	12/31/22*
92	Omnibus 2020	✓	12/31/22*
93	Replacement of Interfund Bank Offered Rates	✓	12/31/22*
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	12/31/23
96	Subscription-Based Information Technology Arrangements	✓	12/31/23
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans	✓	12/31/22

* The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

Further information on upcoming [GASB pronouncements](#).

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective soon. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the Village review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the Village should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

Planning for the new conduit debt reporting

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The Village should identify any existing debt arrangements involving third-party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

Trending challenges and opportunities for organizations



Trending challenges and opportunities for organizations

Management and governing bodies must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long-term goals. Economic uncertainty, coupled with key risk areas and fast-paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

Turning toward recovery and growth

Many organizations are focusing on the strategic restart and ramp up of their operations.

With great uncertainty about what recovery will look like—or how long it will take—it is essential for your organization to understand the scenarios you may face and plan your path back to growth.

We can help you chart a way forward that will enhance and maximize your value, minimize further disruption and keep your workforce safe.

Recommendation

Follow our [road map](#) to reopen, recover and reset.



Compliance with federal awards



Challenge

The COVID-19 crisis has had a significant effect on the nation, including recipients of federal awards resulting from various congressional acts. Federal funding adds an increased level of scrutiny and brings new challenges around compliance, reporting and administration.

Finance and spending departments are operating in unprecedented times as they manage and administer these funds while also remaining economically viable, maintaining operations and adapting to the “new normal.”

Recommendation

Learn more about [compliance for federal funds](#) obtained for pandemic response efforts.

Recession proofing measures



Challenge

Ever aware of the need to balance the needs of diverse constituents against constrained revenue streams and conflicting priorities, public leaders strive to effectively deploy scarce resources while maintaining the highest levels of accountability and transparency.

In times of crisis, additional challenges emerge to maintain essential services, ensure citizen safety, protect their workforce and jumpstart programs to mitigate negative local economic impacts—all while focusing on planning for long-term effects of revenue shortages and the subsequent recovery.

Developing strategic clarity, aligning resources with priorities, strengthening performance, optimizing processes and leveraging

technology are imperative.

Recommendation

Learn about [proactive measures to insulate your organization](#) from financial hardship and to [optimize your organization's performance](#).

Recruiting and hiring

Challenge

Public sector entities in need of key workforce personnel, such as city or county managers and administrators, city or county attorneys, fire chiefs, police chiefs and other departmental directors, may find themselves in an unenviable position during a pandemic.

Organizations need the talent, but a pandemic can disrupt essential business processes and cause apprehension about access to desirable candidates.

Hiring leaders should proactively discuss what-if scenarios, evaluate short-term and long-term hiring priorities, and plan for situations where immediate recruitment is imperative.

Recommendation

Learn the key considerations and actions for [recruiting and hiring](#) in a crisis.



Risk assessment

Challenge



Organizations today manage ever-expanding priorities in a constantly evolving, disruptive risk environment. Undetected risks, insufficient internal controls and inefficient business processes may negatively impact not only the entity but also its workforce and the community at large.

Risk assessment and internal audit prove essential to identifying top risks and the appropriateness of response in order to:

- Manage risk and compliance
- Enhance governance and strategy
- Optimize operations
- Gain assurance around key functions and processes that contribute toward meeting organizational goals

Recommendation

Learn about the key considerations for the [risk assessment process and internal audit planning](#).

Economic development

Challenge

In today's complex economic landscape, communities face the daunting challenge of rebuilding their local economies. Restoring the momentum of economic expansion and investment to enhance quality of life for residents and produce long-term financial gain for the community is at the forefront of concerns.

Whether attracting growth to maximize opportunity built around community strengths or accounting for the many unknowns caused by major disruptions, a robust economic development strategy is essential to recovery.

Recommendation

Learn about the advantages of creating an [economic development strategic plan and the framework](#) to follow.



Harnessing data and analytics for strategic insight and decision-making



Challenge

In crisis and recovery, organizations are investing in advanced analytic solutions to help them not only make better decisions faster and more consistently, but also to improve operational efficiency and performance. Of all the business analytics available, advanced analytic solutions should be at the top of your priority list given the impact it can have on your business.

Recommendation

Learn more about [data & analytics strategy and roadmaps](#), [MDM and data process re-engineering](#), [AI strategy](#), [data visualization](#) and other digital and analytic capabilities.

Information technology and cybersecurity



Challenge

While return-to-work scenarios are being developed, it is likely that remote workforces will remain a reality for many organizations in the short- to mid-term. Though many organizations have been able to adapt on a short-term basis, some will not be prepared for long-term operation on a remote and virtual basis. Organizations should increase monitoring of invasive cyber events, given the likely increase in hackers sending out fake emails, website links and ransomware attacks – and also consider:

- Adequacy of IT controls and security
- Performance of remote infrastructure supporting operations
- Improvements to remote applications for communication, collaboration and workflow
- Alternatives for data entry, work and information flow

Recommendation

[Learn more](#) about information technology and cybersecurity, including [System & Organization Controls reporting](#).

Appendix A: Client service team

Client service team



John W. Rader, CPA

Director

4807 Innovate Ln
Madison, WI 53718
United States

T +1 (608) 240 2431 | Madison
john.rader@bakertilly.com



Paul McEvelly, CPA

Senior Associate

4807 Innovate Ln
Madison, WI 53718
United States

T +1 (608) 240 2687 | Madison
paul.mcevelly@bakertilly.com



Kacey Spoerl, CPA

Senior Associate

4807 Innovate Ln
Madison, WI 53718
United States

T +1 (608) 316 1337 | Madison
kacey.spoerl@bakertilly.com

Appendix B: Management representation letter



May 26, 2021

Baker Tilly US, LLP

4807 Innovate Ln
PO Box 7398
Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Village of Pewaukee as of December 31, 2020 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, if any, are reasonable.
- 6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 10) Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Village Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) There are no known related parties or related party relationships and transactions of which we are aware.

Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have a process to track the status of audit findings and recommendations.
- 19) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The Village has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 22) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

23) In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

- a) Financial statement preparation
- b) Adjusting journal entries
- c) Compiled TIF financial statements
- d) Compiled regulatory reports
- e) Water Rate Study

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

- 24) The Village of Pewaukee has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 25) The Village of Pewaukee has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 26) The financial statements include all joint ventures with an equity interest and properly disclose all other joint ventures and other related organizations.
- 27) The financial statements properly classify all funds and activities.
- 28) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 29) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 30) The Village of Pewaukee has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
- 31) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 33) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 34) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 35) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

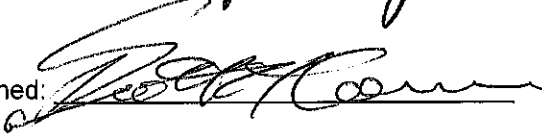
- 36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 37) Tax-exempt bonds issued have retained their tax-exempt status.
- 38) We have appropriately disclosed the Village of Pewaukee's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 40) With respect to the supplementary information, (SI):
 - a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 41) We agree with the restatement presented in the current year's financial statements.
- 42) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 43) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.
- 44) We have implemented GASB Statement No. 84, *Fiduciary Activities*, and believe that all activities that meet the criteria for presentation as fiduciary activities have been identified and presented as such. In addition, we believe that all required disclosures and other accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 45) We have implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and believe that all direct borrowings, direct placements, lines of credit or debt default clauses have been identified and properly disclosed in the financial statements in compliance with the Standard.

- 46) We have reviewed our long-term debt agreements and believe that all terms related to significant events of default with finance-related consequences, termination events with finance-related consequences and subjective acceleration clauses have been properly identified and disclosed.
- 47) We have implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 48) We have evaluated our GASB 75 OPEB liability and related deferrals and have determined that they are not material to the financial statements
- 49) We are providing two representation letters for the 2020 audit for the purpose of providing assurance during the period in which the Village Treasurer was present, and the subsequent period when that position was vacant.

Sincerely,

Village of Pewaukee

Signed: 

Signed: 



July 19, 2021

Baker Tilly US, LLP
4807 Innovate Lane
P.O. Box 7398
Madison, WI 53707-7398


Dear Auditors:

In connection with your financial audit Village of Pewaukee for the year ended December 31, 2020, we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. We reaffirm, as the date hereof and as if made on the date hereof, representations made to you in a letter dated May 26, 2021, related to the financial statements of Village of Pewaukee.
2. There have been no unusual adjustments related to audited trial balances made between December 31, 2020, and the date of this letter.
3. There are no substantial contingent liabilities or commitments related to the financial statements as of December 31, 2020, or as of the date of this letter that we have not previously disclosed to you.

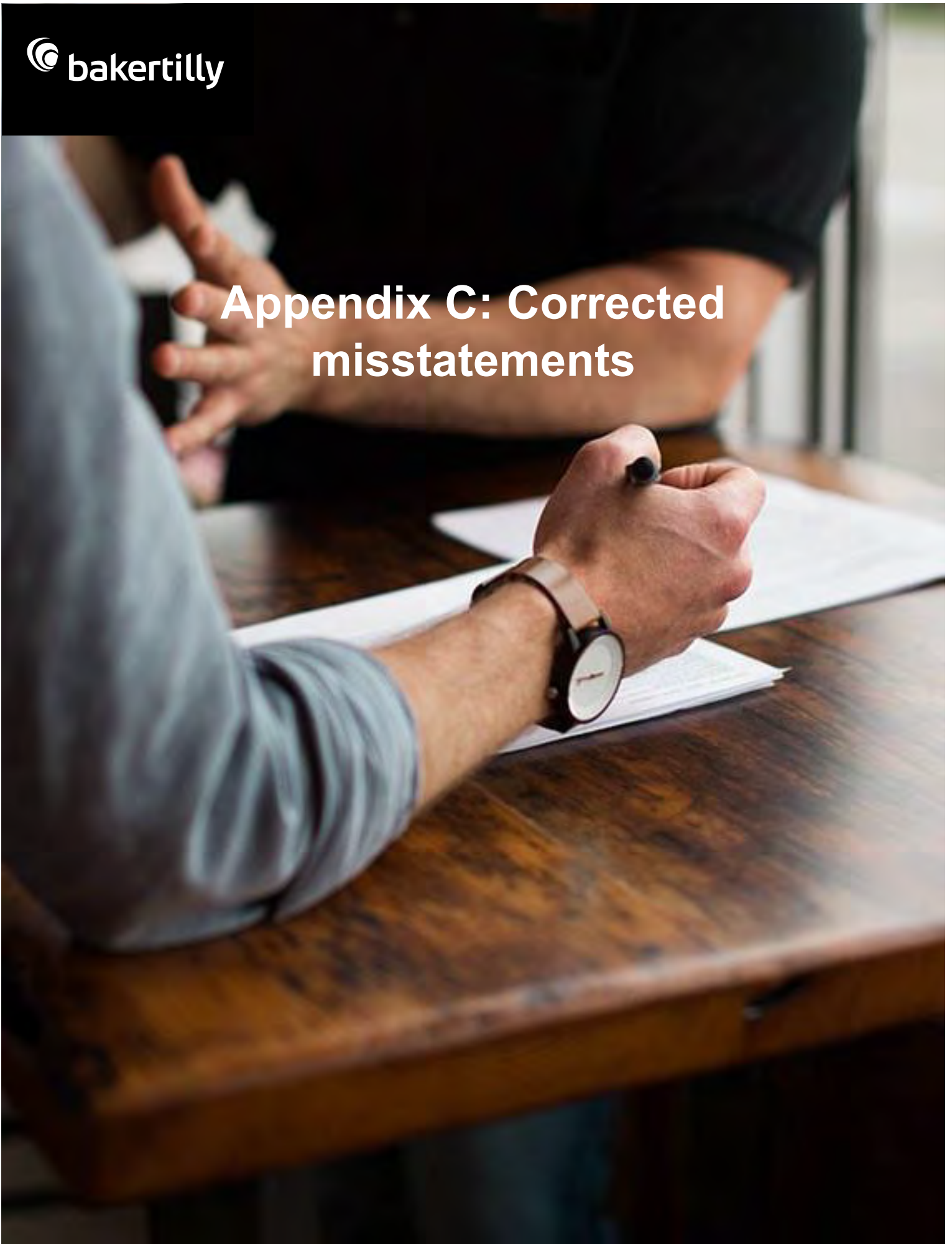
Village of Pewaukee

Signed:



Scott Gosse, Administrator

Appendix C: Corrected misstatements



Material corrected misstatements

Description	Opinion unit	Amount
To adjust net position and plant for prior year audit entries	Water & Sewer utility	\$775,324
To record GASB 68	Water & Sewer utility	\$295,137
To properly record capital asset activity for current year additions, deletions, and depreciation	Water, Sewer, & Stormwater utility, Laimon Family Lakeside Park Fund	\$1,401,916
To recognize the receivable and revenue for 4 th quarter utility billing	Water, Sewer, & Stormwater utility	\$533,099
To accrue for an additional 2020 payable	Sewer Utility	\$293,757
To restate water capital assets based on PSC rate case	Water Utility	\$367,461

The remaining misstatements that were identified and corrected by management were not material individually or in the aggregate to the financial statements taken as a whole.

A low-angle photograph of a modern building with a wide, dark staircase leading up to a glass and metal facade. The sky is bright blue with scattered white clouds, and the sun is visible in the upper center, creating a lens flare effect. The building's architecture is characterized by sharp lines and a mix of dark and light tones.

Appendix D: Two-way communication regarding your audit

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Village will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

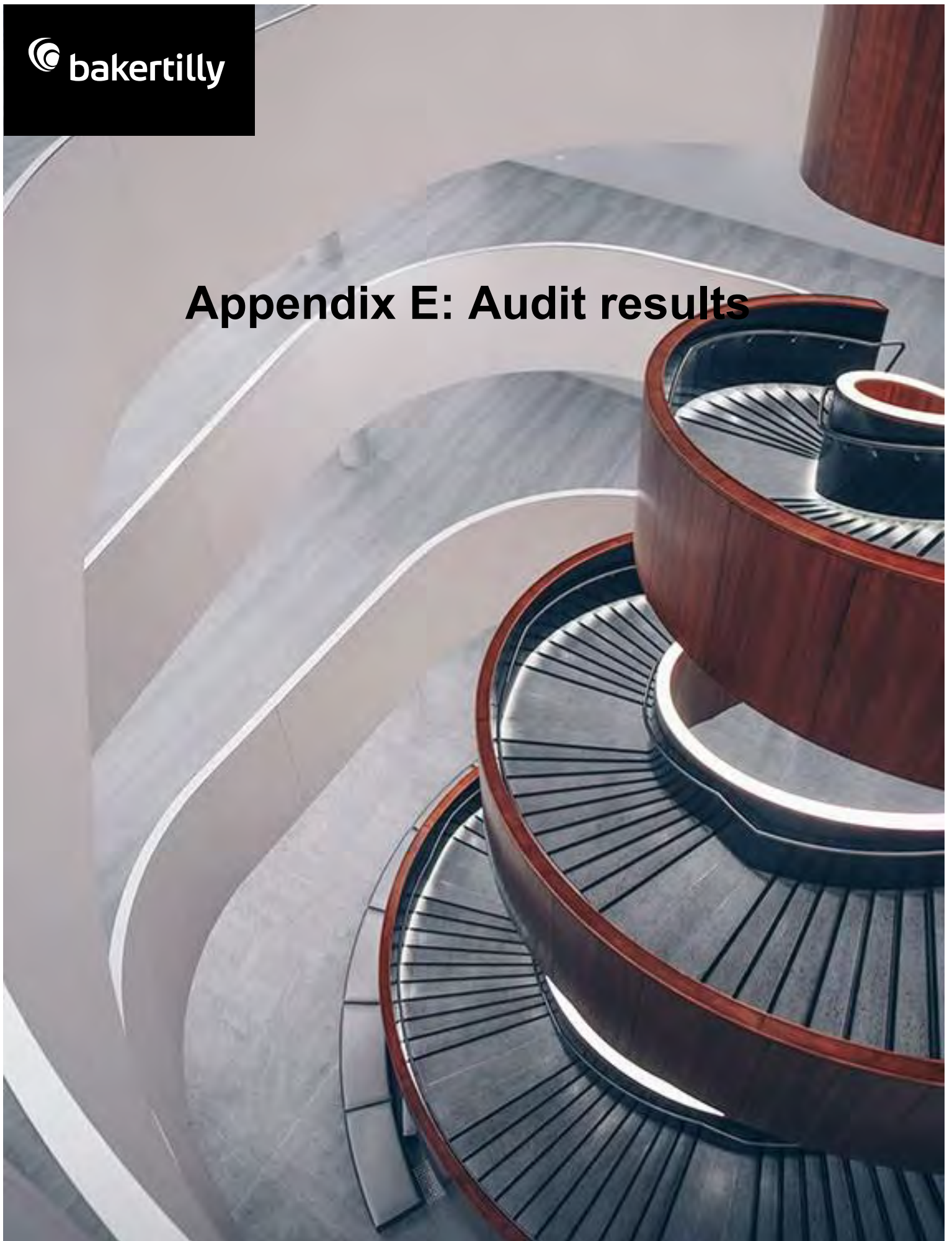
We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. We typically perform preliminary financial audit work during the months of November-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

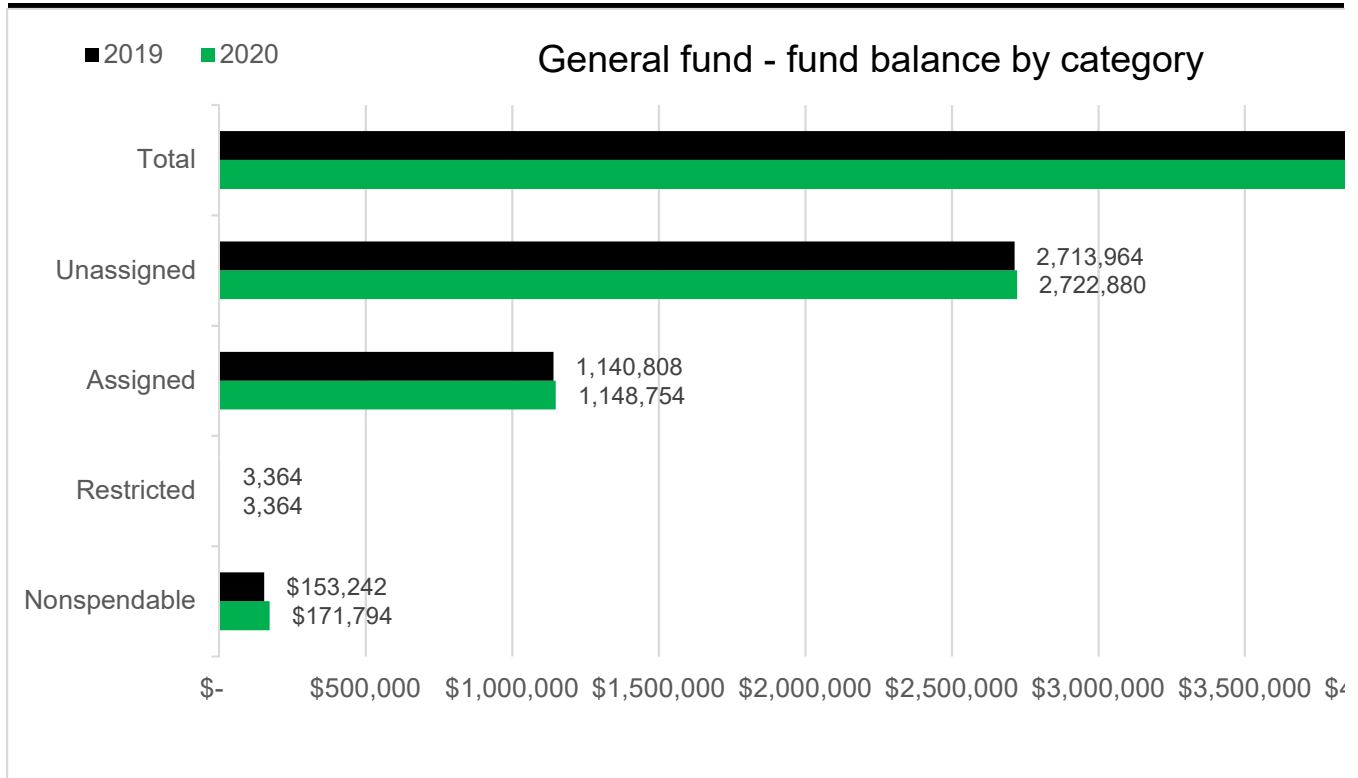
We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

Appendix E: Audit results



Village of Pewaukee

General fund results



Summarized income statement

	<u>Actual</u>	<u>Final budget</u>	<u>Variance</u>
Revenues and other financing sources	\$ 6,916,891	\$ 6,682,648	\$ 234,243
Expenditures and other financing uses	<u>6,881,477</u>	<u>6,784,710</u>	<u>(96,767)</u>
Net change in fund balance	<u>\$ 35,414</u>	<u>\$ (102,062)</u>	<u>\$ 137,476</u>

Fund balance category definitions

Nonspendable - amounts cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

Restricted - amounts that can be spent only for the specific purposes stipulated by an external source.

Committed - amounts constrained for specific purposes that are internally imposed through formal action of the governing body.

Assigned - spendable amounts that are intended to be used for specific purposes that are not considered restricted or committed.

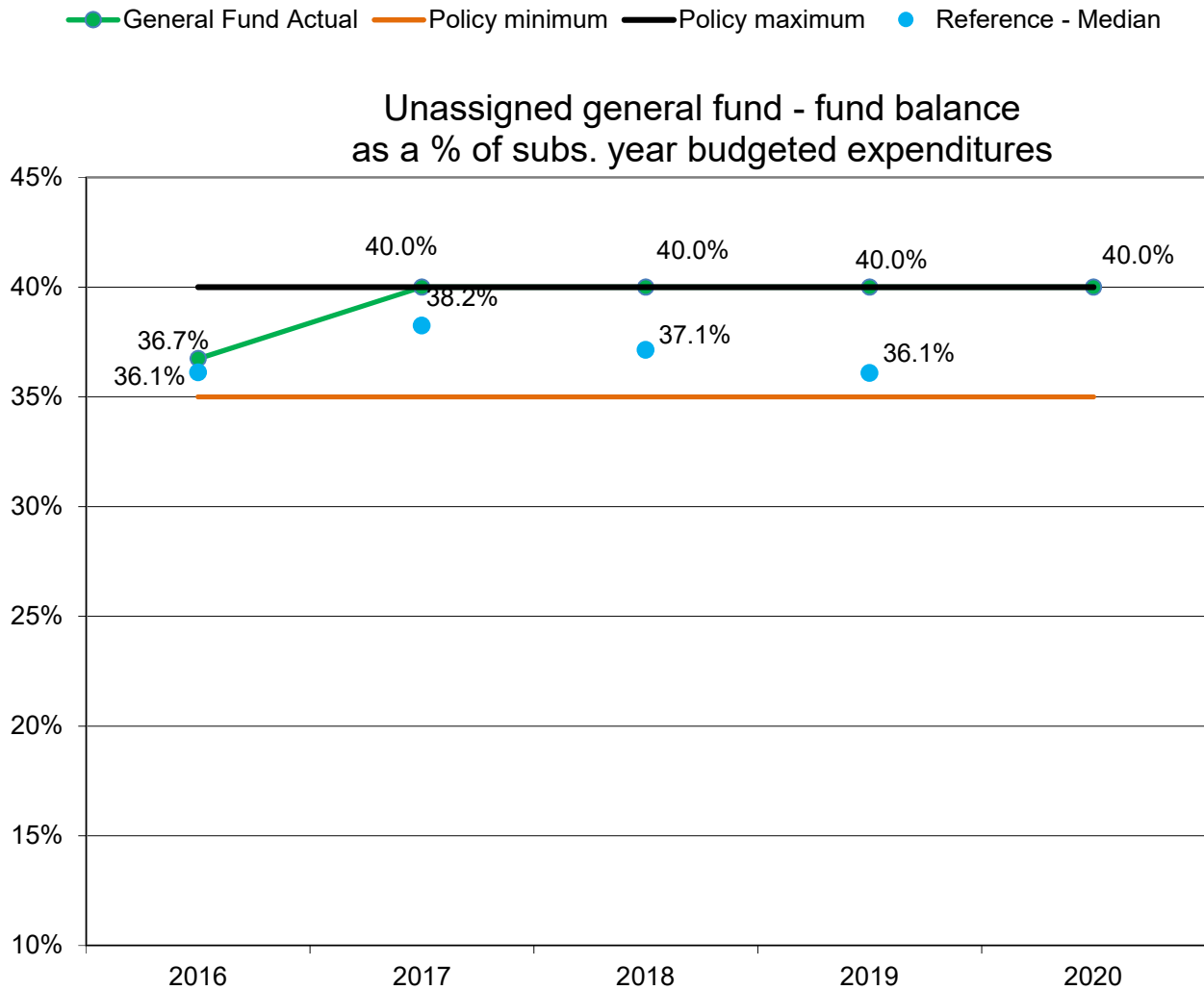
Unassigned - residual amounts that have not been classified within other categories above.

Village of Pewaukee

General fund - fund balance trends

Fund balance policy:

A minimum of 35% of the ensuing year's budgeted general fund expenditures, with a targeted maximum of 40%. Any amount over 40% may be assigned for future capital projects and infrastructure needs.



Other reference values

GFOA recommends a minimum of no less than 2 months (16.7%) of general fund expenditures.

Median reference value generated from 2016 - 2019 Baker Tilly municipal client data for population ranges from 0 to 10,000.

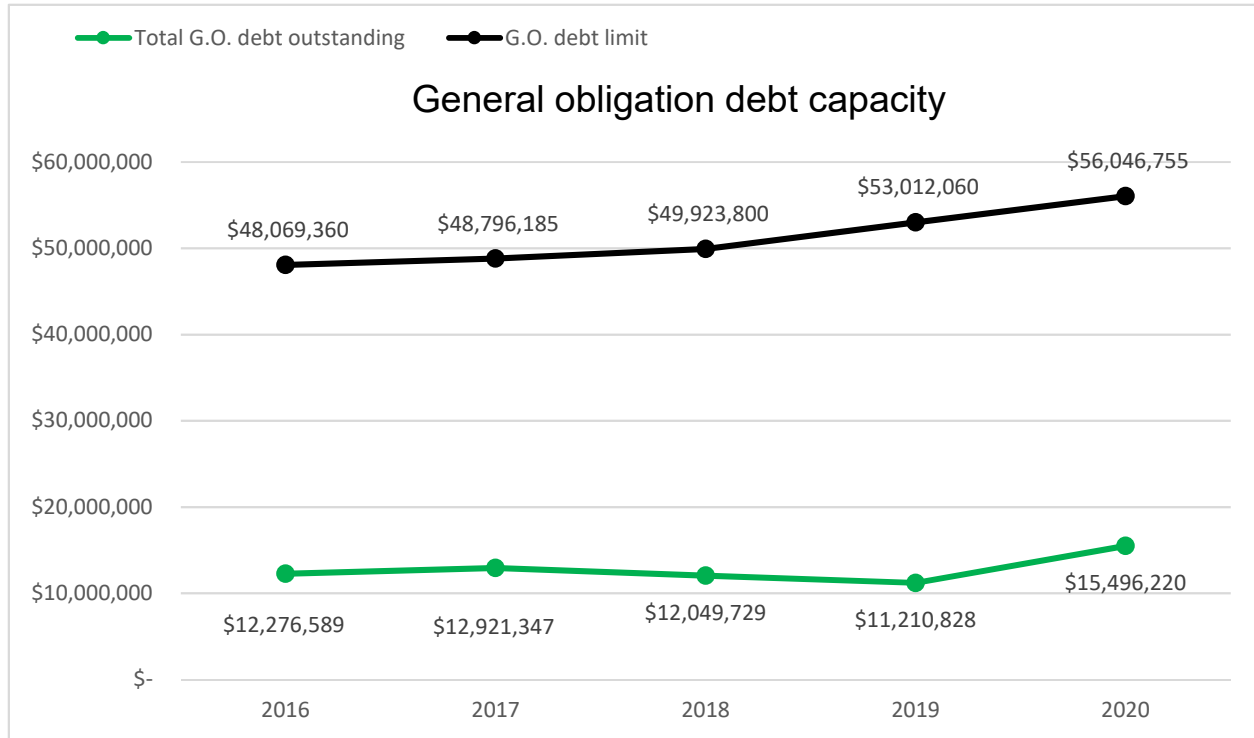
Village of Pewaukee

General obligation debt

Debt management policy:

The village intends to keep outstanding GO debt to within 40% of the statutory limitations. Total annual debt service for governmental fund GO debt will not exceed 25% of the village's total levy.

Actual percentage of debt limit at 12/31/20: **28%**



Total debt outstanding by type at 12/31/2020

	General obligation	Revenue debt	Comp abs	Total
City	\$ 9,118,180	\$ -	\$ 29,446	\$ 9,147,626
Utility	6,378,040	-	-	6,378,040
Total	\$ 15,496,220	\$ -	\$ 29,446	\$ 15,525,666

Comparative metrics available online through the Wisconsin Policy Forum.

<https://wispolicyforum.org/research/municipal-datatool-examining-and-comparing-wisconsin-cities-and-villages/>

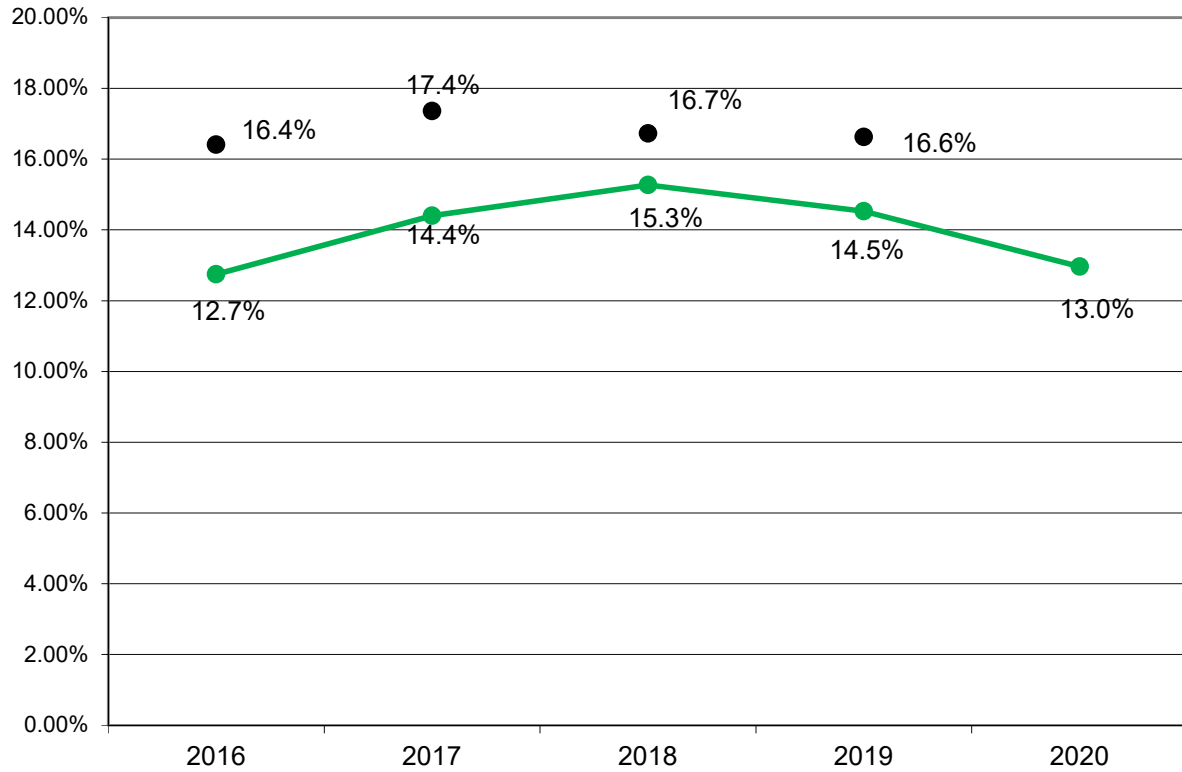
Select "Debt" -- options for custom comparisons or comparisons by county

Village of Pewaukee

Governmental funds - debt service

—●— Village of Pewaukee ● Reference - Median

Debt service to non-capital expenditures



Current and prior year data

	<u>2020</u>	<u>2019</u>
Principal	\$ 897,434	\$ 873,481
Interest	273,525	240,188
Total	<u>\$ 1,170,959</u>	<u>\$ 1,113,669</u>
Non-capital expenditures	<u>\$ 9,035,585</u>	<u>\$ 7,667,872</u>

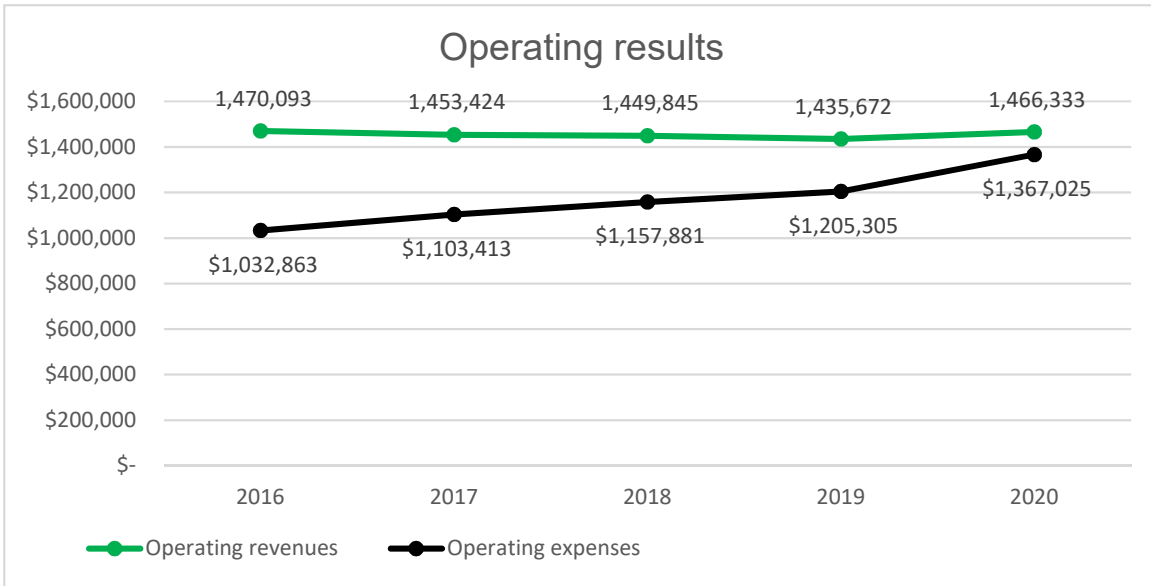
Other reference values

Median reference value generated from 2016 - 2019 Baker Tilly municipal client data for population ranges from 0 to 10,000.

Village of Pewaukee

Water Utility Results

	<u>Current Year</u>	<u>Prior Year</u>
Actual Rate of Return	0.33%	2.00%
Authorized Rate of Return	7.00%	7.00%



Unrestricted Reserves

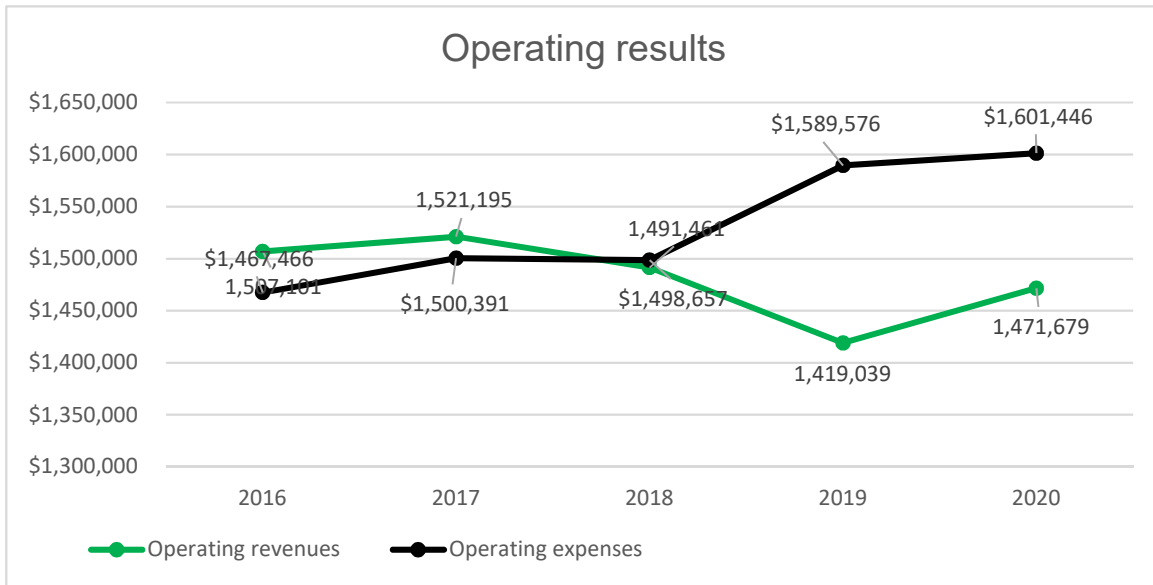
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Year end balance	\$ 930,825	\$ 957,146	\$ 996,866	\$ 766,752	\$ 2,236,388
Months on hand	7.60	7.90	8.25	6.41	18.30

Investment in Capital



Village of Pewaukee

Sewer Utility Results



Unrestricted Reserves

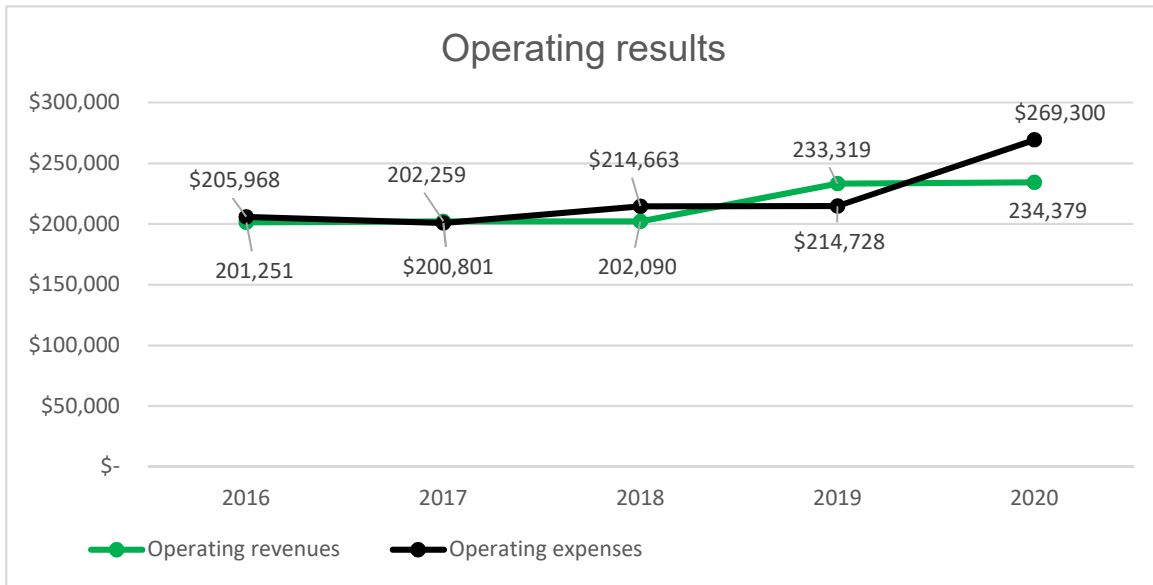
	2016	2017	2018	2019	2020
Year end balance	\$ 2,578,417	\$ 2,914,878	\$ 3,235,452	\$ 3,035,759	\$ 4,644,822
Months on hand	20.53	22.99	26.03	25.67	37.87

Investment in Capital



Village of Pewaukee

Stormwater Utility Results



Unrestricted Reserves

	2016	2017	2018	2019	2020
Year end balance	\$ 108,591	\$ 125,884	\$ 48,804	\$ -	\$ 178,820
Months on hand	6.47	7.47	2.90	0.00	9.16

Investment in Capital



Laimon Fund

2020 FINANCIAL STATEMENT HIGHLIGHTS

	<u>2018</u>	<u>2019</u>	<i>change</i>	<u>2020</u>	<i>change</i>
Assets					
Current Assets	\$ 209,238	\$ 279,664		\$ 137,388	
Noncurrent Assets	1,120,836	1,080,681		1,368,223	
Total Assets	<u>1,330,074</u>	<u>1,360,345</u>	2%	<u>1,505,611</u>	11%
Liabilities					
Current Liabilities	63,593	75,138		96,576	
Noncurrent Liabilities	475,214	453,040		429,985	
Total Liabilities	<u>538,807</u>	<u>528,178</u>	-2%	<u>526,561</u>	0%
Net Position					
Net Investment in Capital Assets	624,202	605,467		915,183	
Unrestricted Net Position	167,065	226,700		63,867	
Total Net Position	<u>\$ 791,267</u>	<u>\$ 832,167</u>	5%	<u>\$ 979,050</u>	18%

	<u>2018</u>	<u>2019</u>	<i>change</i>	<u>2019</u>	<i>change</i>
Income Statement					
Operating Revenue	\$ 184,400	\$ 180,960		\$ 209,219	
Operating Expense	118,275	122,879		126,855	
Operating Income (loss)	<u>66,125</u>	<u>58,081</u>	-12%	<u>82,364</u>	42%
Nonoperating Revenues & (Expenses)	(18,085)	(17,181)		(16,827)	
Contributions and Transfers	<u>-</u>	<u>-</u>		<u>81,346</u>	
Change in Net Position	<u>\$ 48,040</u>	<u>\$ 40,900</u>		<u>\$ 146,883</u>	

Village of Pewaukee

Financial Statements and
Supplementary Information

December 31, 2020

Village of Pewaukee

Table of Contents
December 31, 2020

	<u>Page</u>
Independent Auditors' Report	i
Required Supplementary Information	
Management's Discussion and Analysis	iii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position - Proprietary Funds	8
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Statement of Fiduciary Net Position - Fiduciary Funds	13
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	14
Index to Notes to Financial Statements	15
Notes to Financial Statements	16
Required Supplementary Information	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	48
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	52
Schedule of Employer Contributions - Wisconsin Retirement System	52
Notes to Required Supplementary Information	53

Village of Pewaukee

Table of Contents
December 31, 2020

	<u>Page</u>
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	55
Combining Statement of Fiduciary Net Position - Custodial Funds	56
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	57

Independent Auditors' Report

To the Village Board of
Village of Pewaukee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village of Pewaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pewaukee, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, net position as of December 31, 2019 has been restated to correct a material misstatement. Our opinions are 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 Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pewaukee's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
July 19, 2021

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

The management of the Village of Pewaukee offers all persons interested in the financial position of the Village this narrative overview and analysis of the Village's financial performance during the fiscal year ended December 31, 2020. You are invited to read this narrative in conjunction with the Village's financial statements.

Financial Highlights

- The assets and deferred outflows of the Village of Pewaukee exceeded its liabilities and deferred inflows by \$50,851,911 (net position). Of this amount, \$8,579,607 is considered unrestricted, \$3,248,325 is restricted for specific purposes (restricted net position) and \$39,023,979 is the net investment in capital assets.
- The Village's total net position increased by \$176,338. Governmental activities net position increased by \$605,100, while business-type net position decreased by \$428,762.
- On December 31, 2020, the Village's governmental funds reported combined fund balances of \$6,537,086, an increase of \$1,182,921 from 2019. Unassigned fund balance was \$2,719,401.

Overview of the Financial Statements

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

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

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

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

Government-Wide Statements

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

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

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

Fund Financial Statements

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

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

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

The Village maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

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

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

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

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

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

Financial Analysis of the Village as a Whole

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

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

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

Table 1
Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020*	2019*
Assets:						
Current and other assets	\$ 13,321,066	\$ 10,936,663	\$ 11,846,578	\$ 8,803,773	\$ 25,167,644	\$ 19,740,436
Capital assets	19,060,079	18,946,616	29,906,217	29,004,727	48,966,296	47,951,343
Total assets	32,381,145	29,883,279	41,752,795	37,808,500	74,133,940	67,691,779
Deferred outflows of resources	1,538,390	1,998,634	181,597	239,985	1,719,987	2,238,619
Long-term liabilities	9,328,960	9,352,502	6,517,264	2,781,717	15,846,224	12,134,219
Other liabilities	496,523	264,369	1,217,034	374,105	1,713,557	638,474
Total liabilities	9,825,483	9,616,871	7,734,298	3,155,822	17,559,781	12,772,693
Deferred inflows of resources	7,205,581	5,981,671	236,654	133,000	7,442,235	6,114,671
Net investment in capital	12,516,944	12,081,810	26,568,611	26,305,881	39,023,979	38,319,350
Restricted	954,469	290,618	2,293,856	2,207,124	3,248,325	2,497,742
Unrestricted	3,417,058	3,910,943	5,100,973	6,246,658	8,579,607	10,225,942
Total net position	\$ 16,888,471	\$ 16,283,371	\$ 33,963,440	\$ 34,759,663	\$ 50,851,911	\$ 51,043,034

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

The largest portion of the Village's net position (77 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment and infrastructure), less any debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (17 percent) may be used to meet the government's ongoing obligation to citizens and creditors.

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

Table 2
Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 1,563,935	\$ 1,629,744	\$ 3,381,610	\$ 3,268,990	\$ 4,945,545	\$ 4,898,734
Operating grants and contributions	585,824	510,788	-	-	585,824	510,788
Capital grants and contributions	67,590	157,739	84,849	222,912	152,439	380,651
General revenues:						
Property taxes	5,015,425	4,976,269	-	-	5,015,425	4,976,269
Other taxes	87,802	101,888	-	-	87,802	101,888
Intergovernmental	424,118	254,847	-	-	424,118	254,847
Investment income	49,601	125,230	30,549	130,101	80,150	255,331
Gain on sale of assets	-	20,650	-	-	-	20,650
Miscellaneous	26,369	75,519	43,005	494	69,374	76,013
Total revenues	<u>7,820,664</u>	<u>7,852,674</u>	<u>3,540,013</u>	<u>3,622,497</u>	<u>11,360,677</u>	<u>11,475,171</u>
Expenses						
General government	1,105,208	898,147	-	-	1,105,208	898,147
Public safety	4,030,988	4,343,893	-	-	4,030,988	4,343,893
Health and human services	23,889	23,472	-	-	23,889	23,472
Public works	1,422,902	1,305,856	-	-	1,422,902	1,305,856
Culture, recreation and education	731,392	748,121	-	-	731,392	748,121
Conservation and development	44,940	269,977	-	-	44,940	269,977
Water	-	-	1,475,519	1,215,076	1,475,519	1,215,076
Sewer	-	-	1,676,845	1,598,810	1,676,845	1,598,810
Lakeside Park	-	-	144,020	140,899	144,020	140,899
Stormwater	-	-	271,980	215,898	271,980	215,898
Interest and fiscal charges	256,656	236,924	-	-	256,656	236,924
Total expenses	<u>7,615,975</u>	<u>7,826,390</u>	<u>3,568,364</u>	<u>3,170,683</u>	<u>11,184,339</u>	<u>10,997,073</u>
Income (loss) before transfers	204,689	26,284	(28,351)	451,814	176,338	478,098
Transfers	400,411	382,148	(400,411)	(382,148)	-	-
Increases in net position	605,100	408,432	(428,762)	69,666	176,338	478,098
Beginning Net Position (as restated)	<u>16,283,371</u>	<u>15,874,939</u>	<u>34,392,202</u>	<u>34,689,997</u>	<u>50,675,573</u>	<u>50,564,936</u>
Ending Net Position	<u>\$ 16,888,471</u>	<u>\$ 16,283,371</u>	<u>\$ 33,963,440</u>	<u>\$ 34,759,663</u>	<u>\$ 50,851,911</u>	<u>\$ 51,043,034</u>

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

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

Governmental Activities

Governmental activities increased the Village's net position by \$605,100. This is the result of the net change in fund balances of the governmental funds, an increase of \$1,182,921 plus the reconciling items as detailed on page 7 of the financial statements.

Business-Type Activities

Net position of the business-type activities decreased \$428,762. This was due to negative financial results in the enterprise funds of water, sewer and stormwater utility fund, which saw a decrease of \$393,729, 147,956 and \$33,960, respectively.

Financial Analysis of the Village's Funds

Governmental Funds

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

At December 31, 2020, the Village's governmental funds reported combined fund balances of \$6,537,086. Approximately 42 percent of this amount, \$2,719,401 constitutes unassigned fund balance, which is available to meet the Village's current and future needs. An additional \$1,148,754 is assigned for specific projects or expenditures. Restricted fund balance is \$2,497,137 and the remaining \$171,794 of fund balance is attributed to nonspendable amounts for prepaid expenditures and long-term receivables.

General Fund

The Village's general fund is the chief operating fund of the Village. Total fund balance in the general fund increased by \$35,414 during 2020. Unassigned fund balance increased by \$8,916. See the following General Fund Budgetary Highlights section for further details.

The Village evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. For 2020, unassigned fund balance is \$2,722,880 and the 2021 general fund expenditure budget is \$6,807,200, resulting in an unassigned fund balance ratio of 40 percent, the same as the prior two years. The slight increase in general fund balance was primarily due to fines from citations, recreation fees and investment income all being under budget due to the effects of COVID-19. This was offset by the Village receiving \$158,315 from the Routes to Recovery grant that was not budgeted. On the expenditure side, other general government was more than anticipated but these costs were offset by savings in the police department and public works.

General Debt Service Fund

The Village's debt service fund accounts for the accumulation of resources for and payment of, long-term debt principal, interest and related costs. The entire amount of the fund balance, \$504,374 is restricted for future debt service. Included in this restricted fund balance is \$90,000 received from the Pewaukee Public Library Foundation and \$156,711 from unspent debt proceeds, for a total of \$246,711 to be used for debt service on obligations previously issued to construct the Pewaukee Public Library.

Village of Pewaukee

Management's Discussion and Analysis

December 31, 2020

(Unaudited)

General Capital Projects

The Village's general capital projects fund is used to account for the purchase or construction of major capital items, other than those reported in the other capital project funds. The fund balance is \$1,813,300, an increase of \$1,135,670 from the prior year. This was due to issuance of debt for capital projects of which the proceeds have not been spent.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$172,620, of which \$67,023 is restricted for cemetery projects, \$74,482 is restricted for lake patrol purposes and \$34,594 is restricted for TIF related purposes. The deficit balance of \$3,479 in the downtown loan fund.

Proprietary Funds

The Village of Pewaukee's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. At December 31, 2020, the Village's proprietary funds reported combined net position of \$33,963,440.

Water Utility

The water utility net position decreased \$393,729 or about 3 percent from prior year. Operating revenues increased \$30,661 or more than 2 percent. Operating expenses increased \$161,720 or 13 percent.

Sewer Utility

The sewer utility net position decreased \$147,956 or less than 1 percent. Operating revenues increased \$52,640 or approximately 4 percent. Operating expenses increased \$14,870 or approximately 1 percent. The decrease in net position was primarily due to decrease investment income and increase in depreciation.

Laimon Family Lakeside Park Fund

The Village created this fund during 2015 upon the acquisition of a marina, a building, property and equipment and is now being used for outdoor recreational purposes. A state trust fund loan was issued by the Village to finance the capital acquisitions. In addition, a grant was obtained from the State of Wisconsin and funds were transferred from the general fund to fulfill matching obligations required by the grant. At year end, the fund had \$636,321 of net position which was an increase of \$33,960 from the prior year. Operating revenues at year end were \$209,219, \$28,259 more than last year and operating expenses were \$126,855, \$3,976, more than last year.

General Fund Budgetary Highlights

Overall fund balance increased by \$35,414 or less than 1 percent. There were no budget amendments made during the year.

Total revenues were \$6,516,480, \$212,347 more than budget. Additional revenues were contributed from the state for the routes to recovery for the COVID-19 pandemic.

Total expenses were \$6,873,300, \$96,767 more than budgeted. Significant variances with budgeted expenditures were due to a settlement paid out for an assessment matter and capital outlay coming in \$139,336 more than the amount budgeted.

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

Capital Assets

At the end of 2020, the Village had invested a total of \$48,966,296 in capital assets. This investment in capital assets includes land, buildings, machinery and equipment, utility plant, construction in progress and infrastructure.

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020*	2019	2020	2019
Land	\$ 6,564,438	\$ 6,564,438	\$ 925,238	\$ 925,238	\$ 7,489,676	\$ 7,489,676
Land improvements	181,375	-	561,448	239,280	742,823	239,280
Buildings	10,323,969	10,323,969	136,706	114,603	10,460,675	10,438,572
Machinery and equipment	3,110,023	3,082,376	-	-	3,110,023	3,082,376
Water plant	-	-	19,453,289	19,501,107	19,453,289	19,501,107
Sewer plant	-	-	24,738,918	23,399,751	24,738,918	23,399,751
Storm water	-	-	1,072,137	816,976	1,072,137	816,976
Construction in progress	177,839	14,102	259,760	278,553	437,599	292,655
Infrastructure	4,332,998	4,188,766	-	-	4,332,998	4,188,766
Total capital assets	24,690,642	24,173,651	47,147,496	45,275,508	71,838,138	69,449,159
Less accumulated depreciation	(5,630,563)	(5,227,035)	(17,241,279)	(16,270,781)	(22,871,842)	(21,497,816)
Capital assets, net of accumulated depreciation	<u>\$ 19,060,079</u>	<u>\$ 18,946,616</u>	<u>\$ 29,906,217</u>	<u>\$ 29,004,727</u>	<u>\$ 48,966,296</u>	<u>\$ 47,951,343</u>

* Water Utility capital assets were restated in 2020, see Note 3.

Significant projects for 2020 include:

- Reconstruction of Sussex Street and West Avenue
- Purchase of a Public Works equipment
- Purchase of a Ford Explorer for the Police Department
- SCADA system upgrades
- Watermain and well improvements
- Sewer main improvements

See Note 3 for additional information.

Long-Term Debt

At December 31, 2020, the Village and utilities had \$15,496,220 of long-term bonds outstanding. Of this amount, \$9,118,180 are general obligation issues to be repaid by future levies.

Total long-term bonds outstanding at December 31, 2020 increased by a net amount of \$4,285,392 or 38 percent.

At the end of the year, the Village was at 28 percent of its general obligation debt capacity. The prior year was 21 percent. Excluding general obligation debt to be financed by user charges of the enterprise funds, the debt capacity was 16 percent.

See Note 3 for additional information.

Village of Pewaukee

Management's Discussion and Analysis
December 31, 2020
(Unaudited)

Currently Known Facts/Economic Conditions

All currently known facts and economic conditions were considered in preparing the 2021 Village budget. None of these conditions are anticipated to change the overall financial position of the Village.

On April 30 of 2021, the Village issued \$180,745 of state trust fund loan to fund TIF 3 capital projects. On March 2, 2021 the Village created TIF District No. 3. Lastly, in 2021 the Village created a transportation utility fund.

The Village of Pewaukee is located approximately 25 miles west of Milwaukee. The Village has successful business and commercial areas, which continue to see activity and interest. New and continuing development projects of note are: 1) the continued build-out of The Shops at Meadow Ridge, a four-lot commercial/retail Planned Unit Development for a 9-acre parcel at the southeast corner of Capitol Drive and Meadow Creek Drive, which allows for the construction of up to five buildings – four buildings are complete and occupied as of July 2020; 2) redevelopment of a former gas station property along the lakefront for a two-story building for use a chiropractic and wellness office was completed in May 2021; and 3) the construction of a commercial acute care medical facility in the Meadow Creek Market was completed and opened in November 2020. The Village is currently under contract on the sale of a former catholic school to a single-family developer for the redevelopment of the property into a 46 lot single-family development (part of TIF District #3) which would create new taxable property where the property was previously property tax exempt.

Requests for Information

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

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

Village of Pewaukee

Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 6,402,524	\$ 7,197,032	\$ 13,599,556
Receivables (net):			
Taxes	5,430,592	-	5,430,592
Accounts	117,102	629,786	746,888
Loans	16,504	-	16,504
Special assessments	17,975	-	17,975
Due from other governmental units	94,318	-	94,318
Internal balances	138,649	(138,649)	-
Inventories and prepaid items	79,065	48,847	127,912
Investment in Brookfield Plant (net of amortization)	-	1,815,706	1,815,706
Investment in Pewaukee Public Library	382,333	-	382,333
Restricted Assets:			
Net pension asset	642,004	75,840	717,844
Cash and investments	-	2,218,016	2,218,016
Capital assets (net of accumulated depreciation):			
Land	6,564,438	925,238	7,489,676
Construction in progress	177,839	259,760	437,599
Other capital assets, net of accumulated depreciation	<u>12,317,802</u>	<u>28,721,219</u>	<u>41,039,021</u>
Total assets	<u>32,381,145</u>	<u>41,752,795</u>	<u>74,133,940</u>
Deferred Outflows of Resources			
Deferred charge on refunding	55,287	-	55,287
Pension related amount	<u>1,483,103</u>	<u>181,597</u>	<u>1,664,700</u>
Total deferred outflows of resources	<u>1,538,390</u>	<u>181,597</u>	<u>1,719,987</u>
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts Payable	323,244	1,095,166	1,418,410
Accrued liabilities and deposits	173,279	69,516	242,795
Unearned revenue	-	52,352	52,352
Noncurrent liabilities:			
Due within one year	1,061,891	393,055	1,454,946
Due in more than one year	<u>8,267,069</u>	<u>6,124,209</u>	<u>14,391,278</u>
Total liabilities	<u>9,825,483</u>	<u>7,734,298</u>	<u>17,559,781</u>
Deferred Inflows of Resources			
Pension related amounts	1,910,257	236,654	2,146,911
Unearned revenues	<u>5,295,324</u>	<u>-</u>	<u>5,295,324</u>
Total deferred inflows of resources	<u>7,205,581</u>	<u>236,654</u>	<u>7,442,235</u>
Net Position			
Net investment in capital assets	12,516,944	26,568,611	39,023,979
Restricted for:			
Debt service	190,980	-	190,980
Equipment replacement	-	2,218,016	2,218,016
TIF activities	34,594	-	34,594
Park maintenance	3,364	-	3,364
Cemetery	67,023	-	67,023
Loans	16,504	-	16,504
Pension	642,004	75,840	717,844
Unrestricted	<u>3,417,058</u>	<u>5,100,973</u>	<u>8,579,607</u>
Total net position	<u>\$ 16,888,471</u>	<u>\$ 33,963,440</u>	<u>\$ 50,851,911</u>

See notes to financial statements

Village of Pewaukee

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,105,208	\$ 167,318	\$ 11,025	\$ 50,215	\$ (876,650)	\$ -	\$ (876,650)
Public safety	4,030,988	989,232	184,606	-	(2,857,150)	-	(2,857,150)
Public works	1,422,902	298,121	390,193	17,375	(717,213)	-	(717,213)
Health and human services	23,889	34,531	-	-	10,642	-	10,642
Culture, recreation and education	731,392	74,733	-	-	(656,659)	-	(656,659)
Conservation and development	44,940	-	-	-	(44,940)	-	(44,940)
Interest and fiscal charges	256,656	-	-	-	(256,656)	-	(256,656)
Total governmental activities	<u>7,615,975</u>	<u>1,563,935</u>	<u>585,824</u>	<u>67,590</u>	<u>(5,398,626)</u>	<u>-</u>	<u>(5,398,626)</u>
Business-type activities:							
Water	1,475,519	1,466,333	-	1,600	-	(7,586)	(7,586)
Sewer	1,676,845	1,471,679	-	1,903	-	(203,263)	(203,263)
Lakeside park	144,020	209,219	-	81,346	-	146,545	146,545
Stormwater	271,980	234,379	-	-	-	(37,601)	(37,601)
Total business-type activities	<u>3,568,364</u>	<u>3,381,610</u>	<u>-</u>	<u>84,849</u>	<u>-</u>	<u>(101,905)</u>	<u>(101,905)</u>
Total	<u>\$ 11,184,339</u>	<u>\$ 4,945,545</u>	<u>\$ 585,824</u>	<u>\$ 152,439</u>	<u>(5,398,626)</u>	<u>(101,905)</u>	<u>(5,500,531)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					3,886,818	-	3,886,818
Property taxes, levied for debt service					1,074,277	-	1,074,277
Property taxes, levied for tax increment financing districts					54,330	-	54,330
Payment in lieu of taxes					87,802	-	87,802
Intergovernmental revenues not restricted to specific programs					424,118	-	424,118
Investment income					49,601	30,549	80,150
Miscellaneous					26,369	43,005	69,374
Total general revenues					<u>5,603,315</u>	<u>73,554</u>	<u>5,676,869</u>
Transfers					<u>400,411</u>	<u>(400,411)</u>	<u>-</u>
Total general revenues and transfers					<u>6,003,726</u>	<u>(326,857)</u>	<u>5,676,869</u>
Change in net position					605,100	(428,762)	176,338
Net Position, Beginning (as restated)					<u>16,283,371</u>	<u>34,392,202</u>	<u>50,675,573</u>
Net Position, Ending					<u>\$ 16,888,471</u>	<u>\$ 33,963,440</u>	<u>\$ 50,851,911</u>

See notes to financial statements

Village of Pewaukee

Balance Sheet
Governmental Funds
December 31, 2020

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and investments	\$ 3,897,529	\$ 504,374	\$ 1,823,240	\$ 177,381	\$ 6,402,524
Receivables:					
Taxes	4,070,077	1,205,129	206	155,180	5,430,592
Accounts	117,102	-	-	-	117,102
Due from other governments	94,318	-	-	-	94,318
Special assessments	-	-	17,975	-	17,975
Loans	-	-	-	16,504	16,504
Due from other funds	165,531	-	-	-	165,531
Advances to other funds	92,755	-	-	-	92,755
Prepaid items	79,039	-	-	26	79,065
	<u>\$ 8,516,351</u>	<u>\$ 1,709,503</u>	<u>\$ 1,841,421</u>	<u>\$ 349,091</u>	<u>\$ 12,416,366</u>
Total assets					
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 312,587	\$ -	\$ 9,940	\$ 717	\$ 323,244
Accrued liabilities	88,488	-	-	591	89,079
Advances from other funds	-	-	-	3,479	3,479
Due from other funds	116,158	-	-	-	116,158
Deposits	17,517	-	-	-	17,517
	<u>534,750</u>	<u>-</u>	<u>9,940</u>	<u>4,787</u>	<u>549,477</u>
Total liabilities					
Deferred Inflows of Resources					
Unearned revenues	3,934,809	1,205,129	206	155,180	5,295,324
Unavailable revenues	-	-	17,975	16,504	34,479
	<u>3,934,809</u>	<u>1,205,129</u>	<u>18,181</u>	<u>171,684</u>	<u>5,329,803</u>
Total deferred inflows of resources					
Fund Balances (Deficit)					
Nonspendable	171,794	-	-	-	171,794
Restricted	3,364	504,374	1,813,300	176,099	2,497,137
Assigned	1,148,754	-	-	-	1,148,754
Unassigned (deficit)	2,722,880	-	-	(3,479)	2,719,401
	<u>4,046,792</u>	<u>504,374</u>	<u>1,813,300</u>	<u>172,620</u>	<u>6,537,086</u>
Total fund balances					
Total liabilities, deferred inflows of resources and fund balance					
	<u>\$ 8,516,351</u>	<u>\$ 1,709,503</u>	<u>\$ 1,841,421</u>	<u>\$ 349,091</u>	<u>\$ 12,416,366</u>

See notes to financial statements

Village of Pewaukee

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances, Governmental Funds	\$ 6,537,086
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Land and right of way	6,564,438
Land improvements	181,375
Construction in progress	177,839
Other capital assets	17,766,990
Less accumulated depreciation	(5,630,563)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note 3.	34,479
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	642,004
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,483,103
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,910,257)
The Village's investment in the library joint venture is not a financial resource and, therefore, is not reported in the fund statements.	382,333
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(9,118,180)
Compensated absences	(29,446)
Accrued interest	(66,683)
Unamortized debt premium	(181,334)
A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	<u>55,287</u>
Net Position of Governmental Activities	<u>\$ 16,888,471</u>

See notes to financial statements

Village of Pewaukee

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2020

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 3,974,620	\$ 1,074,277	\$ -	\$ 54,330	\$ 5,103,227
Intergovernmental	934,990	12,377	24,730	87,660	1,059,757
Licenses and permits	353,017	-	-	-	353,017
Fines, forfeitures and penalties	131,964	-	-	-	131,964
Public charges for services	1,043,613	-	-	34,531	1,078,144
Special assessments	-	-	205	-	205
Investment income	46,536	-	2,217	843	49,596
Miscellaneous revenues	31,740	-	-	39	31,779
Total revenues	<u>6,516,480</u>	<u>1,086,654</u>	<u>27,152</u>	<u>177,403</u>	<u>7,807,689</u>
Expenditures					
Current:					
General government	1,087,124	-	-	-	1,087,124
Public safety	3,793,188	-	-	77,259	3,870,447
Public works	1,095,192	-	-	-	1,095,192
Health and human services	4,043	-	-	19,846	23,889
Culture, recreation and education	626,538	-	-	-	626,538
Conservation and development	38,836	-	-	7,600	46,436
Capital Outlay	228,379	-	446,609	25,000	699,988
Debt Service:					
Principal	-	1,996,273	-	16,161	2,012,434
Interest and fiscal charges	-	232,638	25,621	15,266	273,525
Total expenditures	<u>6,873,300</u>	<u>2,228,911</u>	<u>472,230</u>	<u>161,132</u>	<u>9,735,573</u>
Excess (deficiency) of revenues over expenditures	<u>(356,820)</u>	<u>(1,142,257)</u>	<u>(445,078)</u>	<u>16,271</u>	<u>(1,927,884)</u>

See notes to financial statements

Village of Pewaukee

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2020

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other Financing Sources (Uses)					
Debt issued	\$ -	\$ 1,080,000	\$ 1,535,000	\$ -	\$ 2,615,000
Premium on debt issued	-	49,646	45,748	-	95,394
Transfers out	(8,177)	-	-	-	(8,177)
Transfers in	<u>400,411</u>	<u>-</u>	<u>-</u>	<u>8,177</u>	<u>408,588</u>
Total other financing sources (uses)	<u>392,234</u>	<u>1,129,646</u>	<u>1,580,748</u>	<u>8,177</u>	<u>3,110,805</u>
Net change in fund balances	35,414	(12,611)	1,135,670	24,448	1,182,921
Fund Balances, Beginning	<u>4,011,378</u>	<u>516,985</u>	<u>677,630</u>	<u>148,172</u>	<u>5,354,165</u>
Fund Balances, Ending	<u>\$ 4,046,792</u>	<u>\$ 504,374</u>	<u>\$ 1,813,300</u>	<u>\$ 172,620</u>	<u>\$ 6,537,086</u>

See notes to financial statements

Village of Pewaukee

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balances, Total Governmental Funds \$ 1,182,921

Amounts reported for Governmental Activities in the Statement of Activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	699,988
Some items reported as capital outlay were not capitalized	(89,976)
Depreciation is reported in the government-wide financial statements	(487,247)
Net book value of assets retired	(9,302)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

17,175

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

Debt issued	(2,615,000)
Principal repaid	2,012,434

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

Amortization of debt premium	15,186
Amortization of loss on refunding	(29,730)
Premium on debt issuance	(95,394)

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

Compensated absences	(3,221)
Accrued interest on debt	19,036
Net pension asset/liability	1,351,541
Deferred outflows of resources related to pensions	(430,514)
Deferred inflows of resources related to pensions	(948,606)

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

15,809

Change in Net Position of Governmental Activities \$ 605,100

Village of Pewaukee

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Laimon Family Lakeside Park Fund	Nonmajor Enterprise Fund - Stormwater Utility	
Assets					
Current assets:					
Cash and investments	\$ 2,236,388	\$ 4,644,822	\$ 137,002	\$ 178,820	\$ 7,197,032
Accounts receivable	206,101	363,883	-	59,802	629,786
Due from other funds	52,985	55,654	-	7,519	116,158
Materials and supplies	25,940	-	-	-	25,940
Prepayments	14,858	6,934	386	729	22,907
Total current assets	<u>2,536,272</u>	<u>5,071,293</u>	<u>137,388</u>	<u>246,870</u>	<u>7,991,823</u>
Noncurrent assets:					
Restricted assets:					
Equipment replacement	-	2,218,016	-	-	2,218,016
Net pension asset	38,907	36,933	-	-	75,840
Capital assets:					
Land	10,742	250	914,246	-	925,238
Construction work in progress	130,117	118,643	-	11,000	259,760
Land improvements	-	-	561,448	-	561,448
Buildings and improvements	-	-	136,706	-	136,706
Plant in service	19,453,289	24,738,918	-	1,072,137	45,264,344
Less accumulated depreciation	(7,221,486)	(9,390,040)	(244,177)	(385,576)	(17,241,279)
Other assets:					
Investment in Brookfield plant	-	6,192,698	-	-	6,192,698
Less accumulated amortization	-	(4,376,992)	-	-	(4,376,992)
Total noncurrent assets	<u>12,411,569</u>	<u>19,538,426</u>	<u>1,368,223</u>	<u>697,561</u>	<u>34,015,779</u>
Total assets	<u>14,947,841</u>	<u>24,609,719</u>	<u>1,505,611</u>	<u>944,431</u>	<u>42,007,602</u>
Deferred Outflows of Resources					
Pension related items	<u>101,563</u>	<u>80,034</u>	<u>-</u>	<u>-</u>	<u>181,597</u>
Total deferred outflows of resources	<u>101,563</u>	<u>80,034</u>	<u>-</u>	<u>-</u>	<u>181,597</u>

See notes to financial statements

Village of Pewaukee

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Laimon Family Lakeside Park Fund	Nonmajor Enterprise Fund - Stormwater Utility	
Liabilities					
Current liabilities:					
Accounts payable	\$ 167,803	\$ 919,086	\$ 3,578	\$ 4,699	\$ 1,095,166
Due to other funds	165,531	-	-	-	165,531
Accrued wages	6,064	1,693	-	1,681	9,438
Accrued interest	25,052	16,752	13,591	683	56,078
Unearned revenue	-	-	52,352	-	52,352
General obligation debt	205,000	140,000	23,055	25,000	393,055
Deposits	-	-	4,000	-	4,000
Total current liabilities	569,450	1,077,531	96,576	32,063	1,775,620
Noncurrent liabilities:					
Long-term debt:					
General obligation debt	3,105,000	2,270,000	429,985	180,000	5,984,985
Advances from other funds	-	-	-	89,276	89,276
Unamortized premium	64,409	68,044	-	6,771	139,224
Total noncurrent liabilities	3,169,409	2,338,044	429,985	276,047	6,213,485
Total liabilities	3,738,859	3,415,575	526,561	308,110	7,989,105
Deferred Inflows of Resources					
Pension related items	153,005	83,649	-	-	236,654
Total deferred inflows of resources	153,005	83,649	-	-	236,654
Net Position					
Net investment in capital assets	10,442,729	14,519,909	915,183	690,790	26,568,611
Restricted for:					
Replacement of equipment and capital assets	-	2,218,016	-	-	2,218,016
Pension	38,907	36,933	-	-	75,840
Unrestricted net position (deficit)	675,904	4,415,671	63,867	(54,469)	5,100,973
Total net position	\$ 11,157,540	\$ 21,190,529	\$ 979,050	\$ 636,321	\$ 33,963,440

See notes to financial statements

Village of Pewaukee

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Laimon Family Lakeside Park Fund	Nonmajor Enterprise Fund - Stormwater Utility	
Operating Revenues					
Charges for services	\$ 1,215,848	\$ 1,471,679	\$ 209,219	\$ 234,379	\$ 3,131,125
Other operating revenue	<u>250,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,485</u>
Total operating revenues	<u>1,466,333</u>	<u>1,471,679</u>	<u>209,219</u>	<u>234,379</u>	<u>3,381,610</u>
Operating Expenses					
Operation and maintenance	865,380	993,773	79,084	224,454	2,162,691
Depreciation	501,645	377,305	47,771	44,846	971,567
Amortization	<u>-</u>	<u>230,368</u>	<u>-</u>	<u>-</u>	<u>230,368</u>
Total operating expenses	<u>1,367,025</u>	<u>1,601,446</u>	<u>126,855</u>	<u>269,300</u>	<u>3,364,626</u>
Operating income (loss)	<u>99,308</u>	<u>(129,767)</u>	<u>82,364</u>	<u>(34,921)</u>	<u>16,984</u>
Nonoperating Revenues (Expenses)					
Investment income	5,551	24,503	338	157	30,549
Miscellaneous revenues	8,717	30,804	-	3,484	43,005
Interest expense	<u>(108,494)</u>	<u>(75,399)</u>	<u>(17,165)</u>	<u>(2,680)</u>	<u>(203,738)</u>
Total nonoperating revenues (expenses)	<u>(94,226)</u>	<u>(20,092)</u>	<u>(16,827)</u>	<u>961</u>	<u>(130,184)</u>
Income (loss) before contributions and transfers	<u>5,082</u>	<u>(149,859)</u>	<u>65,537</u>	<u>(33,960)</u>	<u>(113,200)</u>
Contributions and Transfers					
Capital contributions	1,600	1,903	81,346	-	84,849
Transfers - tax equivalent	(269,991)	-	-	-	(269,991)
Transfers out	<u>(130,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,420)</u>
Total contributions and transfers	<u>(398,811)</u>	<u>1,903</u>	<u>81,346</u>	<u>-</u>	<u>(315,562)</u>
Change in net position	(393,729)	(147,956)	146,883	(33,960)	(428,762)
Net Position, Beginning (as restated)	<u>11,551,269</u>	<u>21,338,485</u>	<u>832,167</u>	<u>670,281</u>	<u>34,392,202</u>
Net Position, Ending	<u>\$ 11,157,540</u>	<u>\$ 21,190,529</u>	<u>\$ 979,050</u>	<u>\$ 636,321</u>	<u>\$ 33,963,440</u>

See notes to financial statements

Village of Pewaukee

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Laimon Family Lakeside Park Fund	Nonmajor Enterprise Fund - Stormwater Utility	
Cash Flows From Operating Activities					
Received from customers	\$ 1,021,961	\$ 1,469,759	\$ 209,631	\$ 229,757	\$ 2,931,108
Received from municipality	422,384	-	-	-	422,384
Customer deposit	-	-	30,165	-	30,165
Paid to suppliers for goods and services	(357,147)	(216,391)	(84,730)	(60,605)	(718,873)
Paid to employees for services	(343,043)	(140,763)	(3,273)	(163,750)	(650,829)
Net cash flows from operating activities	<u>744,155</u>	<u>1,112,605</u>	<u>151,793</u>	<u>5,402</u>	<u>2,013,955</u>
Cash Flows From Investing Activities					
Investment income	<u>3,872</u>	<u>24,503</u>	<u>338</u>	<u>-</u>	<u>28,713</u>
Net cash flows from investing activities	<u>3,872</u>	<u>24,503</u>	<u>338</u>	<u>-</u>	<u>28,713</u>
Cash Flows From Noncapital Financing Activities					
Paid to municipality for tax equivalent	(253,187)	-	-	-	(253,187)
Transfers	(130,420)	-	-	-	(130,420)
Net cash flows from noncapital financing activities	<u>(383,607)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(383,607)</u>
Cash Flows From Capital and Related Financing Activities					
Debt issued	1,745,000	2,060,000	-	205,000	4,010,000
Debt retired	(260,000)	(20,000)	(22,174)	(25,000)	(327,174)
Interest paid	(99,346)	(65,431)	(17,869)	(2,319)	(184,965)
Build America Bonds interest rate subsidy	1,679	-	-	158	1,837
Acquisition and construction of capital assets	(348,126)	(1,561,669)	(312,229)	(11,192)	(2,233,216)
Capital contributions received	1,600	1,903	58,262	-	61,765
Premium from debt issuance	64,409	68,044	-	6,771	139,224
Net cash flows from capital and related financing activities	<u>1,105,216</u>	<u>482,847</u>	<u>(294,010)</u>	<u>173,418</u>	<u>1,467,471</u>
Net change in cash and cash equivalents	1,469,636	1,619,955	(141,879)	178,820	3,126,532
Cash and Cash Equivalents, Beginning	<u>766,752</u>	<u>5,242,883</u>	<u>278,881</u>	<u>-</u>	<u>6,288,516</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,236,388</u>	<u>\$ 6,862,838</u>	<u>\$ 137,002</u>	<u>\$ 178,820</u>	<u>\$ 9,415,048</u>

See notes to financial statements

Village of Pewaukee

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Laimon Family Lakeside Park Fund	Nonmajor Enterprise Fund - Stormwater Utility	
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities					
Operating income (loss)	\$ 99,308	\$ (129,767)	\$ 82,364	\$ (34,921)	\$ 16,984
Nonoperating revenue	8,717	30,804	-	3,484	43,005
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	501,645	377,305	47,771	44,846	971,567
Depreciation charged to other funds	15,781	-	-	-	15,781
Other operating amortization expenses	-	230,368	-	-	230,368
Changes in assets and liabilities:					
Customer accounts receivable	6,499	22,930	412	(587)	29,254
Due from village	(52,985)	(55,654)	-	(7,519)	(116,158)
Materials and supplies	1,236	-	-	-	1,236
Prepayments	(1,352)	(570)	(15)	-	(1,937)
Accounts payable	157,740	639,622	(8,904)	322	788,780
Other current liabilities	2,559	(757)	-	(223)	1,579
Pension related deferrals and liabilities	5,007	(1,676)	-	-	3,331
Customer deposits	-	-	30,165	-	30,165
Net cash flows from operating activities	<u>\$ 744,155</u>	<u>\$ 1,112,605</u>	<u>\$ 151,793</u>	<u>\$ 5,402</u>	<u>\$ 2,013,955</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds					
Cash and investments	\$ 2,236,388	\$ 4,644,822	\$ 137,002	\$ 178,820	\$ 7,197,032
Equipment replacement	-	2,218,016	-	-	2,218,016
Cash and cash equivalents	<u>\$ 2,236,388</u>	<u>\$ 6,862,838</u>	<u>\$ 137,002</u>	<u>\$ 178,820</u>	<u>\$ 9,415,048</u>
Noncash Capital and Related Financing Activities					
Amortization of premiums	<u>\$ -</u>	<u>\$ 3,632</u>	<u>\$ -</u>	<u>\$ -</u>	
Developer financed additions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,084</u>	<u>\$ -</u>	
Capital asset restatement	<u>\$ 367,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See notes to financial statements

Village of Pewaukee

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2020

	Custodial Funds
Assets	
Cash and investments	\$ 5,952,798
Taxes receivable	7,153,918
Prepaid items	<u>13,351</u>
Total assets	<u>13,120,067</u>
Liabilities	
Accounts payable	18,546
Accrued liabilities	7,807
Due to other governments	<u>12,856,508</u>
Total liabilities	<u>12,882,861</u>
Net Position	
Restricted	<u>237,206</u>
Total net position	<u><u>\$ 237,206</u></u>

See notes to financial statements

Village of Pewaukee

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2020

	Custodial Funds
Additions	
Intergovernmental	\$ 1,209,064
Fines	10,821
Donations	14,289
Investment income	1,245
Other miscellaneous	5,145
Property taxes collected for other governments	<u>9,162,098</u>
Total additions	<u>10,402,662</u>
Deductions	
Library activities	1,187,470
Property Taxes collected for other governments	<u>9,162,098</u>
Total deductions	<u>10,349,568</u>
Change in fiduciary net position	53,094
Net Position, Beginning	<u>184,112</u>
Net Position, Ending	<u><u>\$ 237,206</u></u>

See notes to financial statements

Village of Pewaukee

Index to Notes to Financial Statements
December 31, 2020

	<u>Page</u>
1. Summary of Significant Accounting Policies	16
Reporting Entity	16
Government-Wide and Fund Financial Statements	16
Measurement Focus, Basis of Accounting and Financial Statement Presentation	18
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	20
Deposits and Investments	20
Receivables	21
Inventories and Prepaid Items	22
Restricted Assets	22
Capital Assets	22
Other Assets	23
Deferred Outflows of Resources	23
Compensated Absences	23
Long-Term Obligations/Conduit Debt	23
Deferred Inflows of Resources	23
Equity Classifications	24
Pension	25
Basis for Existing Rates	26
2. Stewardship, Compliance and Accountability	26
Budgetary Information	26
Excess Expenditures Over Appropriations	26
Deficit Balances	26
Limitations on the Village's Tax Levy	27
3. Detailed Notes on All Funds	27
Deposits and Investments	27
Receivables	28
Restricted Assets	28
Capital Assets	29
Interfund Receivables/Payables, Advances and Transfers	33
Long-Term Obligations	34
Net Position/Fund Balances	37
Restatement of Net Position	39
4. Other Information	39
Employees' Retirement System	39
Risk Management	44
Commitments and Contingencies	44
Joint Ventures	45
Other Postemployment Benefits	46
Subsequent Events	46
Effect of New Accounting Standards on Current-Period Financial Statements	46
Investment in Brookfield Wastewater Treatment Facility	47

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented January 1, 2020.

Government-Wide Financial Statements

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

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

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

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

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

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

The Village reports the following major governmental funds:

General Fund

General Fund accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Funds

General Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

Capital Projects Funds

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

Enterprise Funds

The Village reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer Utility accounts for operations of the sewer system

Laimon Family Lakeside Park Fund accounts for operations of the park and its marina facilities

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

The Village reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

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

Cemetery Fund
Downtown Loan Fund
Lake Patrol Fund

Capital Projects Funds

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

Tax Incremental District (TID) No. 2

Enterprise Funds

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

Stormwater Utility

In addition, the Village reports the following fund types:

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Pewaukee Public Library
Tax Collection

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held by the County are reported as receivables and unavailable revenues. At December 31, 2020, there were \$13,288 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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

Proprietary and Fiduciary Funds

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, sewer, Laimon Family Lakeside Park, and stormwater funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

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

Deposits and Investments

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

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

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

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

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

The Village is exposed to custodial credit risk for its deposits as well as credit risk for its investments (see Note 3.). The Village's investment policy addresses both of these types of risks. For depository custodial credit risk, the investment policy requires all financial institutions acting as depository for the Village to enter into a depository agreement pledging collateral to secure amounts over and above the guaranteed amounts. All collateral is required to be held by a third party.

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

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3. for further information.

Receivables

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

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

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

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

Fund Financial Statements

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Other Assets

Other assets in the utility funds represents the investment in the Brookfield Wastewater Treatment Plant (see Note 4.)

Deferred Outflows of Resources

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

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

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Sick leave does not vest to employees. Compensatory time earned is also accrued within this liability.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At year end, the aggregate principal amount for the series outstanding could not be determined; however, their original issue amounts totaled \$1,900,000.

Deferred Inflows of Resources

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Equity Classifications

Government-Wide Statements

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

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

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 12,516,944	\$ 26,568,611	\$ (61,576)	\$ 39,023,979
Unrestricted	3,417,058	5,100,973	61,576	8,579,607

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

- d. *Assigned* - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Village Clerk/Treasurer and/or Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. *Unassigned* - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

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

The Village has a working capital policy to meet cash flow needs during the year and to preserve credit worthiness. The working capital amount is to equal 10 percent of the ensuing year's budgeted expenditures. This amount is \$680,720 and is included within the unassigned fund balance of the general fund at year-end.

The Village has a fund balance policy that includes a requirement to maintain as of December 31 of each year a minimum of 35 percent of the ensuing year's budgeted general fund expenditures, with a targeted maximum of 40 percent for the purpose of strengthening the Village's financial position and maintaining and/or increasing the Village's bond rating. Any amount over the 40 percent targeted maximum may be assigned by management for future capital projects and/or infrastructure needs. As of December 31, 2020, the Village reported 40 percent of the ensuing year's budgeted general fund expenditures in its unassigned fund balance.

See Note 3. for further information.

Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources 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.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Basis for Existing Rates

Water Utility

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

Sewer Utility

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

Stormwater Utility

Current stormwater rates were approved by the village board on November 20, 2018.

2. Stewardship, Compliance and Accountability

Budgetary Information

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

Excess Expenditures Over Appropriations

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 1,095,277	\$ 2,228,911	\$ 1,133,634
TID District No. 2	33,577	64,027	30,450
Lake Patrol Fund	58,405	77,259	18,854

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

Deficit Balances

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

As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Downtown Loan Fund	\$ 3,479	Loan disbursements have exceeded repayments

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

3. Detailed Notes on All Funds

Deposits and Investments

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

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

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 11,236,019	\$ 11,273,559	Custodial credit
LGIP	10,533,701	10,533,701	Credit
Petty cash	650	-	N/A
Total deposits and investments	<u>\$ 21,770,370</u>	<u>\$ 21,807,260</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 13,599,556		
Restricted cash and investments	2,218,016		
Per statement of assets and liabilities - agency funds			
Custodial Funds	<u>5,952,798</u>		
Total deposits and investments	<u>\$ 21,770,370</u>		

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Village maintains collateral agreements with its banks. At December 31, 2020, the banks had pledged various government securities in the amount of \$31,285,525 to secure the Village's deposits.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Custodial Credit Risk

Deposits

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

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

Credit Risk

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

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

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

Receivables

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

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 5,294,499	\$ -
Licenses for the subsequent year	825	-
Deferred loan receivable	-	16,504
Special assessments	-	17,975
	<u> </u>	<u> </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 5,295,324</u>	<u>\$ 34,479</u>

Restricted Assets

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Net Pension Asset

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Following is a list of restricted assets at December 31, 2020:

Restricted assets:	
Equipment replacement	\$ 2,218,016
Net pension asset - governmental activities	642,004
Net pension asset - business-type activities	<u>75,840</u>
Total restricted assets	<u>\$ 2,935,860</u>

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land and right of way	\$ 6,564,438	\$ -	\$ -	\$ 6,564,438
Construction in progress	<u>14,102</u>	<u>171,937</u>	<u>8,200</u>	<u>177,839</u>
Total capital assets not being depreciated	<u>6,578,540</u>	<u>171,937</u>	<u>8,200</u>	<u>6,742,277</u>
Capital assets being depreciated:				
Buildings	10,323,969	-	-	10,323,969
Machinery and equipment	3,082,376	120,668	93,021	3,110,023
Streets	3,305,793	144,232	-	3,450,025
Dams	582,973	-	-	582,973
Bridges	300,000	-	-	300,000
Land improvements	<u>-</u>	<u>181,375</u>	<u>-</u>	<u>181,375</u>
Total capital assets being depreciated	<u>17,595,111</u>	<u>446,275</u>	<u>93,021</u>	<u>17,948,365</u>
Total capital assets	<u>24,173,651</u>	<u>618,212</u>	<u>101,221</u>	<u>24,690,642</u>
Less accumulated depreciation for:				
Buildings	(2,944,923)	(230,397)	-	(3,175,320)
Machinery and equipment	(1,761,691)	(151,677)	83,719	(1,829,649)
Streets	(432,722)	(82,645)	-	(515,367)
Dams	(83,949)	(10,493)	-	(94,442)
Bridges	(3,750)	(7,500)	-	(11,250)
Land improvements	<u>-</u>	<u>(4,535)</u>	<u>-</u>	<u>(4,535)</u>
Total accumulated depreciation	<u>(5,227,035)</u>	<u>(487,247)</u>	<u>83,719</u>	<u>(5,630,563)</u>
Net capital assets being depreciated	<u>12,368,076</u>	<u>(40,972)</u>	<u>9,302</u>	<u>12,317,802</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 18,946,616</u>	<u>\$ 130,965</u>	<u>\$ 17,502</u>	<u>\$ 19,060,079</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

Public safety	\$ 103,988
Public works	208,117
Culture, recreation, and education	153,060
General government	<u>22,082</u>
Total governmental activities depreciation / amortization expense	<u>\$ 487,247</u>

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Business-Type Activities

	Beginning Balance (as Restated)	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land and land rights	\$ 10,742	\$ -	\$ -	\$ 10,742
Construction work in progress	2,279	127,838	-	130,117
Total capital assets not being depreciated	13,021	127,838	-	140,859
Capital assets being depreciated:				
Source of supply	1,048,022	-	-	1,048,022
Pumping	2,654,242	204,987	174,838	2,684,391
Water treatment	1,705,460	-	-	1,705,460
Transmission and distribution	13,672,557	15,301	6,926	13,680,932
General	334,484	-	-	334,484
Total capital assets being depreciated	19,414,765	220,288	181,764	19,453,289
Total capital assets	19,427,786	348,126	181,764	19,594,148
Less accumulated depreciation for:				
Water	(6,885,824)	(517,426)	181,764	(7,221,486)
Total accumulated depreciation	(6,885,824)	(517,426)	181,764	(7,221,486)
Net capital assets being depreciated	26,300,589	(297,138)	-	12,231,803
Net water capital assets	<u>\$ 26,313,610</u>	<u>\$ (169,300)</u>	<u>\$ -</u>	<u>\$ 12,372,662</u>

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated:				
Land and land rights	\$ 250	\$ -	\$ -	\$ 250
Construction work in progress	12,347	116,218	9,922	118,643
Total capital assets not being depreciated	<u>12,597</u>	<u>116,218</u>	<u>9,922</u>	<u>118,893</u>
Capital assets being depreciated:				
Collection system	20,308,125	1,306,537	114,734	21,499,928
Pumping	2,609,634	1,676	1,472	2,609,838
Treatment and disposal	219,808	147,160	-	366,968
General	262,184	-	-	262,184
Total capital assets being depreciated	<u>23,399,751</u>	<u>1,455,373</u>	<u>116,206</u>	<u>24,738,918</u>
Total capital assets	<u>23,412,348</u>	<u>1,571,591</u>	<u>126,128</u>	<u>24,857,811</u>
Less accumulated depreciation for				
Sewer	<u>(9,128,941)</u>	<u>(377,305)</u>	<u>116,206</u>	<u>(9,390,040)</u>
Total accumulated depreciation	<u>(9,128,941)</u>	<u>(377,305)</u>	<u>116,206</u>	<u>(9,390,040)</u>
Net capital assets being depreciated	<u>14,270,810</u>	<u>1,078,068</u>	<u>-</u>	<u>15,348,878</u>
Net sewer capital assets	<u>\$ 14,283,407</u>	<u>\$ 1,194,286</u>	<u>\$ 9,922</u>	<u>\$ 15,467,771</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater				
Capital assets not being depreciated:				
Construction work in progress	\$ 254,969	\$ 11,000	\$ 254,969	\$ 11,000
Total capital assets not being depreciated	<u>254,969</u>	<u>11,000</u>	<u>254,969</u>	<u>11,000</u>
Capital assets being depreciated:				
Mains	569,787	255,161	-	824,948
Equipment	247,189	-	-	247,189
Total capital assets being depreciated	<u>816,976</u>	<u>255,161</u>	<u>-</u>	<u>1,072,137</u>
Total capital assets	<u>1,071,945</u>	<u>266,161</u>	<u>254,969</u>	<u>1,083,137</u>
Less accumulated depreciation for:				
Stormwater	<u>(340,729)</u>	<u>(44,847)</u>	<u>-</u>	<u>(385,576)</u>
Total accumulated depreciation	<u>(340,729)</u>	<u>(44,847)</u>	<u>-</u>	<u>(385,576)</u>
Net capital assets being depreciated	<u>476,247</u>	<u>210,314</u>	<u>-</u>	<u>686,561</u>
Net stormwater capital assets	<u>\$ 731,216</u>	<u>\$ 221,314</u>	<u>\$ 254,969</u>	<u>\$ 697,561</u>

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
Laimon Family Lakeside Park				
Capital assets not being depreciated:				
Land	\$ 914,246	\$ -	\$ -	\$ 914,246
Construction work in progress	8,958	-	8,958	-
Total capital assets not being depreciated / amortized	<u>923,204</u>	<u>-</u>	<u>8,958</u>	<u>914,246</u>
Capital assets being depreciated:				
Land improvements	239,280	322,168	-	561,448
Buildings and improvements	114,603	22,103	-	136,706
Total capital assets being depreciated / amortized	<u>353,883</u>	<u>344,271</u>	<u>-</u>	<u>698,154</u>
Total capital assets	<u>1,277,087</u>	<u>344,271</u>	<u>8,958</u>	<u>1,612,400</u>
Less accumulated depreciation for:				
Land improvements	(176,618)	(41,949)	-	(218,567)
Buildings and improvements	(19,788)	(5,822)	-	(25,610)
Total accumulated depreciation / amortization	<u>(196,406)</u>	<u>(47,771)</u>	<u>-</u>	<u>(244,177)</u>
Net capital assets being depreciated / amortized	<u>157,477</u>	<u>296,500</u>	<u>-</u>	<u>453,977</u>
Net other enterprise capital assets	<u>\$ 1,080,681</u>	<u>\$ 296,500</u>	<u>\$ 8,958</u>	<u>\$ 1,368,223</u>
Business-type capital assets, net of accumulated depreciation (as restated)	<u>\$ 42,408,914</u>	<u>\$ 1,542,800</u>	<u>\$ 273,849</u>	<u>\$ 29,906,217</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 501,645
Sewer	377,305
Stormwater	44,846
Laimon Family Lakeside Park	<u>47,771</u>
Total business-type activities Laimon expense	<u>\$ 971,567</u>

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	Water utility	\$ 165,531	\$ -
Water utility	General fund	52,985	-
Sewer utility	General fund	55,654	-
Stormwater utility	General fund	<u>7,519</u>	-
Total, fund financial statements		281,689	
Less government-wide eliminations		(232,316)	
Add interfund advances		<u>89,276</u>	
Total internal balances, government-wide statement of net position		<u>\$ 138,649</u>	

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

Advances

The general fund is advancing funds to the downtown loan fund. The amount advanced is determined by the deficiency of loan repayments over loan disbursements. No repayment schedule has been established and interest is not being charged.

The general fund is advancing funds to the stormwater utility. The amount advanced is determined by the deficiency of revenues over expenditures. A repayment schedule has not been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	Downtown loan fund	\$ 3,479	\$ 3,479
General fund	Enterprise fund, stormwater utility	<u>89,276</u>	89,276
Total, fund financial statements		92,755	
Less fund eliminations		<u>(3,479)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ 89,276</u>	

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 269,991	Payment in lieu of taxes
General fund	Water utility	130,420	Tower rental allocation
Lake Patrol fund	General	<u>8,177</u>	Operational support
Total, fund financial statements		408,588	
Less fund eliminations		<u>(8,177)</u>	
Total transfers, government-wide statement of activities		<u>\$ 400,411</u>	

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 7,965,000	\$ 2,615,000	\$ 1,975,000	\$ 8,605,000	\$ 995,000
General obligation notes from direct borrowings and direct placements	550,614	-	37,434	513,180	37,445
Premiums	<u>101,126</u>	<u>95,394</u>	<u>15,186</u>	<u>181,334</u>	<u>-</u>
Subtotal	<u>8,616,740</u>	<u>2,710,394</u>	<u>2,027,620</u>	<u>9,299,514</u>	<u>1,032,445</u>
Other liabilities:					
Vested compensated absences	<u>26,225</u>	<u>29,446</u>	<u>26,225</u>	<u>29,446</u>	<u>29,446</u>
Total other liabilities	<u>26,225</u>	<u>29,446</u>	<u>26,225</u>	<u>29,446</u>	<u>29,446</u>
Total governmental activities long-term liabilities	<u>\$ 8,642,965</u>	<u>\$ 2,739,840</u>	<u>\$ 2,053,845</u>	<u>\$ 9,328,960</u>	<u>\$ 1,061,891</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,220,000	\$ 4,010,000	\$ 305,000	\$ 5,925,000	\$ 370,000
General obligation notes from direct borrowings and direct placements	475,214	-	22,174	453,040	23,055
Premiums	<u>3,632</u>	<u>139,224</u>	<u>3,632</u>	<u>139,224</u>	<u>-</u>
Subtotal	<u>2,698,846</u>	<u>4,149,224</u>	<u>330,806</u>	<u>6,517,264</u>	<u>393,055</u>
Total business-type activities long-term liabilities	<u>\$ 2,698,846</u>	<u>\$ 4,149,224</u>	<u>\$ 330,806</u>	<u>\$ 6,517,264</u>	<u>\$ 393,055</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5 percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2020, was \$56,046,755. Total general obligation debt outstanding at year end was \$15,496,220.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

General Obligation Debt

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

<u>Governmental Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December 31,</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>2020</u>
G.O. Refunding Bonds	6/11/2013	3/1/2025	.50 - 2.0%	\$ 2,610,000	\$ 1,425,000
G.O. Corporate Purpose Bonds	6/11/2013	3/1/2033	2.25 - 3.0%	545,000	545,000
Taxable G.O. Refunding Bonds	6/11/2013	3/1/2023	.70 - 2.50%	1,960,000	730,000
G.O. Promissory Notes	6/11/2013	3/1/2023	.75 - 2.25%	475,000	150,000
G.O. Promissory Note	12/30/2014	2/15/2022	0%	37,051	9,265
G.O. State Trust Fund Loan	9/23/2015	3/15/2035	3.75%	200,000	171,581
G.O. Corporate Purpose Bonds	4/3/2017	3/1/2032	1.10 - 3.0%	1,475,000	1,365,000
G.O. Corporate Purpose Bonds	4/3/2017	3/1/2032	1.10 - 3.0%	2,170,000	1,775,000
G.O. State Trust Fund Loan	2/20/2018	3/15/2027	3.50%	166,477	134,097
G.O. State Trust Fund Loan	3/12/2019	3/15/2038	4.75%	68,670	66,397
G.O. State Trust Fund Loan	5/29/2020	3/15/2039	4.75%	137,330	131,840
G.O. Refunding Bonds	3/24/2020	9/1/2035	2.00%	2,615,000	<u>2,615,000</u>
Total governmental activities, general obligation debt					<u>\$ 9,118,180</u>

<u>Business-Type Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December 31,</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>2020</u>
G.O. Corporate Purpose Bonds	6/11/2013	3/1/2033	2.25 - 3.00%	\$ 1,425,000	\$ 1,425,000
G.O. Promissory Notes	6/11/2013	3/1/2033	.75 - 2.25%	845,000	365,000
G.O. State Trust Fund Loan	10/4/2015	3/15/2035	3.75%	528,800	453,040
G.O. Corporate Purpose Bonds	4/3/2017	3/1/2032	1.10 - 3.0%	145,000	125,000
G.O. Refunding Bond	3/24/2020	9/1/2040	2.00%	4,010,000	<u>4,010,000</u>
Total business-type activities, general obligation debt					<u>\$ 6,378,040</u>

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 995,000	\$ 179,466	\$ 370,000	\$ 125,812
2022	990,000	160,612	315,000	118,950
2023	1,005,000	139,937	320,000	112,419
2024	885,000	117,703	330,000	105,581
2025	910,000	100,191	335,000	98,574
2026-2030	2,765,000	267,430	1,780,000	378,213
2031-2035	1,055,000	35,875	1,430,000	174,200
2036-2040	-	-	1,045,000	53,050
Total	<u>\$ 8,605,000</u>	<u>\$ 1,001,214</u>	<u>\$ 5,925,000</u>	<u>\$ 1,166,799</u>

<u>Years</u>	<u>Governmental Activities Notes from Direct Borrowings and Direct Placements</u>		<u>Business-Type Activities General Obligation Notes From Direct Borrowings And Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 37,445	\$ 20,543	\$ 23,055	\$ 16,989
2022	38,705	19,288	23,919	16,124
2023	35,376	17,984	24,816	15,227
2024	36,685	16,673	25,707	14,336
2025	38,137	15,222	26,711	13,333
2026-2030	145,655	55,347	149,321	50,897
2031-2035	127,813	29,321	179,511	20,706
2036-2040	53,364	6,111	-	-
Total	<u>\$ 513,180</u>	<u>\$ 180,489</u>	<u>\$ 453,040</u>	<u>\$ 147,612</u>

The Village's outstanding State Trust Fund Loans from Direct borrowings related to governmental activities of \$503,915 and \$453,040 related to business-type activities contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the City.

Other Debt Information

Estimated payments of vested compensated absences are not included in the debt service requirement schedules. The vested compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund fund of the Village.

Current Refunding

On March 24, 2020, the Village issued \$6,625,000 in general obligation bonds with an average coupon rate of 2.00 percent to refund \$1,265,000 of outstanding bonds with an average coupon rate of 5.53 percent. A portion of the proceeds from the 2020 bonds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,534,663 from 2020 through 2030. The cash flow requirements on the current refunding bonds are \$1,367,128 from 2020 through 2030. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$148,518.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Lessor, Operating Leases

A lease agreement exists between the Village of Pewaukee, the City of Pewaukee (City) and the Joint Library Board dealing with the relative rights and the responsibilities of the parties relative to the land and building of the Pewaukee Public Library. This agreement also states that the cost of maintenance of the grounds, parking, pavement, landscaping and maintenance of the library facility are considered expenses of the Joint Library Board - not of the Village or the City. The lease agreement also states that the Joint Library Board provide insurance coverage naming the City and Village as additional insured's with limits acceptable to both municipalities and further indemnifying and holding harmless the Village and City against any liability which may arise as a result of the operation and maintenance of the joint library and the duties of the Village as fiscal agent and as employer of joint library for payroll and benefit purposes. The land lease has a cost of \$230,000 and the building lease has a cost of \$4,099,602 and accumulated depreciation of \$1,410,143 at December 31, 2020. Both lease agreements expire on August 31, 2024. The library does not pay rent on either lease.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 6,564,438
Construction in progress	177,839
Other capital assets, net of accumulated depreciation	12,317,802
Less long-term debt outstanding	(8,151,604)
Plus unspent capital related debt proceeds	1,734,516
Plus: Unamortized loss on refunding	55,287
Less unamortized debt premium	<u>(181,334)</u>

Total net investment in capital assets 12,516,944

Restricted:

Debt service	190,980
TIF activities	34,594
Park maintenance	3,364
Cemetery	67,023
Downtown loan	16,504
Pension	<u>642,004</u>

Total restricted 954,469

Unrestricted 3,417,058

Total governmental activities net position \$ 16,888,471

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances					
Nonspendable:					
Prepaid items	\$ 79,039	\$ -	\$ -	\$ -	\$ 79,039
Advances	<u>92,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,755</u>
Subtotal	<u>171,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,794</u>
Restricted for:					
Capital projects	-	-	1,813,300	-	1,813,300
Debt service	-	504,374	-	-	504,374
Cemetery purposes	-	-	-	67,023	67,023
Koepp park maintenance	3,364	-	-	-	3,364
TIF related purposes	-	-	-	34,594	34,594
Lake patrol purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,482</u>	<u>74,482</u>
Subtotal	<u>3,364</u>	<u>504,374</u>	<u>1,813,300</u>	<u>176,099</u>	<u>2,497,137</u>
Assigned to:					
DARE	235	-	-	-	235
Motorcycle donations	246	-	-	-	246
Joint pistol range	2,696	-	-	-	2,696
Park equipment	88,279	-	-	-	88,279
Parks and open spaces	1,331	-	-	-	1,331
Tax equivalent	165,531	-	-	-	165,531
Police	449	-	-	-	449
Infrastructure	<u>889,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889,987</u>
Subtotal	<u>1,148,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,148,754</u>
Unassigned (deficit):	<u>2,722,880</u>	<u>-</u>	<u>-</u>	<u>(3,479)</u>	<u>2,719,401</u>
Total fund balances	<u>\$ 4,046,792</u>	<u>\$ 504,374</u>	<u>\$ 1,813,300</u>	<u>\$ 172,620</u>	<u>\$ 6,537,086</u>

Business-Type Activities

Net investment in capital assets:

Land	\$ 925,238
Construction in progress	259,760
Other capital assets, net of accumulated depreciation	28,721,219
Less Long-term debt outstanding	(6,378,040)
Plus unspent capital related debt proceeds	3,179,658
Less unamortized debt premium	<u>(139,224)</u>

Total net investment in capital assets \$ 26,568,611

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Restatement of Net Position

Net position has been restated to correct an error for amounts capitalized in prior years that should have been expensed and capital assets incorrectly retired based upon regulatory requirements.

Business-Type Activities Net Position, December 31, 2019 (as reported)	\$ 34,759,663
Less net effect of capital assets that were incorrectly capitalized and deleted in prior years	(86,342)
Less net effect of accumulated depreciation on capital assets incorrectly deleted in prior years, and accumulated depreciation expensed on capital assets incorrectly added in prior years	<u>(281,119)</u>
Business-type activities net position, December 31, 2019 (as restated)	<u>\$ 34,392,202</u>
Water Utility Net Position, December 31, 2019 (as reported)	\$ 11,918,730
Less net effect of capital assets that were incorrectly capitalized and deleted in prior years	(86,342)
Less net effect of accumulated depreciation on capital assets incorrectly deleted in prior years, and accumulated depreciation expensed on capital assets incorrectly added in prior years	<u>(281,119)</u>
Water utility net position, December 31, 2019 (as restated)	<u>\$ 11,551,269</u>

The error resulted in \$15,917 of depreciation expense that incorrectly reduced net position for the water utility fund and the business-type activities in 2019.

4. Other Information

Employees' Retirement System

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 1,200 hours a year (880 hours 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.

ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. 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.

During the reporting period, the WRS recognized \$232,296 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Village reported a liability (asset) of \$(717,844) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.02226248 percent, which was a decrease of 0.00008085 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$265,782.

At December 31, 2020, the Village 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	\$ 1,358,882	\$ 679,377
Changes in assumptions	55,821	-
Net differences between projected and actual earnings on pension plan investments	-	1,465,438
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,828	2,096
Employer contributions subsequent to the measurement date	<u>248,169</u>	<u>-</u>
Total	<u>\$ 1,664,700</u>	<u>\$ 2,146,911</u>

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

\$248,169 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 liability (asset) in the year ended December 31, 2021. 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 December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ (215,923)
2022	(162,108)
2023	24,723
2024	(377,072)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75 percent
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	<u>\$ 1,848,576</u>	<u>\$ (717,844)</u>	<u>\$ (2,636,538)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2020, the Village reported a payable to the pension plan of \$39,508 which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Commitments and Contingencies

The Village has applied for a water rate increase with the Public Service Commission (PSC) of the State of Wisconsin. Ongoing review of past accounting practices for the water utility fund by the PSC may result in amounts being owed to others.

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

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

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

The Village has active construction projects as of December 31, 2020. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Joint Ventures

Pewaukee Public Library

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

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the library. The Village is obligated by the joint venture agreement to remit an amount annually to the library. The Village made a payment to the library of \$263,372 in 2020.

Financial information of the library as of December 31, 2020 is available directly from the library's office.

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

Park and Recreation Service

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

The advisory board consists of three City citizens and one common council alderman as well as two Village citizens and one village board trustee. The advisory board controls the financial affairs of the District. The board prepares budgets which are then approved by the Village and City governing bodies. The Village believes the joint venture will continue to provide services in the future at similar rates. The Village's share for 2020 was \$363,166.

Financial information of the District as of December 31, 2020 is available directly from the park and recreation service office.

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

Lake Patrol Service

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

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

Expenses associated with the administration and implementation of the services are allocated on the following basis: 43 percent to the City of Pewaukee, 43 percent to the Town of Delafield and 14 percent to the Village of Pewaukee. The Village's share for 2020 was \$8,177.

Financial information for the lake patrol as of December 31, 2020 is available directly from the Village's office.

The Village reports the financial activity of the Lake Patrol Service in a special revenue fund.

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Other Postemployment Benefits

The Village provides postemployment health insurance benefits for all eligible employees. Eligibility is based on being employed by the Village for 15 years for protective services and 20 years or more for general employees. The benefits are based on contractual agreements with employee groups, local ordinances or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the Village. Funding for those costs is provided out of the current operating budget of the Village. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is four.

Subsequent Events

On March 2, 2021 the Village created TIF District No. 3 to promote development and redevelopment within the Village.

On February 2, 2021 the Village created a Transportation Utility fund.

On April 30, 2021 the Village issued a state trust fund loan in the amount of \$180,745 with an interest rate of 3 percent. This amount will be used to fund capital projects for TIF District No. 3.

On March 16, 2021 the Village issued note anticipation note in the amount of \$2,130,000 with an interest rate of .60 percent. This amount will be used to provide interim financing for TIF District No. 3.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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

Village of Pewaukee

Notes to Financial Statements
December 31, 2020

Investment in Brookfield Wastewater Treatment Facility

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

<u>Municipality</u>	<u>% Exp Paid</u>
City of Brookfield	47.59 %
Town of Brookfield Sanitary District #4	13.62
City of Pewaukee Sanitary District #3	17.48
Village of Pewaukee	14.49
Village of Menominee Falls	1.65
Lake Pewaukee Sanitary District	<u>5.17</u>
Total	<u>100.00 %</u>

The costs reflected in the Village of Pewaukee's sewer utility financial statements reflect the pro-rata share of costs for treatment plant capacity and do not constitute an ownership right in the facility. These costs will be amortized over the life of the facility.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Pewaukee

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes			
General property taxes	\$ 3,886,817	\$ 3,886,818	\$ 1
Payments in lieu of taxes	<u>101,888</u>	<u>87,802</u>	<u>(14,086)</u>
Total taxes	<u>3,988,705</u>	<u>3,974,620</u>	<u>(14,085)</u>
Intergovernmental Revenues			
State shared revenues	237,388	230,246	(7,142)
State aid, general transportation aids	365,959	365,463	(496)
Fire insurance tax (2% fire dues)	40,000	41,080	1,080
State aid, other public safety	2,000	600	(1,400)
Exempt computer aid	16,757	14,608	(2,149)
State recycling, operating	12,370	-	(12,370)
State aid, other law enforcement	4,210	3,360	(850)
Other State payments	5,000	109,418	104,418
Routes to recovery	-	158,315	158,315
State aid, election security	-	5,825	5,825
State aid, highway	-	4,815	4,815
State aid, clean sweep	-	1,260	1,260
Total intergovernmental revenues	<u>683,684</u>	<u>934,990</u>	<u>251,306</u>
Licenses and Permits			
Liquor and malt beverage licenses	15,500	23,441	7,941
Operators' license	14,500	15,180	680
Cigarette licenses	800	900	100
Bicycle licenses	6,500	18,367	11,867
Dog and cat licenses	4,000	3,335	(665)
Cable television franchise fees	87,000	65,332	(21,668)
Building permits	64,000	79,360	15,360
Heating and air conditioning permits	14,000	46,587	32,587
Electrical permits	24,000	39,664	15,664
Plumbing permits	27,000	27,095	95
Occupancy permits	200	200	-
Mobile home park licenses	2,000	2,015	15
Yard waste fees	-	16,350	16,350
Other licenses and fees	<u>13,000</u>	<u>15,191</u>	<u>2,191</u>
Total licenses and permits	<u>272,500</u>	<u>353,017</u>	<u>80,517</u>
Fines, Forfeitures and Penalties			
Court penalties and costs	170,000	95,745	(74,255)
Parking violations	<u>45,000</u>	<u>36,219</u>	<u>(8,781)</u>
Total fines, forfeitures and penalties	<u>215,000</u>	<u>131,964</u>	<u>(83,036)</u>

See notes to required supplementary information

Village of Pewaukee

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Public Charges for Services			
Ambulance fees	\$ 230,000	\$ 231,434	\$ 1,434
Refuse and garbage collection	291,756	293,151	1,395
Property inquiry fees	3,000	4,970	1,970
Fire inspection fees	74,493	81,536	7,043
Law enforcement fees	324,042	325,848	1,806
Fiscal agent fees	22,188	22,188	-
Recreation programs	86,625	72,103	(14,522)
Park rental	6,000	2,630	(3,370)
Other public charges for services	3,000	6,367	3,367
Joint pistol range	1,000	3,386	2,386
	<u>1,042,104</u>	<u>1,043,613</u>	<u>1,509</u>
Investment Income			
Interest on investments	<u>90,000</u>	<u>46,536</u>	<u>(43,464)</u>
Miscellaneous Revenues			
Donations	-	1,850	1,850
Other miscellaneous	5,040	20,346	15,306
Rent	7,100	5,200	(1,900)
Insurance recoveries	-	4,344	4,344
	<u>12,140</u>	<u>31,740</u>	<u>19,600</u>
Total revenues	<u>6,304,133</u>	<u>6,516,480</u>	<u>212,347</u>
Expenditures			
General Government			
Village board	32,070	31,528	542
Municipal court	70,017	55,565	14,452
Legal	69,850	112,713	(42,863)
Administrator	98,404	100,725	(2,321)
Clerk	190,366	190,269	97
Elections	30,431	24,385	6,046
Data processing	14,000	12,020	1,980
Property and liability insurance	160,000	160,216	(216)
Assessment of property	43,500	41,500	2,000
Accounting and auditing	37,000	32,929	4,071
Village hall	55,580	48,928	6,652
Other general government	10,200	276,346	(266,146)
	<u>811,418</u>	<u>1,087,124</u>	<u>(275,706)</u>
Public Safety			
Police	2,432,021	2,178,170	253,851
Fire service	1,487,323	1,483,053	4,270
Building inspection	94,450	131,965	(37,515)
	<u>4,013,794</u>	<u>3,793,188</u>	<u>220,606</u>

See notes to required supplementary information

Village of Pewaukee

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Health and Social Services			
Animal control	\$ 4,043	\$ 4,043	\$ -
Public Works			
Public works administration	72,055	73,439	(1,384)
Public works wages and benefits	485,730	394,006	91,724
Engineering	21,400	11,191	10,209
Equipment maintenance & general operations	68,000	72,744	(4,744)
Garage expenses	46,760	45,732	1,028
Street maintenance	68,100	64,210	3,890
Snow and ice control	66,850	65,330	1,520
Street lighting	67,500	58,643	8,857
Sidewalks	6,000	6,000	-
Curb and gutter	2,850	2,850	-
Other sanitation	600	-	600
Tree and brush removal	1,000	-	1,000
Refuse and garbage collection	212,000	226,240	(14,240)
Recycling	75,400	74,807	593
Total public works	<u>1,194,245</u>	<u>1,095,192</u>	<u>99,053</u>
Leisure Activities:			
Library	263,372	263,372	-
Parks and recreation	363,166	363,166	-
Total leisure activities	<u>626,538</u>	<u>626,538</u>	<u>-</u>
Conservation and Development:			
Urban development	25,312	13,892	11,420
Weed control	800	1,496	(696)
Planning commission	11,340	23,448	(12,108)
Total conservation and development	<u>37,452</u>	<u>38,836</u>	<u>(1,384)</u>
Capital Outlay			
Police	46,316	79,955	(33,639)
Parks	42,727	66,978	(24,251)
Highway	-	81,446	(81,446)
Total capital outlay	<u>89,043</u>	<u>228,379</u>	<u>(139,336)</u>
Total expenditures	<u>6,776,533</u>	<u>6,873,300</u>	<u>(96,767)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(472,400)</u>	<u>(356,820)</u>	<u>115,580</u>

See notes to required supplementary information

Village of Pewaukee

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Financing Sources (Uses)			
Transfers out	\$ (8,177)	\$ (8,177)	\$ -
Transfers in	<u>378,515</u>	<u>400,411</u>	<u>21,896</u>
Total other financing sources (uses)	<u>370,338</u>	<u>392,234</u>	<u>21,896</u>
Net change in fund balance	(102,062)	35,414	137,476
Fund Balance, Beginning	<u>4,036,563</u>	<u>4,011,378</u>	<u>(25,185)</u>
Fund Balance, Ending	<u>\$ 3,934,501</u>	<u>\$ 4,046,792</u>	<u>\$ 112,291</u>

See notes to required supplementary information

Village of Pewaukee**Schedule of Proportionate Share of the Net Pension (Asset) Liability -**

Wisconsin Retirement System

Year Ended December 31, 2020

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/20	0.02226248%	\$ (717,844)	\$ 2,621,355	27.38%	102.96%
12/31/19	0.02227313%	792,408	2,559,799	30.96%	96.45%
12/31/18	0.02192185%	(650,885)	2,488,305	26.16%	102.93%
12/31/17	0.02200528%	181,376	2,615,778	6.93%	99.12%
12/31/16	0.02205735%	358,496	2,563,304	13.99%	98.20%
12/31/15	0.02259796%	(555,068)	2,563,809	21.65%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2020

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/20	\$ 248,169	\$ 248,169	\$ -	\$ 2,607,598	9.52%
12/31/19	234,872	234,872	-	2,621,355	8.96%
12/31/18	232,824	232,824	-	2,559,779	9.10%
12/31/17	225,984	225,984	-	2,488,305	9.08%
12/31/16	214,160	214,160	-	2,615,778	8.19%
12/31/15	217,941	217,941	-	2,563,304	8.50%

See notes to required supplementary information

Village of Pewaukee

Notes to Required Supplementary Information
Year Ended December 31, 2020

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.

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

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

Wisconsin Retirement System

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

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

Village of Pewaukee

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	Lake Patrol Fund	TID No. 2	
Assets					
Cash and investments	\$ 68,331	\$ -	\$ 74,456	\$ 34,594	\$ 177,381
Receivables:					
Tax roll receivable	-	-	-	155,180	155,180
Loans	-	16,504	-	-	16,504
Prepaid items	-	-	26	-	26
Total assets	<u>\$ 68,331</u>	<u>\$ 16,504</u>	<u>\$ 74,482</u>	<u>\$ 189,774</u>	<u>\$ 349,091</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 717	\$ -	\$ -	\$ -	\$ 717
Accrued liabilities	591	-	-	-	591
Advances from other funds	-	3,479	-	-	3,479
Total liabilities	<u>1,308</u>	<u>3,479</u>	<u>-</u>	<u>-</u>	<u>4,787</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	-	155,180	155,180
Unavailable revenues	-	16,504	-	-	16,504
Total deferred inflows of resources	<u>-</u>	<u>16,504</u>	<u>-</u>	<u>155,180</u>	<u>171,684</u>
Fund Balances (Deficit)					
Restricted	67,023	-	74,482	34,594	176,099
Unassigned (deficit)	-	(3,479)	-	-	(3,479)
Total fund balances (deficit)	<u>67,023</u>	<u>(3,479)</u>	<u>74,482</u>	<u>34,594</u>	<u>172,620</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 68,331</u>	<u>\$ 16,504</u>	<u>\$ 74,482</u>	<u>\$ 189,774</u>	<u>\$ 349,091</u>

Village of Pewaukee

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Cemetery Fund	Downtown Loan Fund	Lake Patrol Fund	TID No. 2	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 54,330	\$ 54,330
Intergovernmental	-	-	81,548	6,112	87,660
Public charges for services	34,531	-	-	-	34,531
Investment income	157	-	-	686	843
Miscellaneous revenues	-	-	39	-	39
Total revenues	<u>34,688</u>	<u>-</u>	<u>81,587</u>	<u>61,128</u>	<u>177,403</u>
Expenditures					
Current:					
Health and human services	19,846	-	-	-	19,846
Conservation and development	-	-	-	7,600	7,600
Public safety	-	-	77,259	-	77,259
Capital outlay	-	-	-	25,000	25,000
Debt service:					
Principal	-	-	-	16,161	16,161
Interest and fiscal charges	-	-	-	15,266	15,266
Total expenditures	<u>19,846</u>	<u>-</u>	<u>77,259</u>	<u>64,027</u>	<u>161,132</u>
Excess (deficiency) of revenues over expenditures	<u>14,842</u>	<u>-</u>	<u>4,328</u>	<u>(2,899)</u>	<u>16,271</u>
Other Financing Sources (Uses)					
Transfers in	-	-	8,177	-	8,177
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,177</u>	<u>-</u>	<u>8,177</u>
Net change in fund balances	14,842	-	12,505	(2,899)	24,448
Fund Balances (Deficit), Beginning	<u>52,181</u>	<u>(3,479)</u>	<u>61,977</u>	<u>37,493</u>	<u>148,172</u>
Fund Balances (Deficit), Ending	<u>\$ 67,023</u>	<u>\$ (3,479)</u>	<u>\$ 74,482</u>	<u>\$ 34,594</u>	<u>\$ 172,620</u>

Village of Pewaukee

Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2020

	Tax Collection Fund	Pewaukee Library Fund	Total
Assets			
Cash and investments	\$ 5,702,590	\$ 250,208	\$ 5,952,798
Receivables			
Taxes receivable	7,153,918	-	7,153,918
Prepaid items	-	13,351	13,351
	<u>12,856,508</u>	<u>263,559</u>	<u>13,120,067</u>
Total assets			
Liabilities			
Accounts payable	-	18,546	18,546
Accrued liabilities	-	7,807	7,807
Due to other governments	12,856,508	-	12,856,508
	<u>12,856,508</u>	<u>26,353</u>	<u>12,882,861</u>
Total liabilities			
Net Position			
Restricted	<u>\$ -</u>	<u>\$ 237,206</u>	<u>\$ 237,206</u>

Village of Pewaukee

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended December 31, 2020

	<u>Tax Collection Fund</u>	<u>Pewaukee Library Fund</u>	<u>Total</u>
Additions			
Intergovernmental	\$ -	\$ 1,209,064	\$ 1,209,064
Fines	-	10,821	10,821
Donations	-	14,289	14,289
Investment income	-	1,245	1,245
Miscellaneous	-	5,145	5,145
Property taxes collected for other governments	9,162,098	-	9,162,098
	<u>9,162,098</u>	<u>-</u>	<u>9,162,098</u>
Total additions	<u>9,162,098</u>	<u>1,240,564</u>	<u>10,402,662</u>
Deductions			
Library activities	-	1,187,470	1,187,470
Property taxes collected for other governments	9,162,098	-	9,162,098
	<u>9,162,098</u>	<u>-</u>	<u>9,162,098</u>
Total deductions	<u>9,162,098</u>	<u>1,187,470</u>	<u>10,349,568</u>
Change in net position	-	53,094	53,094
Net Position, Beginning	<u>-</u>	<u>184,112</u>	<u>184,112</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ 237,206</u>	<u>\$ 237,206</u>