

# **CITY OF MUSKEGO WATER PUBLIC UTILITY**

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO  
Muskego, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditor's Report

As of and for the Years Ended  
December 31, 2013 and 2012

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council  
City of Muskego Water Public Utility  
Muskego, Wisconsin

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the City of Muskego Water Public Utility, an enterprise fund of the City of Muskego, Wisconsin, as of and for the years ended December 31, 2013, and 2012, and the related notes to the 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 an opinion on these financial statements based on our audits. We conducted our audits 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 City of Muskego Water Public Utility'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 City of Muskego Water Public Utility'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 opinion.

To the Mayor and Common Council  
City of Muskego

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Muskego Water Public Utility as of December 31, 2013 and 2012, and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, the financial statements present only the City of Muskego Water Public Utility enterprise fund and do not purport to, and do not present fairly the financial position of the City of Muskego, Wisconsin, as of December 31, 2013, and 2012, and the changes in its financial position and, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note I, the City of Muskego Water Public Utility adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. The prior year has been restated for this change. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

#### *Supplementary Information*

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

*Baku Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
August 6, 2014

# CITY OF MUSKEGO WATER PUBLIC UTILITY

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## STATEMENTS OF NET POSITION

As of December 31, 2013 and 2012

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<b>ASSETS</b>	<u>2013</u>	<u>2012 (Restated)</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 9,635	\$ 78,044
Accounts receivable - net	447,773	441,828
Prepaid items	500	-
Restricted assets		
Redemption account		
Cash and cash equivalents	<u>280,932</u>	<u>348,387</u>
Total Current Assets	<u>738,840</u>	<u>868,259</u>
<b>NONCURRENT ASSETS</b>		
Restricted assets		
Reserve account		
Cash and cash equivalents	636,824	646,919
Depreciation account		
Cash and cash equivalents	328,765	303,765
Construction funds		
Cash and cash equivalents	713,875	952,507
Reserve capacity assessments		
Cash and cash equivalents	443,206	172,940
Water capacity assessments receivable	104,615	102,471
Utility Plant		
Plant in service	37,535,410	37,181,425
Accumulated depreciation	(8,869,302)	(8,092,524)
Construction work in progress	304,759	161,815
Other Assets		
Special assessments receivable	<u>120,814</u>	<u>147,281</u>
Total Noncurrent Assets	<u>31,318,966</u>	<u>31,576,599</u>
 Total Assets	 <u>32,057,806</u>	 <u>32,444,858</u>

# CITY OF MUSKEGO WATER PUBLIC UTILITY

a Proprietary-Enterprise Fund of the  
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## STATEMENTS OF NET POSITION (Continued)

As of December 31, 2013 and 2012

	<u>2013</u>	<u>2012 (Restated)</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 37,281	\$ 23,491
Accrued vacation, sick leave and compensatory time	103,825	99,540
Unearned lease revenue	71,928	68,968
Liabilities payable from restricted assets		
Accounts payable	183,698	-
Current portion of long-term debt	507,286	1,857,648
Accrued interest payable	34,783	34,221
Total Current Liabilities	<u>938,801</u>	<u>2,083,868</u>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt	5,503,308	4,722,156
Unearned revenue	60,227	58,525
Total Noncurrent Liabilities	<u>5,563,535</u>	<u>4,780,681</u>
Total Liabilities	<u>6,502,336</u>	<u>6,864,549</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned revenue	<u>12,678</u>	<u>12,754</u>
<b>NET POSITION</b>		
<b>NET POSITION</b>		
Net investment in capital assets	24,127,275	24,270,338
Restricted		
Equipment replacement	328,765	303,765
Water capacity assessments	541,757	271,179
Debt Service	246,149	314,166
Unrestricted	<u>298,846</u>	<u>408,107</u>
<b>TOTAL NET POSITION</b>	<u>\$ 25,542,792</u>	<u>\$ 25,567,555</u>

# CITY OF MUSKEGO WATER PUBLIC UTILITY

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012 (Restated)</u>
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 1,749,555	\$ 1,857,360
Other operating revenues	<u>128,500</u>	<u>133,852</u>
Total Operating Revenues	<u>1,878,055</u>	<u>1,991,212</u>
<b>OPERATING EXPENSES</b>		
Operation and maintenance	730,443	631,991
Depreciation	754,943	761,861
Taxes	<u>26,152</u>	<u>23,527</u>
Total Operating Expenses	<u>1,511,538</u>	<u>1,417,379</u>
Operating Income	<u>366,517</u>	<u>573,833</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	15,200	17,629
Interest on long term debt	(205,888)	(214,060)
Amortization of bond premium	18,938	18,938
Bond issuance costs	<u>(24,625)</u>	<u>(19,102)</u>
Total Nonoperating Revenues (Expenses)	<u>(196,375)</u>	<u>(196,595)</u>
Income Before Capital Contributions and Transfers	170,142	377,238
<b>CAPITAL CONTRIBUTIONS</b>	396,131	219,988
<b>INTERFUND TRANSFERS</b>		
Tax equivalent	<u>(591,036)</u>	<u>(577,659)</u>
<b>CHANGE IN NET POSITION</b>	(24,763)	19,567
NET POSITION - Beginning of Year (as restated)	<u>25,567,555</u>	<u>25,547,988</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 25,542,792</u>	<u>\$ 25,567,555</u>

# CITY OF MUSKEGO WATER PUBLIC UTILITY

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 1,599,404	\$ 1,730,180
Receipts from municipality for services	309,000	309,000
Payments to suppliers	(437,848)	(366,825)
Payments to employees	<u>(311,432)</u>	<u>(286,798)</u>
Net Cash Provided by Operating Activities	<u>1,159,124</u>	<u>1,385,557</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers paid to municipality for tax equivalent	<u>(591,036)</u>	<u>(577,659)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	1,260,000	135,708
Debt issuance costs paid	(24,625)	-
Premium received on debt issued	47,375	-
Acquisition and construction of capital assets	(44,058)	(273,353)
Principal paid on long term debt	(1,857,648)	(564,092)
Interest paid on long term debt	(205,325)	(215,596)
Collections on special assessments	<u>151,668</u>	<u>187,099</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(672,613)</u>	<u>(730,234)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income		
Interest on investments	2,443	3,917
Interest on special assessments	<u>12,757</u>	<u>13,712</u>
Net Cash Provided by Investing Activities	<u>15,200</u>	<u>17,629</u>
<b>Net Change in Cash and Cash Equivalents</b>	(89,325)	95,293
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>2,502,562</u>	<u>2,407,269</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 2,413,237</u>	<u>\$ 2,502,562</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
Unrestricted	\$ 9,635	\$ 78,044
Restricted		
Redemption account	280,932	348,387
Reserve account	636,824	646,919
Construction Fund	713,875	952,507
Reserve capacity assessments	443,206	172,940
Depreciation Fund	<u>328,765</u>	<u>303,765</u>
	<u>\$ 2,413,237</u>	<u>\$ 2,502,562</u>

**CITY OF MUSKEGO WATER PUBLIC UTILITY**

a Proprietary-Enterprise Fund of the  
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STATEMENTS OF CASH FLOWS  
(Continued)

For the Years Ended December 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
<b>NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Capital additions contributed to the Utility by customers and developers	\$ 273,056	\$ 79,072
Assessments of benefits for property owners for improvements	\$ 123,075	\$ 140,916
Amortization of premium on debt	\$ 18,938	\$ -
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 366,517	\$ 573,833
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation expense	754,943	761,861
Depreciation charged to other accounts	25,795	24,415
Changes in Assets and Liabilities		
Accounts receivable	(8,591)	11,487
Prepaid items	(500)	-
Accounts payable	13,790	12,116
Accrued expenses	4,285	915
Unearned revenue	(76)	12,754
Unearned lease revenue	2,961	(11,824)
Net Cash Provided by Operating Activities	<u>\$ 1,159,124</u>	<u>\$ 1,385,557</u>

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2013 and 2012

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

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The financial statements of City of Muskego Water Public Utility (utility) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utility are described below:

### ***REPORTING ENTITY***

The utility is a separate enterprise fund of the City of Muskego (municipality). The utility is managed by the City of Muskego's Common Council. The utility provides water service to properties within the municipality.

The water utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW).

### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION***

The utility is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements 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.

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The utility implemented this standard effective January 1, 2012. The adoption of this standard had a significant effect on the utility's financial statements. Refer to Note VIII.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2013 and 2012

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

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

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

### ***ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION***

#### ***Cash and Investments***

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Investment of utility funds is restricted by state statutes. Investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The utility has not adopted a formal investment policy and is covered under an investment policy adopted by the municipality. Please reference the City of Muskego financial statements for details of this investment policy and its assessment of deposit and investment risks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2013 and 2012

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

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### ***ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (cont.)***

#### ***Receivables/Payables***

Transactions between the utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utility and other funds of the municipality are reported as due to/from other funds.

The utility has the right under Wisconsin statutes to place delinquent water bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

#### ***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 various revenue bond resolutions require segregation of the proceeds of the bond issue and the creation and continual funding of several accounts from operating revenue as described below:

1. *Operation and Maintenance Fund* – A monthly amount equal to the estimated current expenses for such month and for the following two months.
2. *Special Redemption Fund* – Principal and Interest: A monthly amount equal to one-sixth (1/6) of the next installment of interest coming due and an amount equal to one-twelfth (1/12) of the installment of principal of the bonds coming due on the next succeeding principal payment date.
3. *Special Redemption Fund* – Reserve: A monthly amount equal to the total Reserve Account requirements divided by twelve until the amount accumulated in the Reserve Account totals 125% of the average debt service on the outstanding bonds.
4. *Depreciation Fund* – An annually determined amount to finance the acquisition of capital equipment identified in the annual budget which is not financed by a revenue bond issue.
5. *Surplus Fund* – Any amount remaining after the above monthly transfers have been completed.

Restricted net position represent Water Capacity Assessment Funds, Depreciation Funds and Special Redemption Fund – Principal and Interest Fund restricted assets less accrued interest payable from restricted assets.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
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NOTES TO FINANCIAL STATEMENTS  
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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### ***ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (cont.)***

#### ***Restricted Assets (cont.)***

Also, special assessment cash collections which are segregated for the future payment of debt service requirements are classified as restricted assets.

Construction Funds (restricted) represent proceeds from long-term debt and interest earnings on the related funds which are expected to be utilized to finance certain construction projects in the subsequent year.

#### ***Special Assessments Receivable***

This account represents the balances of special assessments levied against property owners for infrastructure improvements. The balances are receivable over various time periods with interest accrued annually.

#### ***Unearned Special Assessments***

The balance of this account consists of amounts that will be assessed to property owners when specific property is annexed by the municipality or until vacant land is developed.

#### ***Capital Assets***

Capital assets are defined by the utility as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets of the utility are recorded at cost or the fair market value at the time of contribution to the utility. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred on borrowed funds during the construction phase is reflected in the capitalized value of the utility plant constructed, net of interest earned on the invested proceeds over the same period. \$0 of net interest was capitalized during the current year and the prior year. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and improvements	33 - 44
Improvements other than buildings - utilities distribution system	19 - 90
Machinery and equipment	4 - 17

#### ***Deferred Inflows of Resources***

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

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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### ***ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (cont.)***

#### ***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. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

#### ***Long-Term Obligations***

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. The balance at year end for premiums is shown as an increase in the liability section of the statement of net position. The bond discounts are reported as unearned charges.

#### ***Unearned Revenues***

Unearned revenues principally represent deferred special assessments which will be reported as contributed capital when and if the property owner connects to the system and the assessment becomes due and unearned revenue on cell tower leases.

#### ***Equity Classifications***

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."

#### ***REVENUES AND EXPENSES***

The utility distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with the utility's principal ongoing operations. The principal operating revenues of the utility are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
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NOTES TO FINANCIAL STATEMENTS  
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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### **REVENUES AND EXPENSES** (cont.)

#### **Operating Revenues**

Utility billings are rendered and recorded quarterly based on metered usage at rates authorized by the Public Service Commission.

#### **Taxes**

Municipal utilities are exempt from federal and state income taxes. Taxes included in the financial statements are social security taxes and the Public Service Commission remainder assessment.

#### **Capital Contributions**

Cash and capital assets are contributed to the utility from customers, the municipality or external parties. The value of property contributed to the utility is reported as revenue on the statements of revenues, expenses and changes in net position.

#### **Interfund Transfer**

The utility records an annual payment in lieu of taxes (PILOT) expense based on the value of its plant and the current assessment ratio and local and school portion of the mill rate.

#### **Effect of New Accounting Standards on Current Period Financial Statement**

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

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

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

#### **Comparative Data**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2013 and 2012

## **NOTE II - CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS**

The Water Public Utility's cash and cash equivalents at year-end consisted of the following:

	<u>2013</u>	<u>2012</u>	<u>Associated Risk</u>
Cash and cash equivalents held by the City:			
Commingled cash and investments with City	\$ 1,391,047	\$ 1,481,384	Not applicable
Wisconsin's Local Government Investment Pool	<u>1,022,190</u>	<u>1,021,178</u>	Credit risk
 Total	 <u>\$ 2,413,237</u>	 <u>\$ 2,502,562</u>	
Reconciliation to financial statements			
Unrestricted cash and investments	\$ 9,635	\$ 78,044	
Restricted cash and investments			
Redemption account - current	280,932	348,387	
Reserve account - non-current	636,824	646,919	
Depreciation account - non-current	328,765	303,765	
Construction funds - non-current	713,875	952,507	
Reserve capacity assessments - non-current	<u>443,206</u>	<u>172,940</u>	
Total Cash and Investments	<u>\$ 2,413,237</u>	<u>\$ 2,502,562</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 (SDGF) in the amount of \$400,000. However, due to the nature of this fund, recovery of material principle losses may not be significant to individual municipalities.

The Utility, as a Proprietary-Enterprise Fund of the City of Muskego, maintains commingled cash and investment accounts with the City, except for its investment in the Pool. Federal depository insurance and the State Guarantee Fund insurance apply to the City of Muskego as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Utility as a Proprietary-Enterprise Fund of the City. Also please refer to the City's financial statements for information on risks on the Utility's cash and investments with the City.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2013 and 2012

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### NOTE II - CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS (cont.)

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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, 2013 and 2012 the fair value of the Utility's share of the LGIP assets was substantially equal to the amount reported above.

#### ***Credit Risk***

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

As of December 31, 2013 and 2012 the utility had funds invested in LGIP. LGIP is unrated.

See Note I Assets, Liabilities and Net Position – Cash and Investments for further information.

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### NOTE III - RESTRICTED ASSETS

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Restricted assets were comprised of the following restricted funds at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents		
Special Redemption Funds		
Bond Reserve Fund	\$ 636,824	\$ 646,919
Bond Principal and Interest Fund	<u>280,932</u>	<u>348,387</u>
Total	917,756	995,306
Other Debt Service Funds	443,206	172,940
Construction Funds (financed by debt)	713,875	952,507
Depreciation Funds	<u>328,765</u>	<u>303,765</u>
Total cash and cash equivalents	2,403,602	2,424,518
Water capacity assessments receivable	<u>104,615</u>	<u>102,471</u>
Total	<u>\$ 2,508,217</u>	<u>\$ 2,526,989</u>
Current assets	\$ 280,932	\$ 348,387
Noncurrent assets	<u>2,227,285</u>	<u>2,178,602</u>
Total	<u>\$ 2,508,217</u>	<u>\$ 2,526,989</u>

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2013 and 2012

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### NOTE IV - DEFINED BENEFIT PENSION PLAN

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All eligible City of Muskego employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours and expected to be employed for at least one year from employee's date of hire, are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective contributions 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.

Contribution rates for 2013, 2012, and 2011 were:

	<u>Employee</u>	<u>Employer</u>
2013 General Category	6.65%	6.65%
2012 General Category	5.9%	5.9%
2011 General Category	7.05%	7.05%

The payroll for City of Muskego employees covered by the WRS for the years ended December 31, 2013, 2012, and 2011 was \$310,015, \$287,713, and \$290,727. The total required contribution for the year ended December 31, 2013 was \$31,413, which consisted of 6.65% of payroll from the employer 6.65% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$34,051 and \$33,724, respectively, equal to the required contributions for each year.

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

Details of the plan are also disclosed in the basic financial statements of the City of Muskego.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2013 and 2012

## NOTE V - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2013 and 2012 follows:

	Balance 1/1/13	Additions	Retirements	Balance 12/31/13
Capital assets, not being depreciated				
Intangible easements	\$ 36,500	\$ -	\$ -	\$ 36,500
Land and land rights	29,148	-	-	29,148
Total Capital Assets Not Being Depreciated or Amortized	65,648	-	-	65,648
Capital assets being depreciated				
Buildings and improvements	7,245,470	-	-	7,245,470
Improvements other than buildings	27,079,991	273,057	-	27,353,048
Machinery and equipment	2,790,316	84,888	3,960	2,871,244
Total Capital Assets Being Depreciated	37,115,777	357,945	3,960	37,469,762
Total Capital Assets	37,181,425	357,945	3,960	37,535,410
Less: Accumulated depreciation				
Buildings and improvements	(1,500,070)	(194,401)	-	(1,694,471)
Improvements other than buildings	(4,907,681)	(463,760)	-	(5,371,441)
Machinery and equipment	(1,684,773)	(122,577)	(3,960)	(1,803,390)
Total accumulated depreciation	(8,092,524)	(780,738)	(3,960)	(8,869,302)
Construction in progress	161,815	142,944	-	304,759
Net Utility Plant	\$ 29,250,716	\$ (279,849)	\$ -	\$ 28,970,867

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
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## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2013 and 2012

**NOTE V - CHANGES IN CAPITAL ASSETS (cont.)**

	Balance 1/1/12	Additions	Retirements	Balance 12/31/12
Capital assets, not being depreciated				
Intangible easements	\$ 36,500	\$ -	\$ -	\$ 36,500
Land and land rights	29,148	-	-	29,148
Total Capital Assets Not Being Depreciated or Amortized	\$ 65,648	\$ -	\$ -	\$ 65,648
Capital assets being depreciated				
Buildings and improvements	7,245,470	-	-	7,245,470
Improvements other than buildings	27,003,060	76,931	-	27,079,991
Machinery and equipment	2,757,801	37,839	5,324	2,790,316
Total Capital Assets Being Depreciated	37,006,331	114,770	5,324	37,115,777
Total Capital Assets	37,071,979	114,770	5,324	37,181,425
Less: Accumulated depreciation				
Buildings and improvements	(1,305,669)	(194,401)	-	(1,500,070)
Improvements other than buildings	(4,447,017)	(460,664)	-	(4,907,681)
Machinery and equipment	(1,558,886)	(131,211)	(5,324)	(1,684,773)
Total accumulated depreciation	(7,311,572)	(786,276)	(5,324)	(8,092,524)
Construction in progress	27,201	211,547	76,933	161,815
Net Utility Plant	\$ 29,787,608	\$ (459,959)	\$ 76,933	\$ 29,250,716

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2013 and 2012

### NOTE VI - LONG-TERM DEBT

A. The transactions related to long-term debt for the years ending December 31, 2013 and 2012 are summarized below:

	Balance 01/01/13	Increases	Decreases	Balance 12/31/13	Current Portion
Waterworks System					
Revenue Bonds	\$ 4,515,000	\$ -	\$ 475,000	\$ 4,040,000	\$ 375,000
General Obligation Debt	1,565,060	1,260,000	1,362,485	1,462,575	111,585
WI Safe Drinking Water Loan	426,664	-	20,163	406,501	20,701
Unamortized debt premium	73,080	47,376	18,938	101,518	-
	<u>\$ 6,579,804</u>	<u>\$ 1,307,376</u>	<u>\$ 1,876,585</u>	<u>\$ 6,010,594</u>	<u>\$ 507,286</u>

	Balance 01/01/12	Increases	Decreases	Balance 12/31/12	Current Portion
Waterworks System					
Revenue Bonds	\$ 4,990,000	\$ -	\$ 475,000	\$ 4,515,000	\$ 475,000
General Obligation Debt	1,640,760	-	75,700	1,565,060	1,362,485
WI Safe Drinking Water Loan	304,348	135,708	13,392	426,664	20,163
Unamortized debt premium	92,018	-	18,938	73,080	-
	<u>\$ 7,027,126</u>	<u>\$ 135,708</u>	<u>\$ 583,030</u>	<u>\$ 6,579,804</u>	<u>\$ 1,857,648</u>

B. Details of long-term debt outstanding at December 31, 2013 are as follows:

Type	Date of Loan	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/2013
Waterworks System						
Revenue Bonds	09/01/08	3.5-5.25	05/01/09-28	5/1&11/1	\$ 2,450,000	\$ 2,050,000
Waterworks System						
Revenue Refunding Bonds	11/08/11	2-4	05/01/12-20	5/1&11/1	2,740,000	1,990,000
General Obligation Bonds	03/01/05	2.6-3.7	03/01/06-15	3/1&9/1	600,000	202,575
General Obligation Bonds	10/22/13	2-4	04/01/14-31	4/1&10/1	820,000	820,000
General Obligation Bonds	10/22/13	2-3.125	04/01/14-23	4/1&10/1	440,000	440,000
WI Safe Drinking Water Loan	11/25/09	2.668	05/01/10-29	5/1&11/1	22,699	406,501
						5,909,076
Less: Current portion of long-term debt						507,286
						<u>\$ 5,401,790</u>

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2013 and 2012

### NOTE VI - LONG-TERM DEBT(cont.)

C. The Waterworks System Revenue Bonds are not general obligations of the City of Muskego and are payable from the income and revenues derived from the operation of the system. The Utility has established separate funds, as described in Note I, to account for the allocation of the Utility's gross revenues in compliance with the debt resolutions. The General Obligation Debt is secured by the full faith and credit of the City. The Wisconsin Safe Drinking Loan disbursement of financial assistance represents 5% of the Municipal obligations as required by the IRS to consummate the Municipal Obligation closing. A principal amount of \$375,000 is available in the form of Water System Revenue Bonds.

D. Annual principal and interest payments to maturity on long-term debt payable are as follows.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance Outstanding 12/31</u>
				\$ 5,909,076
2014	\$ 507,286	\$ 208,701	\$ 715,987	5,401,790
2015	535,343	197,143	732,486	4,866,447
2016	453,220	184,395	637,615	4,413,227
2017	477,177	171,319	648,496	3,936,050
2018	515,700	155,809	671,509	3,420,350
2019-2023	1,761,186	546,071	2,307,257	1,659,164
2024-2028	1,365,812	229,609	1,595,421	293,352
2029-2031	293,352	16,465	309,817	-
	<u>\$ 5,909,076</u>	<u>\$ 1,709,512</u>	<u>\$ 7,618,588</u>	

E. All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2013 and 2012 were \$634,794 and \$779,686, respectively. Total customer gross revenues as defined for the same periods were \$1.5 million and \$1.4 million. Annual principal and interest payments are expected to require 23% of gross revenues on average.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2013 and 2012

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## NOTE VII – NET POSITION

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Net position reported on the statement of net position at December 31, 2013 and 2012 include the following:

	<u>2013</u>	<u>2012</u>
Net investment in capital assets		
Land and land rights	\$ 29,148	\$ 29,148
Intangible easements	36,500	36,500
Construction in progress	304,759	161,815
Other capital assets net of accumulated depreciation	28,600,460	29,023,253
Less: related long-term debt outstanding	(5,909,076)	(6,506,724)
Plus: non-capital debt proceeds	636,824	646,919
Plus: unspent bond proceeds	530,178	952,507
Plus: debt premium	<u>(101,518)</u>	<u>(73,080)</u>
Total net investment in capital assets	<u>24,127,275</u>	<u>24,270,338</u>
Restricted Net Position		
Debt service	246,149	314,166
Equipment replacement funds	328,765	303,765
Reserve capacity assessments	<u>541,757</u>	<u>271,179</u>
Total Restricted Net Position	<u>1,116,671</u>	<u>889,110</u>
Unrestricted Net Position	<u>298,846</u>	<u>408,107</u>
Total Utility Net Position	<u>\$ 25,542,792</u>	<u>\$ 25,567,555</u>

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

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## NOTE VIII - RESTATEMENT OF NET POSITION

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Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized. The details of this restatement are as follows:

Net Position - December 31, 2011 (as reported)	\$ 25,622,922
Unamortized debt issuance costs	<u>(74,934)</u>
Net Position - December 31, 2011 (as restated)	<u>\$ 25,547,988</u>

Net income of the prior year would have been increased by \$19,102.

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2013 and 2012

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## **NOTE IX - ANTENNA LEASE AGREEMENTS**

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The Utility has lease agreements with cellular phone companies to lease a water tower as a site for cellular antennas. The initial term of the leases were five years with the right to extend the leases for four additional five year terms.

Rental income of \$107,908 and \$103,587 from rental of the water tower, for the years 2013 and 2012, respectively, is reported in other operating revenues.

Future minimum rentals related to these leases are as follows:

2014	\$ 113,461
2015	119,134
2016	<u>125,091</u>
Total	<u>\$ 357,686</u>

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## **NOTE X - RISK MANAGEMENT**

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The Water Utility is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; natural disasters; workers' compensation and environmental damage. These risks are covered through the purchases of commercial insurance. The general aggregate insurance coverage limits decreased \$1.0 million from coverage in the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

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## **NOTE XI - WATER RATES**

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The utility implemented the current rates effective October 1, 2011.

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## **NOTE XII - COMMITMENTS AND CONTINGENCIES**

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From time to time the Water Utility becomes involved in legal actions and claims, most of which normally occur in governmental utility operations. These legal actions and claims are generally defended by various insurance carriers, since claims brought against the Utility are generally covered by insurance policies. In the opinion of management, any legal actions and claims, and any other proceedings known to exist at December 31, 2013, are not likely to have a material adverse impact on the Utility's financial position.

## **SUPPLEMENTARY INFORMATION**

# CITY OF MUSKEGO WATER PUBLIC UTILITY

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

## OPERATION AND MAINTENANCE EXPENSES For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>SOURCE OF SUPPLY</b>		
Operation labor	\$ 1,063	\$ 783
Maintenance of water source plant	7,131	5,806
Total Source of Supply	<u>8,194</u>	<u>6,589</u>
<b>PUMPING EXPENSES</b>		
Operation labor	68,441	64,708
Fuel or power purchased	95,485	91,652
Operation supplies and expenses	21	21
Maintenance of pumping plant	6,155	3,656
Total Pumping Expenses	<u>170,102</u>	<u>160,037</u>
<b>WATER TREATMENT EXPENSES</b>		
Operation labor	6,414	4,222
Chemicals	25,585	17,739
Maintenance of water treatment plant	558	898
Total Water Treatment Expenses	<u>32,557</u>	<u>22,859</u>
<b>TRANSMISSION AND DISTRIBUTION EXPENSES</b>		
Operation labor	56,664	52,006
Operation supplies and expenses	10,293	5,996
Maintenance of distribution reservoirs	7,806	4,104
Maintenance of mains	51,536	13,780
Maintenance of services	5,755	2,078
Maintenance of meters	1,182	3,090
Maintenance of hydrants	16,506	20,612
Maintenance of other plant	1,772	1,124
Total Transmission and Distribution Expenses	<u>151,514</u>	<u>102,790</u>
<b>CUSTOMER ACCOUNT EXPENSES</b>		
Meter reading labor	1,808	1,628
Accounting and collecting labor	13,746	12,891
Supplies and expenses	11,513	11,052
Total Customer Account Expenses	<u>27,067</u>	<u>25,571</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Administrative and general salaries	136,918	126,871
Office supplies and expenses	31,409	21,196
Outside services	39,086	42,097
Property insurance	14,200	15,460
Employee pensions and benefits	97,626	85,778
Miscellaneous general expenses	5,118	6,051
Transportation expense	16,652	16,692
Total Administrative and General Expenses	<u>341,009</u>	<u>314,145</u>
<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<u>\$ 730,443</u>	<u>\$ 631,991</u>

UTILITY PLANT IN SERVICE  
For the Years Ended December 31, 2013 and 2012

	Utility Plant in Service				Depreciation Rate	Accumulated Depreciation			
	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013		Balance 12/31/2012	Provisions	Retirements	Balance 12/31/2013
<b>INTANGIBLE PLANT</b>									
Easements	\$ 36,500	\$ -	\$ -	\$ 36,500	-%	\$ -	\$ -	\$ -	\$ -
Organization	29,148	-	-	29,148	-%	-	-	-	-
<b>SOURCE OF SUPPLY</b>									
Well	1,578,016	-	-	1,578,016	2.90%	545,815	45,763	-	591,578
<b>PUMPING PLANT</b>									
Structures and improvements	4,427,645	-	-	4,427,645	3.20%	830,275	141,684	-	971,959
Electric pumping equipment	1,580,707	-	-	1,580,707	4.40%	820,277	69,551	-	889,828
<b>TREATMENT PLANT</b>									
Water treatment equipment	12,469	-	-	12,469	6.00%	9,186	748	-	9,934
<b>TRANSMISSION AND DISTRIBUTION PLANT</b>									
Reservoirs and standpipes	1,796,702	-	-	1,796,702	1.90%	395,078	34,137	-	429,215
Transmission and distribution lines	19,689,983	184,732	-	19,874,715	1.30%	2,722,105	257,171	-	2,979,276
Services	3,746,135	58,610	-	3,804,745	2.90%	1,125,758	109,488	-	1,235,246
Meters	898,735	74,539	3,960	969,314	5.50%	556,908	51,589	3,960	604,537
Hydrants	2,847,173	29,715	-	2,876,888	2.20%	680,740	62,965	-	743,705
<b>GENERAL PLANT</b>									
Transportation	171,785	10,349	-	182,134	13.30%	171,785	688	-	172,473
Office furniture	19,991	-	-	19,991	5.80%	19,991	-	-	19,991
Computer equipment	106,628	-	-	106,628	26.70%	106,628	-	-	106,628
Structures and improvements	239,808	-	-	239,808	2.90%	107,978	6,954	-	114,932
	37,181,425	357,945	3,960	37,535,410		\$ 8,092,524	780,738	\$ 3,960	\$ 8,869,302
<b>CONSTRUCTION IN PROGRESS</b>	161,815	142,944	-	304,759					
<b>TOTAL UTILITY PLANT</b>	<u>\$ 37,343,240</u>	<u>\$ 500,889</u>	<u>\$ 3,960</u>	<u>\$ 37,840,169</u>					
					Less allocation of meter depreciation to the Sewer Utility		(25,795)		
							<u>\$ 754,943</u>		

**CITY OF MUSKEGO WATER PUBLIC UTILITY**  
a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

SCHEDULE OF CONSTRUCTION FUNDS  
As of December 31, 2013

<u>Project</u>	<u>Balance 12/31/2012</u>	<u>Other Sources</u>	<u>Costs</u>	<u>Transfers</u>	<u>Balance 12/31/2013</u>
Meters and meter transmitters	\$ -	\$ -	\$ 74,539	\$ 274,539	\$ 200,000
Truck Acquisition	-	-	10,349	102,099	91,750
Janesville Road	51,624	-	142,944	232,385	141,065
Radios	-	-	-	28,790	28,790
Industrial Park Piping	-	-	-	129,000	129,000
Belle Chasse Well Site	-	-	-	120,000	120,000
Pioneer Road	898,458	(11,645)	-	(886,813)	-
Interest earnings and unallocated	<u>2,425</u>	<u>845</u>	<u>-</u>	<u>-</u>	<u>3,270</u>
<b>TOTAL</b>	<u>\$ 952,507</u>	<u>\$ (10,800)</u>	<u>\$ 227,832</u>	<u>\$ -</u>	<u>\$ 713,875</u>
Construction Funds financed by:					
Debt proceeds					<u>\$ 713,875</u>