



**MUSKEGO WATER PUBLIC UTILITY**

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO  
Waukesha County, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2012 and 2011

Prepared by

City of Muskego  
Finance and Administration Department

W182 S8200 Racine Avenue, Muskego, WI 53150-0749  
Waukesha County, Wisconsin

# CITY OF MUSKEGO WATER PUBLIC UTILITY

A Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

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As of and for the Years Ended December 31, 2012 and 2011

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Muskego Water Public Utility  
Muskego, Wisconsin

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

We have audited the accompanying financial statements of City of Muskego Water Public Utility, an enterprise fund of the City of Muskego, Wisconsin, as of and for the years ended December 31, 2012 and 2011, 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 audits 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City of Muskego Water Public Utility as of December 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in Note 1, 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, 2012 and 2011 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 the Note 1, City of Muskego Water Public Utility adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinion is not modified with respect to this matter.

### ***Other Matters***

City of Muskego Water Public Utility has omitted the 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 the 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as identified 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 as identified in the table of contents is fairly stated in all material respects in relation to the financial statements as a whole.

*Baku Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
September 12, 2013

**CITY OF MUSKEGO WATER PUBLIC UTILITY**

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

STATEMENTS OF NET POSITION  
As of December 31, 2012 and 2011

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<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 78,044	\$ 60,457
Accounts receivable - net	441,828	450,978
Restricted assets		
Redemption account		
Cash and cash equivalents	348,387	349,259
Construction funds		
Cash and cash equivalents	-	14,029
Total Current Assets	<u>868,259</u>	<u>874,723</u>
<b>NONCURRENT ASSETS</b>		
Restricted assets		
Reserve account		
Cash and cash equivalents	646,919	615,320
Depreciation account		
Cash and cash equivalents	303,765	278,765
Construction funds		
Cash and cash equivalents	952,507	1,064,559
Reserve capacity assessments		
Cash and cash equivalents	172,940	24,880
Water capacity assessments receivable	102,471	79,127
Utility Plant		
Plant in service	37,181,425	37,071,979
Accumulated depreciation	(8,092,524)	(7,311,572)
Construction work in progress	161,815	27,201
Other Assets		
Special assessments receivable	147,281	143,528
Unamortized debt discount & expense	74,934	94,036
Total Noncurrent Assets	<u>31,651,533</u>	<u>32,087,823</u>
Total Assets	<u>32,519,792</u>	<u>32,962,546</u>

**CITY OF MUSKEGO WATER PUBLIC UTILITY**

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

STATEMENTS OF NET POSITION  
(Continued)

As of December 31, 2012 and 2011

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<b>LIABILITIES AND NET POSITION</b>	<u>2012</u>	<u>2011</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 23,491	\$ 11,375
Accrued vacation, sick leave and compensatory time	99,540	98,625
Unearned lease and other revenue	81,722	80,792
Liabilities payable from restricted assets		
Accounts payable	-	24,902
Current portion of long-term debt	1,857,648	564,092
Accrued interest payable	34,221	35,756
Total Current Liabilities	<u>2,096,622</u>	<u>815,542</u>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt	4,722,156	6,463,034
Other unearned revenue	58,525	61,048
Total Noncurrent Liabilities	<u>4,780,681</u>	<u>6,524,082</u>
Total Liabilities	<u>6,877,303</u>	<u>7,339,624</u>
<b>NET POSITION</b>		
Net investment in capital assets	24,345,272	24,626,413
Restricted		
Equipment replacement	303,765	278,765
Water capacity assessments	271,179	98,620
Debt Service	314,166	313,503
Unrestricted	408,107	305,621
<b>TOTAL NET POSITION</b>	<u>\$ 25,642,489</u>	<u>\$ 25,622,922</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 1,857,360	\$ 1,744,578
Other operating revenues	<u>133,852</u>	<u>128,219</u>
Total Operating Revenues	<u>1,991,212</u>	<u>1,872,797</u>
<b>OPERATING EXPENSES</b>		
Operation and maintenance	631,991	684,065
Depreciation	761,861	768,089
Taxes	<u>23,527</u>	<u>24,406</u>
Total Operating Expenses	<u>1,417,379</u>	<u>1,476,560</u>
Operating Income	<u>573,833</u>	<u>396,237</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	17,629	24,307
Interest on long term debt	(214,060)	(289,030)
Amortization of bond premium	18,938	-
Amortization of bond discount and expenses	<u>(19,102)</u>	<u>(8,638)</u>
Total Nonoperating Revenues (Expenses)	<u>(196,595)</u>	<u>(273,361)</u>
Income Before Capital Contributions and Transfers	377,238	122,876
<b>CAPITAL CONTRIBUTIONS</b>	219,988	247,894
<b>INTERFUND TRANSFERS</b>		
Tax equivalent	<u>(577,659)</u>	<u>(555,652)</u>
<b>CHANGE IN NET POSITION</b>	19,567	(184,882)
NET POSITION - Beginning of Year	<u>25,622,922</u>	<u>25,807,804</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 25,642,489</u>	<u>\$ 25,622,922</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 1,730,180	\$ 1,589,665
Receipts from municipality for services	309,000	302,250
Payments to suppliers	(366,825)	(439,690)
Payments to employees	<u>(286,798)</u>	<u>(290,435)</u>
Net Cash Provided by Operating Activities	<u>1,385,557</u>	<u>1,161,790</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers paid to municipality for tax equivalent	<u>(577,659)</u>	<u>(555,652)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	135,708	1,271,645
Acquisition and construction of capital assets	(273,353)	(146,571)
Interfund advances paid	-	(213,118)
Principal paid on long term debt	(564,092)	(583,066)
Interest paid on long term debt	(215,596)	(298,999)
Collections on special assessments	<u>187,099</u>	<u>186,377</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(730,234)</u>	<u>216,268</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income		
Interest on investments	3,917	2,755
Interest on special assessments	<u>13,712</u>	<u>21,552</u>
Net Cash Provided by Investing Activities	<u>17,629</u>	<u>24,307</u>
<b>Net Change in Cash and Cash Equivalents</b>	95,293	846,712
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>2,407,269</u>	<u>1,560,556</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 2,502,562</u>	<u>\$ 2,407,269</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
Unrestricted	\$ 78,044	\$ 60,457
Restricted		
Redemption account	348,387	349,259
Reserve account	646,919	615,320
Construction Fund	952,507	1,078,588
Reserve capacity assessments	172,940	24,880
Depreciation Fund	<u>303,765</u>	<u>278,765</u>
	<u>\$ 2,502,562</u>	<u>\$ 2,407,269</u>



**CITY OF MUSKEGO WATER PUBLIC UTILITY**

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

STATEMENTS OF CASH FLOWS  
(Continued)

For the Years Ended December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<b>NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Capital additions contributed to the Utility by customers and developers	\$ 79,072	\$ 176,994
Assessments of benefits for property owners for improvements	\$ 140,916	\$ 70,900
Debt issued for refunding	\$ -	\$ 2,740,000
Premium on debt issued for refunding	\$ -	\$ 15,510
Principal refunded	\$ -	\$ (2,740,000)
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 573,833	\$ 396,237
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation expense	761,861	768,089
Depreciation charged to other accounts	24,415	23,798
Changes in Assets and Liabilities		
Accounts receivable	11,487	(14,203)
Prepaid items	-	380
Accounts payable	12,116	(6,643)
Accrued expenses	915	291
Other deferred revenues	930	(6,160)
Net Cash Provided by Operating Activities	<u>\$ 1,385,557</u>	<u>\$ 1,161,790</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, 2012 and 2011

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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 June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The utility implemented this standard effective January 2012. The adoption of this standard did not have a significant effect on the utility's financial statements.

# 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, 2012 and 2011

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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*** (continued)

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

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### ***ASSETS, LIABILITIES 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  
CITY OF MUSKEGO  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2012 and 2011

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

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### **ASSETS, LIABILITIES 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.

#### **Deferred 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 is 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

#### **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.

# 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 AND NET POSITION (cont.)***

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

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. The bond discounts and issuance costs are reported as deferred 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 deferred 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.

#### ***Operating Revenues***

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

# 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, 2012 and 2011

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

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

#### ***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 Statement No. 65 - *Items Previously Reported as Assets and Liabilities*; Statement No. 66., *Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and financial reporting for Pensions – an amendment of GASB Statement No. 27*. 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  
CITY OF MUSKEGO  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2012 and 2011

## **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>2012</u>	<u>2011</u>	<u>Associated Risk</u>
Cash and cash equivalents held by the City:			
Commingled cash and investments with City	\$ 1,481,384	\$ 1,387,715	Not applicable
Wisconsin's Local Government Investment Pool	<u>1,021,178</u>	<u>1,019,554</u>	Credit risk
Total	<u>\$ 2,502,562</u>	<u>\$ 2,407,269</u>	
Reconciliation to financial statements			
Unrestricted cash and investments	\$ 78,044	\$ 60,457	
Restricted cash and investments			
Redemption account - current	348,387	349,259	
Construction funds - current	-	14,029	
Reserve account - non-current	646,919	615,320	
Depreciation account - non-current	303,765	278,765	
Construction funds - non-current	952,507	1,064,559	
Reserve capacity assessments - non-current	<u>172,940</u>	<u>24,880</u>	
Total Cash and Investments	<u>\$ 2,502,562</u>	<u>\$ 2,407,269</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposits accounts, and unlimited coverage for noninterest bearing transaction accounts as of December 31, 2012. On January 1, 2013, the temporary unlimited coverage for non-interest bearing transaction accounts expired. Therefore, demand deposit accounts (interest bearing and non-interest bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for 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 relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, 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  
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NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2012 and 2011

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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, 2012 and 2011 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, 2012 and 2011 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents		
Special Redemption Funds		
Bond Reserve Fund	\$ 646,919	\$ 615,320
Bond Principal and Interest Fund	<u>348,387</u>	<u>349,259</u>
Total	995,306	964,579
Other Debt Service Funds	172,940	24,880
Construction Funds (financed by debt)	952,507	1,078,588
Depreciation Funds	<u>303,765</u>	<u>278,765</u>
Total cash and cash equivalents	2,424,518	2,346,812
Water capacity assessments receivable	<u>102,471</u>	<u>79,127</u>
 Total	 <u>\$ 2,526,989</u>	 <u>\$ 2,425,939</u>
 Current assets	 \$ 348,387	 \$ 445,121
Noncurrent assets	<u>2,178,602</u>	<u>1,980,818</u>
 Total	 <u>\$ 2,526,989</u>	 <u>\$ 2,425,939</u>

# 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, 2012 and 2011

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## NOTE IV - DEFINED BENEFIT PENSION PLAN

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All eligible 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 a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective occupations 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 2012 are:

	<u>Employee</u>	<u>Employer</u>
2012 General Category	5.9%	5.9%
2011 General Category	7.05%	7.05%
2010 General Category	6.2%	6.2%

The payroll for City of Muskego Water Utility employees covered by the WRS for the year ended December 31, 2012, 2011 and 2010 was \$287,713, \$290,727 and \$287,557 respectively. The total required contribution for the year ended December 31, 2012 was \$34,051, which consisted of 5.9% of payroll from the employer and 5.9% from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$33,724 and \$31,661, respectively, equal to the required contributions for each year.

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

# 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 V - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for 2012 and 2011 follows:

	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  
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NOTES TO FINANCIAL STATEMENTS  
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## **NOTE V - CHANGES IN CAPITAL ASSETS (cont.)**

	Balance 1/1/11	Additions	Retirements	Balance 12/31/11
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	7,203,297	42,173	-	7,245,470
Improvements other than buildings	26,736,950	310,772	44,662	27,003,060
Machinery and equipment	2,747,376	11,555	1,130	2,757,801
Total Capital Assets Being Depreciated	36,687,623	364,500	45,792	37,006,331
Total Capital Assets	36,753,271	364,500	45,792	37,071,979
Less: Accumulated depreciation				
Buildings and improvements	(1,111,942)	(193,727)	-	(1,305,669)
Improvements other than buildings	(4,033,833)	(457,846)	(44,662)	(4,447,017)
Machinery and equipment	(1,419,140)	(140,314)	(568)	(1,558,886)
Total accumulated depreciation	(6,564,915)	(791,887)	(45,230)	(7,311,572)
Construction in progress	20,849	182,303	175,951	27,201
Net Utility Plant	\$ 30,209,205	\$ (245,084)	\$ 176,513	\$ 29,787,608

**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, 2012 and 2011

**NOTE VI - LONG-TERM DEBT**

A. The utility's long-term debt consists of Waterworks System Revenue Bonds, General Obligation Debt and Advances from Municipality. The transactions related to long-term debt for the years ending December 31, 2012 and 2011 are summarized below:

	<u>Balance</u> <u>01/01/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/12</u>	<u>Current</u> <u>Portion</u>
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>
	<u>Balance</u> <u>01/01/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/11</u>	<u>Current</u> <u>Portion</u>
Waterworks System					
Revenue Bonds	\$ 5,490,000	\$ 2,740,000	\$ 3,240,000	\$ 4,990,000	\$ 475,000
General Obligation Debt	439,137	1,271,645	70,022	1,640,760	75,700
Advances from Municipality	213,118	-	213,118	-	-
WI Safe Drinking Water Loan	317,392	-	13,044	304,348	13,392
Unamortized debt premium	-	92,018	-	92,018	-
	<u>\$ 6,459,647</u>	<u>\$ 4,103,663</u>	<u>\$ 3,536,184</u>	<u>\$ 7,027,126</u>	<u>\$ 564,092</u>

B. Details of long-term debt outstanding at December 31, 2012 are as follows:

<u>Type</u>	<u>Date of</u> <u>Loan</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Payable</u>	<u>Interest</u> <u>Payable</u>	<u>Original</u> <u>Amount</u>	<u>Balance</u> <u>12/31/2012</u>
Waterworks System						
Revenue Bonds	09/01/08	3.5-5.25	05/01/09-28	5/1&11/1	\$ 2,450,000	\$ 2,150,000
Waterworks System						
Revenue Refunding Bonds	11/08/11	2-4	05/01/12-20	5/1&11/1	2,740,000	2,365,000
General Obligation Bonds	03/01/05	2.6-3.7	03/01/06-15	3/1&9/1	600,000	293,415
General Obligation Bonds	11/08/11	1.6	05/01/13	5/1&11/1	1,271,645	1,271,645
WI Safe Drinking Water Loan	11/25/09	2.668	05/01/10-29	5/1&11/1	22,699	426,664
						6,506,724
Less: Current portion of long-term debt						<u>1,857,648</u>
						<u>\$ 4,649,076</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, 2012 and 2011

## 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 Advances from City represent unsecured debt of the Utility to 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 \$475,000 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>
				\$ 6,506,724
2013	\$ 1,857,648	\$ 205,325	\$ 2,062,973	4,649,076
2014	494,111	165,486	659,597	4,154,965
2015	525,418	151,479	676,897	3,629,547
2016	421,820	138,979	560,799	3,207,727
2017	447,402	126,514	573,916	2,760,325
2018-2022	1,561,301	416,364	1,977,665	1,199,024
2023-2027	938,370	178,952	1,117,322	260,654
2028-2029	260,654	6,879	267,533	-
	<u>\$ 6,506,724</u>	<u>\$ 1,389,978</u>	<u>\$ 7,896,702</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 2012 and 2011 were \$644,794 and \$3,503,082, respectively. The 2011 payments reflect a refunding of the 1999, 2000 and 2001 Water Revenue Bond Issues. Total customer gross revenues as defined for the same periods were \$1.3 million and \$1.4 million. Annual principal and interest payments are expected to require 28% 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, 2012 and 2011

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## NOTE VII – NET POSITION

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Net position reported on the statement of net position at December 31, 2012 and 2011 include the following:

	<u>2012</u>	<u>2011</u>
Net investment in capital assets		
Land and land rights	\$ 29,148	\$ 29,148
Intangible easements	36,500	36,500
Construction in progress	161,815	27,202
Other capital assets net of accumulated depreciation	29,023,254	29,694,757
Less: related long-term debt outstanding	(6,506,724)	(6,935,108)
Plus: non-capital debt proceeds	646,919	615,319
Plus: unspent bond proceeds	952,507	1,064,559
Plus: debt premium	(73,081)	-
Plus: debt discount	74,934	94,036
Total net investment in capital assets	<u>24,345,272</u>	<u>24,626,413</u>
Restricted Net Position		
Debt service	314,166	313,503
Equipment replacement funds	303,765	278,765
Reserve capacity assessments	271,179	98,620
Total Restricted Net Position	<u>889,110</u>	<u>690,888</u>
Unrestricted Net Position	<u>408,107</u>	<u>305,621</u>
Total Utility Net Position	<u>\$ 25,642,489</u>	<u>\$ 25,622,922</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 - 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 \$103,587 and \$98,721 from rental of the water tower, for the years 2012 and 2011, respectively, is reported in other operating revenues.

Future minimum rentals related to these leases are as follows:

2013	\$ 108,058
2014	113,461
2015	119,134
Total	<u>\$ 340,653</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, 2012 and 2011

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## **NOTE IX - 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 X - OTHER POST EMPLOYMENT BENEFITS**

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Effective August 28, 2012, the City's group health insurance plan no longer provides coverage to retirees (or other qualified terminated employees) at blended premium rates. This resulted in the elimination of other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Certain specific information concerning the utility's other post employment benefits has not been determined.

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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, 2012, 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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>SOURCE OF SUPPLY</b>		
Operation labor	\$ 783	\$ 979
Maintenance of water source plant	<u>5,806</u>	<u>1,331</u>
Total Source of Supply	<u>6,589</u>	<u>2,310</u>
<b>PUMPING EXPENSES</b>		
Operation labor	64,708	62,327
Fuel or power purchased	91,652	87,546
Operation supplies and expenses	21	206
Maintenance of pumping plant	<u>3,656</u>	<u>8,196</u>
Total Pumping Expenses	<u>160,037</u>	<u>158,275</u>
<b>WATER TREATMENT EXPENSES</b>		
Operation labor	4,222	4,906
Chemicals	17,739	16,269
Maintenance of water treatment plant	<u>898</u>	<u>495</u>
Total Water Treatment Expenses	<u>22,859</u>	<u>21,670</u>
<b>TRANSMISSION AND DISTRIBUTION EXPENSES</b>		
Operation labor	52,006	52,277
Operation supplies and expenses	5,996	8,022
Maintenance of distribution reservoirs	4,104	792
Maintenance of mains	13,780	72,416
Maintenance of services	2,078	2,999
Maintenance of meters	3,090	5,068
Maintenance of hydrants	20,612	25,328
Maintenance of other plant	<u>1,124</u>	<u>103</u>
Total Transmission and Distribution Expenses	<u>102,790</u>	<u>167,005</u>
<b>CUSTOMER ACCOUNT EXPENSES</b>		
Meter reading labor	1,628	1,980
Accounting and collecting labor	12,891	12,784
Supplies and expenses	<u>11,052</u>	<u>9,022</u>
Total Customer Account Expenses	<u>25,571</u>	<u>23,786</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Administrative and general salaries	126,871	118,061
Office supplies and expenses	21,196	21,236
Outside services	42,097	45,514
Property insurance	15,460	15,100
Employee pensions and benefits	85,778	87,779
Miscellaneous general expenses	6,051	5,410
Transportation expense	<u>16,692</u>	<u>17,919</u>
Total Administrative and General Expenses	<u>314,145</u>	<u>311,019</u>
<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<u>\$ 631,991</u>	<u>\$ 684,065</u>

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

UTILITY PLANT IN SERVICE  
For the Year Ended December 31, 2012

	Utility Plant in Service				Depreciation Rate	Accumulated Depreciation			
	Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012		Balance 12/31/2011	Provisions	Retirements	Balance 12/31/2012
<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%	500,052	45,763	-	545,815
<b>PUMPING PLANT</b>									
Structures and improvements	4,427,645	-	-	4,427,645	3.20%	688,591	141,684	-	830,275
Electric pumping equipment	1,580,707	-	-	1,580,707	4.40%	750,726	69,551	-	820,277
<b>TREATMENT PLANT</b>									
Water treatment equipment	12,469	-	-	12,469	6.00%	8,438	748	-	9,186
<b>TRANSMISSION AND DISTRIBUTION PLANT</b>									
Reservoirs and standpipes	1,796,702	-	-	1,796,702	1.90%	360,939	34,139	-	395,078
Transmission and distribution lines	19,644,696	45,287	-	19,689,983	1.30%	2,466,430	255,675	-	2,722,105
Services	3,723,991	22,144	-	3,746,135	2.90%	1,017,441	108,317	-	1,125,758
Meters	866,220	37,839	5,324	898,735	5.50%	513,403	48,829	5,324	556,908
Hydrants	2,837,673	9,500	-	2,847,173	2.20%	618,207	62,533	-	680,740
<b>GENERAL PLANT</b>									
Transportation	171,785	-	-	171,785	13.30%	159,702	12,083	-	171,785
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%	101,024	6,954	-	107,978
	37,071,979	114,770	5,324	37,181,425		<u>\$ 7,311,572</u>	786,276	<u>\$ 5,324</u>	<u>\$ 8,092,524</u>
<b>CONSTRUCTION IN PROGRESS</b>	<u>27,201</u>	<u>211,547</u>	<u>76,933</u>	<u>161,815</u>					
<b>TOTAL UTILITY PLANT</b>	<u>\$ 37,099,180</u>	<u>\$ 326,317</u>	<u>\$ 82,257</u>	<u>\$ 37,343,240</u>					
					Less allocation of meter depreciation to the Sewer Utility		(24,415)		
							<u>\$ 761,861</u>		

**CITY OF MUSKEGO WATER PUBLIC UTILITY**

a Proprietary-Enterprise Fund of the  
CITY OF MUSKEGO

SCHEDULE OF CONSTRUCTION FUNDS

December 31, 2012

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<u>Project</u>	<u>Balance</u> <u>12/31/2011</u>	<u>Other</u> <u>Sources</u>	<u>Costs</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2012</u>
Scada radio study / upgrade	\$ -	\$ -	\$ -	\$ -	\$ -
Meters and meter transmitters	-	-	37,839	37,839	-
Light Fixtures	-	-	-	-	-
Elevated Storage	-	-	-	-	-
Truck Acquisition	-	-	-	-	-
Well #9 Pump Station	-	135,708	11,047	(124,661)	-
Durham Drive	-	-	-	-	-
Janesville Road	189,459	-	137,835	-	51,624
Pioneer Road	888,330	-	76,694	86,822	898,458
Well #13 Watermain Loop	-	-	-	-	-
Well #13 pumping station	-	-	-	-	-
Transfer from working capital	-	-	-	-	-
Interest earnings and unallocated	<u>800</u>	<u>1,625</u>	<u>-</u>	<u>-</u>	<u>2,425</u>
<b>TOTAL</b>	<u>\$ 1,078,589</u>	<u>\$ 137,333</u>	<u>\$ 263,415</u>	<u>\$ -</u>	<u>\$ 952,507</u>
Construction Funds financed by:					
Debt proceeds					<u>\$ 952,507</u>