

**CITY OF WAUWATOSA,
WISCONSIN**



Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

**CITY OF WAUWATOSA, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2017

**PREPARED BY:
CITY OF WAUWATOSA, WISCONSIN
FINANCE DEPARTMENT
JOHN RUGGINI, FINANCE DIRECTOR**

**CITY OF WAUWATOSA, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2017**

INTRODUCTORY SECTION

TRANSMITTAL LETTER	1
CITY OF WAUWATOSA, WISCONSIN GOVERNMENT ORGANIZATIONAL CHART	4
LIST OF PRINCIPAL OFFICIALS	5
GFOA CERTIFICATE OF ACHIEVEMENT	6

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	7
MANAGEMENT'S DISCUSSION AND ANALYSIS	10
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	24
STATEMENT OF ACTIVITIES	25
BALANCE SHEET – GOVERNMENTAL FUNDS	26
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	27
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	28
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	29
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND TAX INCREMENTAL DISTRICT FUND	30
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	31
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS	32
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	33
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	35

**CITY OF WAUWATOSA, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2017**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	36
NOTES TO FINANCIAL STATEMENTS	37
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS – RETIREE HEALTH AND LIFE INSURANCE	86
SCHEDULE OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	86
SCHEDULE OF THE CITY’S PENSION CONTRIBUTIONS	86
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	87
OTHER SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES – ACTUAL AND BUDGET – GENERAL FUND	88
SCHEDULE OF EXPENDITURES – ACTUAL AND BUDGET – GENERAL FUND	89
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	91
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	92
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND SPECIAL ASSESSMENT FUND	93
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND COMMUNITY DEVELOPMENT BLOCK GRANT FUND	94
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND PARKS FUND	95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND PUBLIC LIBRARY FUND	96

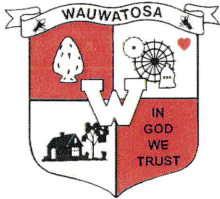
**CITY OF WAUWATOSA, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – DEBT SERVICE FUND	97
COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS SUMMARY OF PROJECT COSTS, PROJECT REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS FOR THE YEAR ENDED DECEMBER 31, 2017	98
COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS FROM DATE OF CREATION THROUGH DECEMBER 31, 2017	99
COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017	100
COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS FROM DATE OF CREATION THROUGH DECEMBER 31, 2017	101
COMBINING STATEMENT OF NET POSITION – PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS	102
COMBINING STATEMENT REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUNDS	103
COMBINING STATEMENT OF CASH FLOWS – PROPRIETARY FUND – INTERNAL SERVICE FUNDS	104
COMBINING SCHEDULE OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	106
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	107
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS	108
STATISTICAL SECTION	
NET POSITION BY COMPONENT – LAST TEN YEARS	109
CHANGES IN NET POSITION – LAST TEN YEARS	111

**CITY OF WAUWATOSA, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2017**

FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN YEARS	117
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN YEARS	119
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY – LAST TEN YEARS	123
DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN YEARS	124
PRINCIPAL PROPERTY TAXPAYERS – CURRENT AND NINE YEARS AGO	125
PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN YEARS	126
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING – LAST TEN YEARS	127
RATIOS OF OUTSTANDING DEBT BY TYPE – LAST TEN YEARS	128
LEGAL DEBT MARGIN INFORMATION – LAST TEN YEARS	129
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	130
REVENUE BOND COVERAGE – WATER UTILITY	131
DEMOGRAPHIC AND ECONOMIC STATISTICS	132
PRINCIPAL EMPLOYERS	133
CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	134
OPERATING INDICATORS BY FUNCTION/PROGRAM	136
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	138

INTRODUCTORY SECTION



CITY OF WAUWATOSA

Finance Department
7725 W. North Avenue
Wauwatosa, WI 53213

June 26, 2018

Citizens, Honorable Mayor and Common Council of the City of Wauwatosa:

Wisconsin Statutes and the Wisconsin Administrative Code require that cities with a population greater than 25,000 publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to those requirements, the Comprehensive Annual Financial Report of the City of Wauwatosa for the fiscal year ended December 31, 2017 is hereby submitted.

This report was prepared by the City's Finance Department and contains representations concerning the finances of the City. Responsibility for the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for these representations, management has established and maintained an internal control structure designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow the accurate preparation of financial statements in conformity with GAAP in the United States of America. The system of internal control has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefit derived. To the best of our knowledge and belief, the presented data is complete and reliable in all material aspects and is reported in a manner that presents fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

As indicated above, state law requires that the City's financial records be audited annually by independent certified public accountants. Based upon the recommendation of the Budget and Finance Committee and the approval of the Common Council, the City retained the services of CliftonLarsonAllen, LLP to perform its audit. CliftonLarsonAllen, LLP concluded based upon its audit procedures that the City's financial statements for the year ended December 31, 2017 are fairly presented in accordance with GAAP. The auditor's opinion is included as the first item in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF WAUWATOSA

The City of Wauwatosa is located in Milwaukee County, approximately five miles from downtown Milwaukee, in the southeast corner of Wisconsin. Incorporated in 1892, the City of Wauwatosa covers thirteen square miles and has a population of 47,389 (per state Department of Administration). The City operates under the Council-Administrator form of government. The sixteen aldermen represent eight districts, serving four-year staggered terms, with one alderman per district elected every two years. The Mayor is elected to serve a four-year term while the City Administrator is appointed by the Common Council to manage the day-to-day operations of the City. Wauwatosa provides a full range of services typical of municipal governments, including police, fire and emergency medical protection; public works activities such as highway and street maintenance, refuse and recycling collection, water utility and sewer services; public library; parks and recreation activities; community development activities including planning and zoning enforcement, economic development, and construction inspection; and general and financial administration.

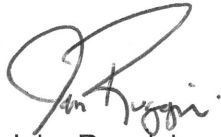
The annual budget process serves as the City's basis for financial planning and control. Departmental budgets are prepared on an annual basis by department heads and are submitted for examination in August of each year. The initial review of these budgets is conducted by the Mayor, City Administrator, and the Finance Department. After review of the department requests, the Mayor submits her recommendations to the Budget Committee for its review and approval. Public meetings are held starting in September by the Budget Committee whereby the budget is submitted to the Common Council for final approval. A public hearing on the proposed budget is held prior to approval by the Common Council, which usually occurs on the third Tuesday in November. Budget to actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted.

ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wauwatosa for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Finance Department along with the advice of the independent auditors, CliftonLarsonAllen, LLP. We would also like to thank the Common Council for their continued interest and support of the financial operations of the City.

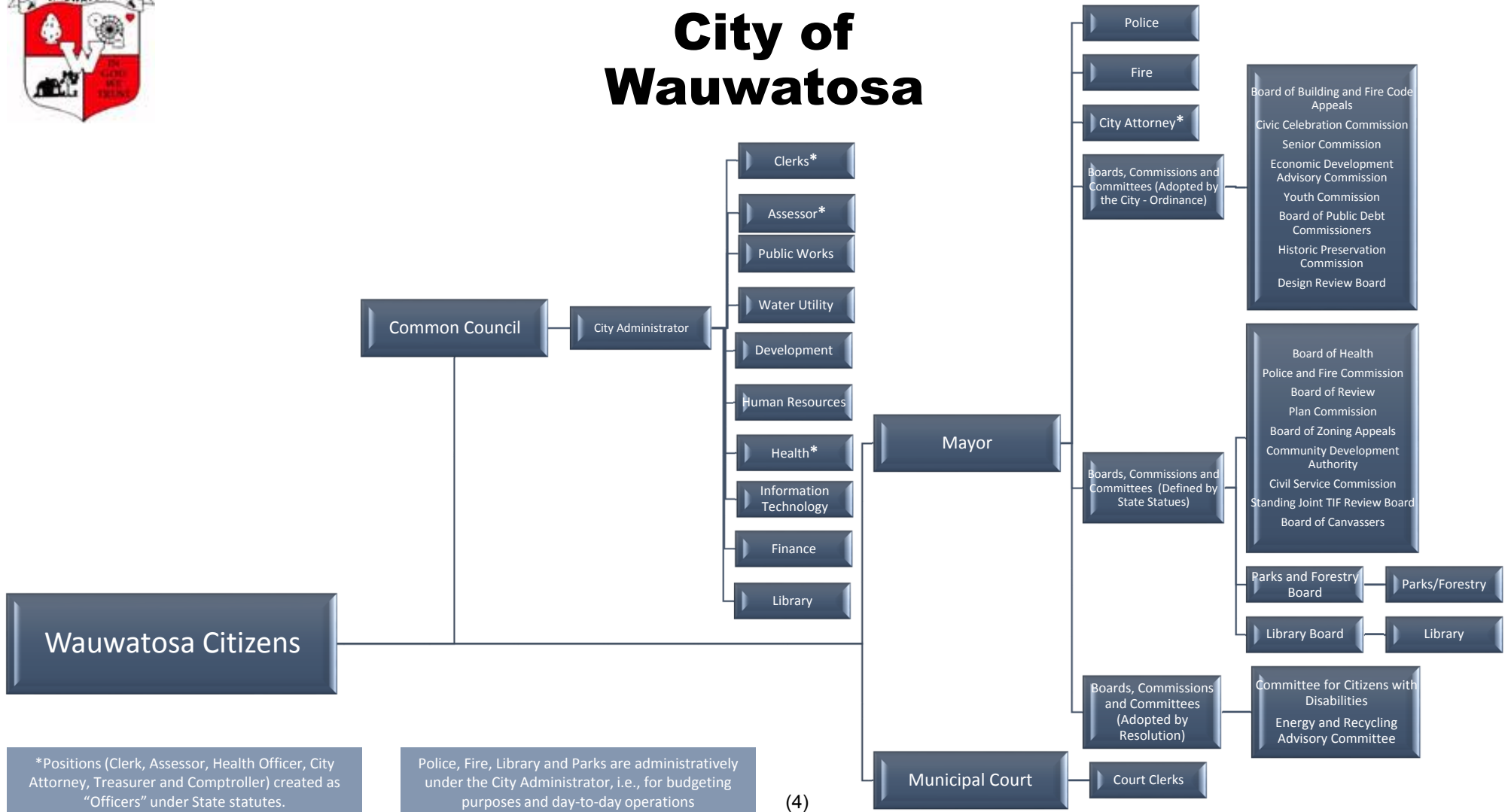
Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Ruggini". The signature is stylized with a large, looping initial "J" and "R".

John Ruggini
Director of Finance



City of Wauwatosa



*Positions (Clerk, Assessor, Health Officer, City Attorney, Treasurer and Comptroller) created as "Officers" under State statutes.

Police, Fire, Library and Parks are administratively under the City Administrator, i.e., for budgeting purposes and day-to-day operations

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 2017

THE CITY OF WAUWATOSA, WISCONSIN

7725 W North Avenue
WAUWATOSA, WISCONSIN 53213

Kathleen Ehley, Mayor
Cheryl Berdan, Common Council President

MEMBERS OF THE COMMON COUNCIL

Matt Stippich	Alderman, District # 1	Heather Kuhl	Alderman, District # 5
Jim Moldenhauer	Alderman, District # 1	Joel Tilleson	Alderman, District # 5
Kathleen Causier	Alderman, District # 2	Allison Byrne	Alderman, District # 6
John Dubinski	Alderman, District # 2	Kelly Rifelj	Alderman, District # 6
Tim J Hanson	Alderman, District # 3	Jason Kofroth	Alderman, District # 7
Nancy Welch	Alderman, District # 3	Cheryl Berdan	Alderman, District # 7
Michael Walsh	Alderman, District # 4	Craig Wilson	Alderman, District # 8
Ernst Franzen	Alderman, District # 4	Jason G Wilke	Alderman, District # 8

ADMINISTRATORS

James Archambo	City Administrator
Beth Aldana	Human Resources Director
Richard Baker	Municipal Judge
Paulette Enders	Development Director
Alan Kesner	City Attorney
Laura Conklin	Health Officer
Carla Ledesma	City Clerk
Shannon Krause	City Assessor
Peter Loeffel	Library Director
Jalal Ali	Information Systems Director
David Simpson	Public Works Director
John Ruggini	Finance Director
James Case	Fire Chief
Barry Weber	Police Chief

OFFICIALS ISSUING REPORT

John Ruggini	Finance Director
--------------	------------------



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Wauwatosa
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Common Council
City of Wauwatosa, Wisconsin
Milwaukee County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wauwatosa, Wisconsin, as of and for the year ended December 31, 2017, and the respective budgetary comparison for the General Fund and Tax Incremental District Fund for the year then ended, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wauwatosa as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Tax Incremental District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress – Other Postemployment Benefits – Retiree Health and Life Insurance, Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the City's Contributions, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wauwatosa, Wisconsin's basic financial statements. The combining and individual fund financial statements and schedules, the introductory section, and the statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules listed as other supplementary information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Board of Directors
City of Wauwatosa

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of the City of Wauwatosa, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Wauwatosa, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Wauwatosa, Wisconsin's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
June 26, 2018

Management Discussion and Analysis

This section of the City of Wauwatosa's (the City) comprehensive annual financial report provides the reader with management's narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, and (4) identify any changes in the City's financial plan (approved budget). The financial discussion and analysis presented in the section is intended to be used in conjunction with the accompanying financial statements. Additional information is provided in the transmittal letter which can be found on pages 1-2 of this report.

Financial Highlights

- ◆ The assets and deferred outflows of resources of the City of Wauwatosa exceeded its liabilities and deferred inflows of resources by \$170,135,919 (net position) as of December 31, 2017.
- ◆ As of December 31, 2017, the City of Wauwatosa's governmental funds reported combined ending fund balances of \$39,190,986. Of this balance, \$18,259,866 is available for spending at the government's discretion (unassigned fund balance)
- ◆ At the end of the current fiscal year, \$18,262,288 of unassigned fund balance for the general fund is equal to 32% of general fund expenditures and transfers out.
- ◆ The City's net Other Postemployment Benefit (OPEB) obligation increased \$108,916 to \$23,650,471.
- ◆ Total primary government bonds and notes payable increased \$10,529,414 to \$97,713,091 while business-type debt increased \$1,701,611 to \$62,088,105. Government debt increased due to bonds issued to finance infrastructure replacement including a downtown revitalization project, as well as \$6,979,218 in additional Municipal Revenue Obligations. Business-type debt increased as part of a planned enhanced capital improvement plan to address end-of-life infrastructure as well as street and basement flooding.
- ◆ The City maintained an Aaa rating from Moody's.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Wauwatosa's basic financial statements. The City of Wauwatosa's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements.

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

The *Statement of Net Position* presents information on all of the City of Wauwatosa's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Wauwatosa is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City of Wauwatosa that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Wauwatosa include general government, protection of persons and property, health and sanitation, highway and transportation, education and recreation, conservation and development, and interest and fiscal charges. The business-type activities of the City of Wauwatosa include the Water Utility, Sanitary Sewer Reserve and Storm Water Management.

The government-wide financial statements include the activities of the City of Wauwatosa itself (known as the *primary government*). The Government-wide financial statements can be found on pages 23-24.

Fund Financial Statements.

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

Governmental Funds.

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

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

The City of Wauwatosa maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects General Obligation Debt Issue Fund, and the Tax Incremental Fund, which are considered to be major funds. Data from the other ten funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City has also presented budgetary comparison information for the General Fund and major Special Revenue Funds in the basic financial statements.

The basic governmental fund financial statements can be found on pages 25-29.

Proprietary funds.

The City of Wauwatosa maintains eleven proprietary funds. *Enterprise funds* are used to report the same function presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Wauwatosa's various functions. The City of Wauwatosa uses enterprise funds to account for its Water Utility, Storm Water Management and Sanitary Sewer Funds. The City of Wauwatosa uses internal service funds to account for its fleet of vehicles, rental of space in the Municipal Complex, information systems, rental of occupied space in the public works garage, and four self insured insurance programs (health, dental, general liability, workers compensation). In the government-wide financial statements, these services have been allocated between the *governmental activities* and *business-type activities* based on cost drivers associated with the services provided.

The basic proprietary fund financial statements can be found on pages 30-33.

Fiduciary Funds.

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

The basic fiduciary fund financial statements can be found on pages 34-35.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-84.

Other information.

In addition to the basic financial statements and accompanying notes, this report also presents certain additional supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. A detailed budgetary comparison schedule for the General Fund is presented to demonstrate compliance with the budget. The City has also presented cumulative information related to its Tax Increment Districts and included a statistical section with 10 years of comparative financial, demographic and operational data.

The supplementary information can be found on pages 85-107. The statistical section can be found on pages 108-138.

Government-wide Financial Analysis-

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wauwatosa assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$170,135,919 at the close of 2017 as shown below in Figure 1.

The largest portion of the City of Wauwatosa's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). Although the City of Wauwatosa's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since most of the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Wauwatosa's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the city's ongoing obligations to citizens and creditors.

Figure 1
CITY OF WAUWATOSA NET POSITION
December 31, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Other Assets	\$ 110,492,787	\$ 104,645,579	\$ 25,035,283	\$ 20,909,477	\$ 135,528,070	\$ 125,555,056
Capital Assets	121,170,948	108,763,081	150,549,922	141,765,483	271,720,870	250,528,564
Total Assets	<u>231,663,735</u>	<u>213,408,660</u>	<u>175,585,205</u>	<u>162,674,960</u>	<u>407,248,940</u>	<u>376,083,620</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources	17,473,997	24,647,058	611,014	955,199	18,085,011	25,602,257
LIABILITIES						
Current Liabilities	9,401,313	8,810,056	2,761,732	3,116,093	12,163,045	11,926,149
Noncurrent Liabilities	125,947,034	117,340,044	61,316,390	59,655,996	187,263,424	176,996,040
Total Liabilities	<u>135,348,347</u>	<u>126,150,100</u>	<u>64,078,122</u>	<u>62,772,089</u>	<u>199,426,469</u>	<u>188,922,189</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows of Resources	55,528,370	54,711,829	246,198	356,714	55,774,568	55,068,543
NET POSITION						
Net Investment in Capital Assets	71,678,472	63,495,055	95,399,607	87,065,505	167,078,079	150,560,560
Restricted	1,322,268	1,830,471	2,344,924	2,242,818	3,667,192	4,073,289
Unrestricted	(14,739,725)	(8,131,737)	14,127,368	11,193,033	(612,357)	3,061,296
Total Net Position	<u>\$ 58,261,015</u>	<u>\$ 57,193,789</u>	<u>\$ 111,871,899</u>	<u>\$ 100,501,356</u>	<u>\$ 170,132,914</u>	<u>\$ 157,695,145</u>

Change in Net Position

Net position of the City of Wauwatosa increased by \$12,440,774 (7.9%) in 2017 as the governmental and business-type net position both increased. Net position of the City's governmental activities totaled \$58,261,015 as of December 31, 2017, an increase of \$1,067,226. The City's unrestricted net position for governmental activities is negative due development incentives associated with Tax Increment Districts that result in a liability without an associated asset. As the debt is repaid and when the TIF closes, this negative amount will be reduced. The net position of business-type activities totaled \$111,874,904, an increase of \$11,373,548 (11.3%). Following is a summary of the changes in net position for the City of Wauwatosa.

Governmental Activities

Governmental activities for 2017 increased the City's net position by \$1,067,226 as detailed below. Some of the significant changes in revenues and expenses as shown in Figure 2 that contributed to that change were as follows:

Revenues

- ◆ Charges for service decreased \$706,597 due to a slow-down in building construction compared to 2016 resulting in lower building permit related revenue as well as a decrease in municipal citation revenue due to police department vacancies.
- ◆ Operating grants decreased \$1,199,768 due to a one-time in transfer in 2016 of approximately \$700,000 from the Wauwatosa Revolving Loan Fund (an external entity) to the Community Development Authority (CDA) as the CDA took over management of the program. In addition, Community Development Block Grant spending (and reimbursements) decreased in 2017 as compared to 2016 by approximately \$300,000.

◆

- ◆ Capital grants increased by \$1,399,887 due to contributed assets totaling \$7,147,327 in 2017 as compared to \$4,368,252 in 2016. This was offset by a one-time temporary easement payment made in 2016 to the City by the Wisconsin Department of Transportation for \$526,626.
- ◆ Property tax revenue increased due to a 2.6% increase in the municipal levy and an increase in Tax Increment Revenue of \$1.8 million.
- ◆ Other Taxes increased \$451,191 largely due to a \$217,325 increase in room taxes due to the addition of two new hotels.
- ◆ Grants not Restricted to Specific Programs decreased \$294,019 due mostly to a \$213,616 decrease in computer exemption aid which is linked to reported value of computer equipment.

Expenses

- ◆ There are several entity-wide costs which are allocated over the functional categories shown in figure 2. These include the allocation of internal service funds, the value of compensated absences, GASB 68 pension expenses, and non-capitalized capital outlay depreciation. These costs were greater in 2017 than 2016 contributing to an increase of expenditures in all functional areas, except in Conservation and Development where they were offset by other decreases as described below.
- ◆ General government increased \$808,116. This was largely due to property assessment litigation costs which increased approximately \$500,000 from the prior year and property tax refunds either agreed to through mediated settlement or voluntarily entered into which increased \$298,431.
- ◆ Protection of persons and property increased largely due to a contractual cost of living increase as well as fewer vacancies in the fire department. This was supplemented by year over year changes in the reclassifications discussed above.
- ◆ The Highway and Transportation increase was entirely due to year-over-year changes in the reclassification discussed above as spending on this function decreased largely due to fewer hours being charged to roadway maintenance and postponement of some pavement repair projects from 2017 to 2018.
- ◆ Conservation and Development decreased \$2,178,375. There was an increase in the amount of Municipal Revenue Obligation issued of \$4.6 million from 2016. However this was offset by a decrease of \$5.9 million in non-capitalized TIF expense related to private parking structures paid for at the Mayfair Collection in 2016. \$304,213 less was spent in Community Development Block Grant funds and \$343,990 in contributions made to VISIT Milwaukee for tourism marketing was reclassified to Education and Recreation.

Figure 2
CHANGE IN NET POSITION- GOVERNMENTAL ACTIVITIES
For The Years Ended December 31, 2017 and 2016

	Governmental Activities		
	2017	2016	Variance
REVENUES			
Program Revenues:			
Charges for Services	\$ 6,759,455	\$ 7,466,052	\$ (706,597)
Operating Grants	3,075,840	4,275,608	(1,199,768)
Capital Grants/Contributions	10,456,801	9,056,914	1,399,887
General Revenues:			
Property Taxes	45,657,605	42,716,567	2,941,038
Other Taxes	1,966,144	1,514,953	451,191
Grants not Restricted to Specific Programs	2,631,583	2,925,602	(294,019)
Investments	692,056	603,777	88,279
Gain -sales/disposal of capital assets	88,579	-	88,579
Total Revenues	<u>71,328,063</u>	<u>68,559,473</u>	<u>2,768,590</u>
EXPENSES			
General Government	7,005,559	6,197,443	808,116
Protection of Persons and Property	33,938,926	32,359,435	1,579,491
Health and Sanitation	3,671,541	3,342,039	329,502
Highway and Transportation	8,697,116	7,864,442	832,674
Education and Recreation	5,064,666	4,577,202	487,464
Conservation and Development	10,014,449	12,192,824	(2,178,375)
Interest and Fiscal Charges	1,909,106	1,971,394	(62,288)
Total Government Activities Expense	<u>70,301,363</u>	<u>68,504,779</u>	<u>1,796,584</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	1,026,700	54,694	972,006
NET TRANSFERS	<u>40,526</u>	<u>(325,709)</u>	<u>366,235</u>
Change in Net Position	1,067,226	(271,015)	1,338,241
Net Position - Beginning	<u>57,193,789</u>	<u>57,464,804</u>	<u>(271,015)</u>
NET POSITION - ENDING	<u>\$ 58,261,015</u>	<u>\$ 57,193,789</u>	<u>\$ 1,067,226</u>

Business Activities

Business activities for 2017 increased the City's net position by \$11,373,548 as detailed below. Some of the significant changes in revenues and expenses as shown in Figure 3 that contributed to that change were as follows:

Revenues

- ◆ Higher charges for service are due to sanitary and storm rate increases necessary to fund increasing capital improvement costs associated with aging infrastructure. Sanitary rates increased 4.0% and storm rates increased 6.0%.
- ◆ Capital Grants and contributions increased 287% to \$4.3 million due largely to recording improvements made by the Wisconsin Department of Transportation to the City of Wauwatosa Sanitary, Storm and Water utilities.

Expenses

- ◆ Water expenses remained relatively flat.
- ◆ Sanitary expenses increased 3.6% due largely to \$50,579 increase in depreciation and 4% increase in the pass through expense to the Milwaukee Metropolitan Sewage District for wastewater treatment as well as a \$69,962 increase in costs associated with the analysis of storm water infiltration into the sanitary system.
- ◆ Storm water expenses increased 9.6%. Approximately \$60,000 of this increase was in wages and benefits as more staff time was charged to the utility. In addition, depreciation increased \$35,041 and interest expenses increased \$80,550
- ◆ Transfers decreased to a net transfer out of \$40,526 due largely to a decrease in the transfer in of capital assets from the governmental to the proprietary funds in 2017 as compared to 2016. The majority of these capital assets were transferred from Tax Increment Districts.

Figure 3
CHANGE IN NET POSITION- BUSINESS ACTIVITIES
For The Years Ended December 31, 2017 and 2016

	Business Activities		
	2017	2016	Variance
REVENUES			
Program Revenues:			
Charges for Services	\$ 22,992,167	\$ 21,586,546	\$ 1,405,621
Capital Grants/Contributions	4,313,708	1,115,691	3,198,017
General Revenues:			
Investments	135,347	42,941	92,406
Total Revenues	<u>27,441,222</u>	<u>22,745,178</u>	<u>4,696,044</u>
EXPENSES			
Water Utility	7,122,106	7,134,052	(11,946)
Sanitary Sewer	6,467,574	6,245,363	222,211
Storm Water Management	2,437,468	2,223,770	213,698
Total Business Activities Expense	<u>16,027,148</u>	<u>15,603,185</u>	<u>423,963</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	11,414,074	7,141,993	4,272,081
NET TRANSFERS	<u>(40,526)</u>	<u>325,709</u>	<u>(366,235)</u>
Change in Net Position	11,373,548	7,467,702	3,905,846
Net Position - Beginning	<u>100,501,356</u>	<u>93,033,654</u>	<u>7,467,702</u>
NET POSITION - ENDING	<u>\$ 111,874,904</u>	<u>\$ 100,501,356</u>	<u>\$ 11,373,548</u>

Fund Financial Analysis

As noted earlier, the City of Wauwatosa uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Fund financial reporting focuses on short-term spendable resources and balances of spendable resources available at year-end.

Governmental Funds

As of December 31, 2017, the City of Wauwatosa's governmental funds reported combined ending balances of \$39,190,986 an increase of \$1,872,400 from the prior year. This decrease is due to several factors described below and presented in Figure 4.

- The largest factor for the increase in the fund balances was timing related to capital projects. The amount of unspent bond proceeds in the capital projects fund increased from \$625,953 in the beginning of the year to \$1,962,353 at the end of the year. These prior year bond proceeds will be spent down over the course of 2018 and 2019 as capital projects are completed.

- The General Fund balance increased \$325,095 to \$22,760,547. This was largely the result of a continued high level of building activity producing permit revenue surplus and salary savings due to vacancies in public safety and engineering that were offset by increased spending on property assessment litigation.
- The \$181,339 increase in the Parks Special Revenue Fund is due to a budgeted \$100,000 annual set-aside for the eventual replacement of the Hart Park stadium turf in 2019 and track in 2028 as well as a reimbursement from the school district for a prior year expense associated with the Open Space study.
- The Community Development Fund increased \$129,277 due in part to \$100,000 received for the sale of the former Fire Station parcel for a redevelopment.
- The newly created Tourism Commission had a surplus of \$133,670 as hotel/motel tax revenue exceeded allowable tourism related expenditures by this much.
- The Fleet Equipment fund decreased by \$111,940 due to cost of the regularly replacement schedule of vehicles exceeding the annual set-aside charged to departments.

Figure 4
CHANGE IN GOVERNMENTAL FUND BALANCES

	General Fund	TIF	Debt Service	CP - General Obligation Debt Issue Fund	Special Assessments	Community Development Block Grant	Park	Library
Beginning Year Balance	\$ 22,435,452	\$ 2,188,920	\$ 2,138,787	\$ 4,966,904	\$ -	\$ 73	\$ 994,329	\$ 174,504
Current Year Activity	325,095	(232,748)	29,264	1,306,996	-	(2,495)	181,339	10,179
End of Year Balance	\$ 22,760,547	\$ 1,956,172	\$ 2,168,051	\$ 6,273,900	\$ -	\$ (2,422)	\$ 1,175,668	\$ 184,683
Nonspendable	\$ 2,338,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	1,956,172	2,168,051	1,962,353	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	2,160,016	-	-	4,311,547	-	-	1,175,668	184,683
Unassigned	18,262,288	-	-	-	-	(2,422)	-	-

	Redevelopment Authority Reserve Fund	Community Development Fund	Tourism Commission Fund	Information Systems Equipment	Fleet Equipment	Public Works Building Improvement Reserve Fund	Total
Beginning Year Balance	\$ 1,447,430	\$ 1,355,473	\$ -	\$ 368,022	\$ 1,192,527	\$ 56,165	\$ 37,318,586
Current Year Activity	(11,904)	129,277	133,670	102,186	(111,940)	13,481	1,872,400
End of Year Balance	\$ 1,435,526	\$ 1,484,750	\$ 133,670	\$ 470,208	\$ 1,080,587	\$ 69,646	\$ 39,190,986
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,338,243
Restricted	-	653,957	133,670	-	-	-	6,874,203
Committed	-	-	-	-	-	-	-
Assigned	1,435,526	830,793	-	470,208	1,080,587	69,646	11,718,674
Unassigned	-	-	-	-	-	-	18,259,866

Proprietary Funds

Revenue and Expense highlights related to Water, Sanitary, and Storm water funds are discussed above. Internal Service Funds showed an increase in net position of \$522,548. Fleet Maintenance has a \$84,504 increase as the vehicle replacement transfer out was less than the capitalization of new vehicles by approximately that much. In the General Liability Fund, a \$317,004 surplus was posted due to the City setting aside funds for future claims. The \$157,014 surplus in the Workers Compensation fund was due to lower than budgeted claims costs.

In the Employee Insurance Funds, timing differences associated with stop-loss reinsurance reimbursements for claims exceeding \$75,000 as well as the increase in the Other Postemployment Benefits expense resulted in a \$240,360 loss.

The annual OPEB cost was \$3,702,215 representing 97.06% of the Annual OPEB Cost contributed. The unfunded actuarial accrued liability (UAAL) is \$46,237,093.

General Fund Budgetary Highlights

Differences between actual revenues and expenses and the final amended budget resulted in a negative revenue variance of \$35,573 (.06% of total) and a positive expenditure variance of \$961,376 (2.0% of total). The following explains these variances:

Revenues

- ◆ Tax revenue was short of budget by \$46,770 due mostly to the payments made in lieu of taxes by several assisted senior living facilities being less than budgeted due to higher than anticipated vacancy rates.
- ◆ Licenses and permits had a revenue surplus of \$103,696 due largely to electrical and heating and air conditioning permit revenue being greater than the amended budget anticipated.
- ◆ Fines, penalties and forfeitures was \$80,660 under the original budget due largely to vacancies in the police department which impacted the number of municipal citations and parking tickets issued.
- ◆ Public charges for services was \$117,716 over budget largely due to ambulance fees performing better than expected.
- ◆ Commercial revenues was \$105,223 short of budget due mostly to interest earnings being lower than anticipated.

Expenditures

- ◆ General Government exceeded budget by \$244,698. This was largely due to property assessment litigation costs exceeding budget by \$508,859 but being partially offset by wage savings in various departments.
- ◆ Protection of Persons and Property has a positive budget variance of \$295,217. This was due to many different factors the most significant which was wage and benefit savings due to vacancies.

- ◆ Highway and Transportation has a positive budget to actual variance of \$903,148 due also to wage savings in the Roadway Maintenance, Engineering and Electrical Services divisions, as well as projects not completed for which funds were carried over and lower than budgeted fleet utilization.
- ◆ The Conservation and Development surplus of \$207,087 is savings throughout the Forestry Department including wages, benefits, operating expenditures and inter-departmental charges.

Capital Assets and Debt Administration

Capital Assets

The City of Wauwatosa investments in capital assets for its governmental and business-type activities as of December 31, 2017 increased \$21,192,306 to \$271,720,870 net of accumulated depreciation. This investment in capital assets includes land, buildings, sewer and water main improvements, machinery and equipment, parks facilities, roads, and bridges. The increase in the City of Wauwatosa's investment in capital assets for the current fiscal year was 11.4% for governmental and 6.2% for business-type functions. This increase reflects the continuation of the City's enhanced capital improvement plan to replace infrastructure (largely roads, bridges and sewer mains) that are past-their useful life or of insufficient capacity.

Major capital assets improvements during 2017 included the following:

- ◆ 20,777 linear feet of reconstructed and resurfaced streets.
- ◆ 29,334 linear feet of replaced or relined sanitary sewer mains
- ◆ 8,618 linear feet of replaced or relined storm sewer mains
- ◆ 7,515 linear feet of replaced water mains
- ◆ Approximately \$3.0 million in additional governmental improvements including in public bike share stations, public building heating/air conditioning unit upgrades, Webster Park playground replacement, downtown wayfinding signs and fire department vehicles including a fire truck.

Additional information on the City of Wauwatosa's capital assets can be found on pages 57-58.

Debt Administration

At the end of the current fiscal year, the City of Wauwatosa had total general bonded and other debt outstanding of \$113,269,987. During 2017, the City of Wauwatosa issued \$14,280,000 in General Obligation bonds for street and sewer improvements. The City maintains an "Aaa" rating from Moody's for its general obligation debt.

State Statutes limit the amount of general obligation debt a government entity may issue to 5% of its total equalized valuation. The current debt limitation for the City of Wauwatosa is \$307,769,640 of which the City has utilized 36.8% for its current outstanding general obligation debt.

The remainder of the City of Wauwatosa's debt represents bonds secured solely by specific revenue sources. The Wauwatosa Water Utility has outstanding debt of \$18,500,000 and issued \$3,000,000 in water revenue bonds for water infrastructure projects during 2017. The Water Utility maintains an Aa2 rating from Moody's.

Additional information on the City of Wauwatosa's long-term debt can be found in note 4.G on pages 61-67 of this report.

Economic Factors and Next Year's Budget and Rates

The City of Wauwatosa is an inner ring suburban community located in Milwaukee County. Wauwatosa is strategically located at the center of the Milwaukee metropolitan area with excellent transportation access. It is the home of a number of regionally significant institutions and companies – including the Milwaukee County Grounds, the County Medical Center, Research Park, Harley-Davidson, GE Health Care and Briggs and Stratton – and is second only to downtown Milwaukee as a regional employment center. The City of Wauwatosa features diverse neighborhoods, an excellent variety of housing stock, a thriving Village business district, and a key regional shopping center; the City is noted for its level of municipal services, excellent schools, the civic engagement of its citizens, and its high quality of life.

Other key economic factors include:

- ◆ The City's equalized property valuation (including tax increment district value) has increased from \$5.8 billion in 2007 to \$6.20 billion in 2017. 2007 was the pre-recession peak.
- ◆ The unemployment rate for the City of Wauwatosa is currently 3.0% annually for 2017. This compares favorably to the state's average of 3.4% and Milwaukee County's average rate of 4.6%.
- ◆ The City maintains an Aaa bond rating from Moody's Investors Service, based in part on the relatively strong economic climate of the City.

The City adopts operating budgets for its governmental funds (General, Special Revenue, Debt Service, Capital Projects) and enterprise funds (Water and Sewer Utilities). The 2018 fiscal year operating budget for the General Fund includes \$59.7 million in projected revenues and expenditures. The budget does not include the use of any unassigned fund balance.

Funding for the operating budget of the City is provided from many sources, including property taxes, room taxes, grants and aids from the State and County, user fees, permits and licenses, fines, and other miscellaneous revenues. Several revenue sources are more sensitive to economic factors, in particular building permits, room taxes and investment earnings. Building permit and room tax revenue show positive growth due to local economic recovery and modest increases are budgeted. However, beginning in 2016, the state has imposed additional limits on the use of room tax revenue. Property tax limitations put in place by the State of Wisconsin and flat or declining state and federal revenues will continue to put pressure on the City's operating budget.

Despite revenue pressures, the City was able to add a GIS Manager and Crime Analyst position in the 2018 Budget. A communication division was also added to the City Administrator's department in 2017. These positions were largely offset by staffing efficiencies elsewhere. Given the revenue challenges noted above, the City will continue to pursue tax base expansion, expenditure efficiencies and new revenue sources.

Rate increases for sanitary and storm water are planned for 2018 due largely to increases in debt service associated with enhanced capital spending. The increases in capital spending are predominately related to replacing infrastructure at the end of its useful life as well as expanding capacity of the storm and sanitary sewer system to address surface and basement flooding that has been experienced in recent years.

BASIC FINANCIAL STATEMENTS

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 53,689,454	\$ 10,070,163	\$ 63,759,617
Receivables (Net of Allowance for Uncollectible Accounts)	54,409,533	7,072,524	61,482,057
Internal Balances	998,768	(998,768)	-
Inventories	197,613	174,558	372,171
Prepaid Items	12,966	7,838	20,804
Deposit in Cities and Villages Mutual Insurance Company	1,184,453	-	1,184,453
Restricted Assets:			
Cash and Investments	-	2,619,733	2,619,733
Designated Assets - Cash and Cash Equivalents	-	5,839,072	5,839,072
Unamortized Maintenance Costs	-	250,484	250,484
Nonutility Property	-	2,684	2,684
Capital Assets, not Being Depreciated	24,857,641	2,816,490	27,674,131
Capital Assets, Being Depreciated, Net of Accumulated Depreciation	96,313,307	147,733,432	244,046,739
Total Assets	<u>231,663,735</u>	<u>175,588,210</u>	<u>407,251,945</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to the Pension	17,473,997	611,014	18,085,011
LIABILITIES			
Accounts Payable and Other Current Liabilities	8,981,024	1,451,130	10,432,154
Accrued Interest Payable	312,251	149,997	462,248
Deposits and Unearned Revenue	108,038	250	108,288
Liabilities Payable from Restricted Assets	-	1,160,355	1,160,355
Noncurrent Liabilities:			
Due Within One Year	8,775,864	4,887,489	13,663,353
Due in More than One Year	91,282,873	56,350,616	147,633,489
Net Pension Liability	2,237,826	78,285	2,316,111
Accrued Net Other Postemployment Benefits Obligation	23,650,471	-	23,650,471
Total Liabilities	<u>135,348,347</u>	<u>64,078,122</u>	<u>199,426,469</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts Related to the Pension	7,037,771	246,198	7,283,969
Subsequent Year Tax Levy	48,490,599	-	48,490,599
Total Deferred Inflows of Resources	<u>55,528,370</u>	<u>246,198</u>	<u>55,774,568</u>
NET POSITION			
Net Investment in Capital Assets	71,678,472	95,399,607	167,078,079
Restricted for Debt Service	1,322,268	2,344,924	3,667,192
Unrestricted (Deficit)	<u>(14,739,725)</u>	<u>14,130,373</u>	<u>(609,352)</u>
TOTAL NET POSITION	<u>\$ 58,261,015</u>	<u>\$ 111,874,904</u>	<u>\$ 170,135,919</u>

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities:							
General Government	\$ 7,005,559	\$ 1,172,285	\$ 62,216	\$ -	\$ (5,771,058)	\$ -	\$ (5,771,058)
Protection of Persons and Property	33,938,926	4,631,603	1,575,168	55,098	(27,677,057)	-	(27,677,057)
Health and Sanitation	3,671,541	171,028	336,600	-	(3,163,913)	-	(3,163,913)
Highway and Transportation	8,697,116	148,409	-	10,401,703	1,852,996	-	1,852,996
Education and Recreation	5,064,666	565,162	371,308	-	(4,128,196)	-	(4,128,196)
Conservation and Development	10,014,449	70,968	730,548	-	(9,212,933)	-	(9,212,933)
Interest and Fiscal Charges	1,909,106	-	-	-	(1,909,106)	-	(1,909,106)
Total Governmental Activities	<u>70,301,363</u>	<u>6,759,455</u>	<u>3,075,840</u>	<u>10,456,801</u>	<u>(50,009,267)</u>	<u>-</u>	<u>(50,009,267)</u>
Business-Type activities:							
Water Utility	7,122,106	9,155,224	-	586,894	-	2,620,012	2,620,012
Sanitary Sewer	6,467,574	9,010,959	-	2,898,833	-	5,442,218	5,442,218
Storm Water Management	2,437,468	4,825,984	-	827,981	-	3,216,497	3,216,497
Total Business-Type Activities	<u>16,027,148</u>	<u>22,992,167</u>	<u>-</u>	<u>4,313,708</u>	<u>-</u>	<u>11,278,727</u>	<u>11,278,727</u>
Total	<u>\$ 86,328,511</u>	<u>\$ 29,751,622</u>	<u>\$ 3,075,840</u>	<u>\$ 14,770,509</u>	<u>(50,009,267)</u>	<u>11,278,727</u>	<u>(38,730,540)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes and Debt Service					41,314,399	-	41,314,399
Property Taxes, Levied for TIF					4,343,206	-	4,343,206
Other Taxes					1,966,144	-	1,966,144
Gain on Sale of Capital Assets					88,579	-	88,579
Intergovernmental Revenues not Restricted to Specific Programs					2,631,583	-	2,631,583
Investment Income					692,056	135,347	827,403
Total General Revenues					<u>51,035,967</u>	<u>135,347</u>	<u>51,171,314</u>
Transfers					40,526	(40,526)	-
Change in Net Position					1,067,226	11,373,548	12,440,774
NET POSITION - BEGINNING OF YEAR					<u>57,193,789</u>	<u>100,501,356</u>	<u>157,695,145</u>
NET POSITION - END OF YEAR					<u>\$ 58,261,015</u>	<u>\$ 111,874,904</u>	<u>\$ 170,135,919</u>

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special		Debt Service Fund	Capital Projects		Total Governmental Funds
	General Fund	Revenue Fund Tax Incremental District Fund		General Obligation Debt Issue Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and Investments	\$ 23,540,540	\$ 3,774,609	\$ 293,051	\$ 8,115,244	\$ 6,211,705	\$ 41,935,149
Taxes Receivable	42,344,914	6,512,214	-	-	94,884	48,952,012
Delinquent Personal Property Taxes	58,860	-	-	-	-	58,860
Special Assessments Receivable:						
Due in Installments	365	-	-	-	612,883	613,248
Deferred	-	-	-	-	1,556	1,556
Accounts Receivable, Net	750,184	-	-	-	-	750,184
Accrued Investment Income Receivable	232,853	-	-	-	-	232,853
Notes Receivable	460,000	-	1,875,000	-	-	2,335,000
Other Accrued Receivables	560,894	-	-	461,077	277,901	1,299,872
Due from Other Funds	1,282,276	-	-	-	-	1,282,276
Prepayments	12,966	-	-	-	-	12,966
Inventories	1,130	-	-	-	-	1,130
Advance to Other Funds	1,805,287	-	-	-	-	1,805,287
Total Assets	\$ 71,050,269	\$ 10,286,823	\$ 2,168,051	\$ 8,576,321	\$ 7,198,929	\$ 99,280,393
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 3,789,724	\$ 13,151	\$ -	\$ 2,212,421	\$ 236,135	\$ 6,251,431
Accrued Payroll	1,271,184	-	-	-	-	1,271,184
Unearned Revenues	-	-	-	-	108,038	108,038
Due to Other Funds	985,286	-	-	-	208,234	1,193,520
Advance from Other Funds	-	1,805,287	-	-	-	1,805,287
Total Liabilities	6,046,194	1,818,438	-	2,212,421	552,407	10,629,460
DEFERRED INFLOWS OF RESOURCES						
Subsequent Year Tax Levy	41,978,386	6,512,213	-	-	-	48,490,599
Special Assessments	-	-	-	-	614,206	614,206
Other Accounts Receivable	265,142	-	-	90,000	-	355,142
Total Deferred Inflows of Resources	42,243,528	6,512,213	-	90,000	614,206	49,459,947
FUND BALANCES						
Nonspendable	2,338,243	-	-	-	-	2,338,243
Restricted	-	1,956,172	2,168,051	1,962,353	787,627	6,874,203
Assigned	2,160,016	-	-	4,311,547	5,247,111	11,718,674
Unassigned	18,262,288	-	-	-	(2,422)	18,259,866
Total Fund Balances	22,760,547	1,956,172	2,168,051	6,273,900	6,032,316	39,190,986
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 71,050,269	\$ 10,286,823	\$ 2,168,051	\$ 8,576,321	\$ 7,198,929	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	117,032,147
Long-term pension related liability, deferred outflows and deferred inflows are not related to the current period and, therefore, are not reported in the funds.	8,198,400
Internal service funds net position	(6,855,411)
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Special assessments	614,206
Other accounts receivable	355,142
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	(100,274,455)
	<u>\$ 58,261,015</u>

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

	General Fund	Special Revenue Fund Tax Incremental District Fund	Debt Service Fund	Capital Projects		Total Governmental Funds
				General Obligation Debt Issue Fund	Nonmajor Governmental Funds	
REVENUES						
Taxes	\$ 43,015,401	\$ 4,343,206	\$ -	\$ -	\$ -	\$ 47,358,607
Intergovernmental Revenues	5,237,279	26,958	-	653,047	730,635	6,647,919
Licenses and Permits	1,923,852	-	-	-	-	1,923,852
Penalties and Forfeitures	1,064,340	-	-	-	-	1,064,340
Public Improvement Revenues	10,369	-	-	-	741,147	751,516
Public Charges for Services	3,021,454	-	-	-	749,893	3,771,347
Intergovernmental Charges for Services	1,595,442	-	-	-	-	1,595,442
Commercial Revenues	875,001	104,055	2,697	53,681	79,653	1,115,087
Total Revenues	56,743,138	4,474,219	2,697	706,728	2,301,328	64,228,110
EXPENDITURES						
Current:						
General Government	6,700,779	-	-	-	-	6,700,779
Protection of Persons and Property	30,957,890	-	-	-	-	30,957,890
Health and Sanitation	3,599,464	-	-	-	-	3,599,464
Highway and Transportation	4,285,759	-	-	-	-	4,285,759
Education and Recreation	432,569	-	-	-	3,843,593	4,276,162
Conservation and Development	1,467,358	7,056,081	-	212,584	751,863	9,487,886
Unclassified	185,860	-	-	-	-	185,860
Debt Service:						
Principal	-	651,604	6,134,386	-	-	6,785,990
Interest and Other Fiscal Charges	-	100,013	1,977,532	-	-	2,077,545
Capital Outlay	266,014	-	-	12,215,061	971,331	13,452,406
Total Expenditures	47,895,693	7,807,698	8,111,918	12,427,645	5,566,787	81,809,741
Excess of Revenues Over (Under) Expenditures	8,847,445	(3,333,479)	(8,109,221)	(11,720,917)	(3,265,459)	(17,581,631)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	-	6,979,218	-	10,180,000	-	17,159,218
Premium on Long-Term Debt	-	-	335,342	-	-	335,342
Proceeds from the Sale of Capital Assets	-	-	-	-	100,030	100,030
Transfers In	1,012,599	-	7,803,143	2,847,913	4,749,394	16,413,049
Transfers Out	(9,534,949)	(3,878,487)	-	-	(1,140,172)	(14,553,608)
Net Change in Fund Balances	325,095	(232,748)	29,264	1,306,996	443,793	1,872,400
Fund Balances - Beginning of Year	22,435,452	2,188,920	2,138,787	4,966,904	5,588,523	37,318,586
FUND BALANCES - END OF YEAR	\$ 22,760,547	\$ 1,956,172	\$ 2,168,051	\$ 6,273,900	\$ 6,032,316	\$ 39,190,986

See accompanying Notes to Financial Statements.

CITY OF WAUWATOSA, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 1,872,400

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

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

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements. 13,452,406

Some items reported as capital outlay were not capitalized. (1,217,009)

Capital assets purchased in the current year by the governmental funds are reported as capital outlay on the fund financial statements and capital contributions on the internal service fund statements, but are eliminated on the government-wide statements (980,277)

Capital assets previously purchased by the governmental funds and contributed to the enterprise funds are recognized as capital contributions on the enterprise fund statements (750,193)

Contributed assets are reported in the government-wide financial statements 7,147,327

Depreciation is reported in the government-wide financial statements (5,332,580)

Capital assets disposed of for a loss are not recognized as an expenditure on the fund financial statements (11,451)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds (\$17,159,218) were greater than the repayments (\$6,785,990). (10,373,228)

Governmental funds report debt premiums, discounts, as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or adjustments to long-term debt. They are amortized over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Premium on debt issued (335,342)

Amortization of debt premium 179,156

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (135,953)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the increase in accrued interest payable (\$10,717), the increase in accrued vacation payable (\$116,758), and an increase in expenses related to pension activity (\$2,829,317). (2,956,787)

Some expenses in the governmental funds are recorded as a reduction in long-term liabilities in the statement of net position. This amount represents payments on landfill closure obligation. 1,358

The net revenue (expense) of internal service funds is reported with governmental activities. 507,399

Change in Net Assets of Governmental Activities \$ 1,067,226

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 42,682,046	\$ 43,062,171	\$ 43,015,401	\$ (46,770)
Intergovernmental Revenues	5,244,036	5,284,514	5,237,279	(47,235)
Licenses and Permits	1,505,320	1,820,156	1,923,852	103,696
Fines, Penalties and Forfeitures	1,359,901	1,145,000	1,064,340	(80,660)
Public Improvement Revenues	19,600	19,600	10,369	(9,231)
Public Charges for Services	2,963,348	2,903,738	3,021,454	117,716
Intergovernmental Charges for Services	1,563,308	1,563,308	1,595,442	32,134
Commercial Revenues	777,590	980,224	875,001	(105,223)
Total Revenues	<u>56,115,149</u>	<u>56,778,711</u>	<u>56,743,138</u>	<u>(35,573)</u>
EXPENDITURES				
General Government	5,662,469	6,456,081	6,700,779	(244,698)
Protection of Persons and Property	31,353,184	31,253,107	30,957,890	295,217
Health and Sanitation	3,560,180	3,565,871	3,599,464	(33,593)
Highway and Transportation	4,785,015	5,188,907	4,285,759	903,148
Education and Recreation	494,163	472,978	432,569	40,409
Conservation and Development	1,541,384	1,674,445	1,467,358	207,087
Unclassified	176,872	245,680	185,860	59,820
Capital Outlay	-	-	266,014	(266,014)
Total Expenditures	<u>47,573,267</u>	<u>48,857,069</u>	<u>47,895,693</u>	<u>961,376</u>
Excess of Revenues Over (Under) Expenditures	8,541,882	7,921,642	8,847,445	925,803
OTHER FINANCING SOURCES (USES)				
Transfers in	1,488,725	1,886,535	1,012,599	(873,936)
Transfers out	(10,030,607)	(9,808,177)	(9,534,949)	273,228
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	325,095	<u>\$ 325,095</u>
Fund Balances - Beginning of Year			<u>22,435,452</u>	
FUND BALANCES - END OF YEAR			<u>\$ 22,760,547</u>	

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND TAX INCREMENTAL DISTRICT FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,276,190	\$ 4,276,190	\$ 4,343,206	\$ 67,016
Intergovernmental Revenues	26,335	26,335	26,958	623
Commercial Revenues	12,600	12,600	104,055	91,455
Total Revenues	<u>4,315,125</u>	<u>4,315,125</u>	<u>4,474,219</u>	<u>159,094</u>
EXPENDITURES				
Conservation and Development	90,270	90,270	7,056,081	(6,965,811)
Principal	722,194	722,194	651,604	70,590
Interest and Other Fiscal Charges	-	-	100,013	(100,013)
Total Expenditures	<u>812,464</u>	<u>812,464</u>	<u>7,807,698</u>	<u>(6,995,234)</u>
Excess of Revenues Over (Under) Expenditures	3,502,661	3,502,661	(3,333,479)	(6,836,140)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	6,979,218	6,979,218
Transfers Out	<u>(3,087,002)</u>	<u>(3,087,002)</u>	<u>(3,878,487)</u>	<u>(791,485)</u>
Net Change in Fund Balance	<u>\$ 415,659</u>	<u>\$ 415,659</u>	(232,748)	<u>\$ (648,407)</u>
Fund Balance - Beginning of Year			<u>2,188,920</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 1,956,172</u></u>	

See accompanying Notes to Financial Statements.

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Water	Sanitary Sewer	Storm Water Management	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets:					
Cash, Cash Equivalents, and Temporary Investments	\$ 3,599,399	\$ 4,519,036	\$ 1,951,728	\$ 10,070,163	\$ 11,754,305
Receivables, Net	2,612,811	3,184,011	1,275,702	7,072,524	165,948
Due from Other Funds	477,502	451,060	144,210	1,072,772	-
Inventories	174,558	-	-	174,558	196,483
Restricted Assets - Special Redemption Fund - Bond					
Principal and Interest Fund	1,121,634	-	-	1,121,634	-
Prepayments	7,838	-	-	7,838	-
Total Current Assets	<u>7,993,742</u>	<u>8,154,107</u>	<u>3,371,640</u>	<u>19,519,489</u>	<u>12,116,736</u>
Noncurrent Assets:					
Restricted Assets:					
Special Redemption Fund - Reserve Fund	1,498,099	-	-	1,498,099	-
Designated Cash - System Improvement	56,589	4,550,000	1,232,483	5,839,072	-
Unamortized Maintenance Costs	250,484	-	-	250,484	-
Nonutility Property	2,684	-	-	2,684	-
Deposit in Cities and Villages Mutual Insurance Company	-	-	-	-	1,184,453
Capital Assets:					
Land	81,405	-	-	81,405	22,617
Buildings	789,794	-	-	789,794	1,512,322
Improvements Other than Buildings	62,212,359	75,466,133	58,771,277	196,449,769	-
Machinery and Equipment	1,754,784	1,380,636	-	3,135,420	13,082,333
Construction in Progress	698,070	1,281,372	755,643	2,735,085	402,949
Less: Accumulated Depreciation	<u>(16,809,614)</u>	<u>(23,882,979)</u>	<u>(11,948,958)</u>	<u>(52,641,551)</u>	<u>(10,881,420)</u>
Total Capital Assets, Net	<u>48,726,798</u>	<u>54,245,162</u>	<u>47,577,962</u>	<u>150,549,922</u>	<u>4,138,801</u>
Total Noncurrent Assets	<u>50,534,654</u>	<u>58,795,162</u>	<u>48,810,445</u>	<u>158,140,261</u>	<u>5,323,254</u>
Total Assets	58,528,396	66,949,269	52,182,085	177,659,750	17,439,990
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amounts Related to the Pension	413,828	77,817	119,369	611,014	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	465,247	859,297	1,701	1,326,245	1,458,409
Accrued Payroll	68,387	-	-	68,387	-
Due to Other Funds	1,067,226	-	-	1,067,226	94,302
Customer Deposits	250	-	-	250	-
Current Portion of Long-Term Debt	-	2,024,718	2,826,049	4,850,767	-
Current Portion of Refunding Bond	25,588	4,226	6,908	36,722	-
Accrued Interest Payable	-	88,381	61,616	149,997	-
Other Accrued Liabilities	56,498	-	-	56,498	96,533
Liabilities Payable from Restricted Assets:					
Accounts Payable - Construction Account	35,546	-	-	35,546	-
Current Portion of Long-Term Debt	850,000	-	-	850,000	-
Accrued Interest Payable	274,809	-	-	274,809	-
Total Current Liabilities	<u>2,843,551</u>	<u>2,976,622</u>	<u>2,896,274</u>	<u>8,716,447</u>	<u>1,649,244</u>
Noncurrent Liabilities:					
Bonds Payable	17,884,137	20,595,863	17,612,004	56,092,004	-
Refunding Bond	180,392	29,740	48,480	258,612	-
Net Pension Liability	53,040	9,959	15,286	78,285	-
Accrued Net Other Postemployment Benefits Obligation	-	-	-	-	23,650,471
Total Noncurrent Liabilities	<u>18,117,569</u>	<u>20,635,562</u>	<u>17,675,770</u>	<u>56,428,901</u>	<u>23,650,471</u>
Total Liabilities	20,961,120	23,612,184	20,572,044	65,145,348	25,299,715
DEFERRED INFLOWS OF RESOURCES					
Deferred Amounts Related to the Pension	166,803	31,321	48,074	246,198	-
NET POSITION					
Net Investment in Capital Assets	30,283,387	36,482,918	28,633,302	95,399,607	4,138,801
Restricted for Debt Service	2,344,924	-	-	2,344,924	-
Unrestricted	5,185,990	6,900,663	3,048,034	15,134,687	(11,998,526)
Total Net Position	<u>\$ 37,814,301</u>	<u>\$ 43,383,581</u>	<u>\$ 31,681,336</u>	<u>112,879,218</u>	<u>\$ (7,859,725)</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

Net Position of Business-Type Activities

(1,004,314)
\$ 111,874,904

See accompanying Notes to Financial Statements.

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Water	Sanitary Sewer	Storm Water Management		Internal Service Funds
OPERATING REVENUES					
Charges for Services and Sales	\$ 8,761,041	\$ 9,010,959	\$ 4,825,984	\$ 22,597,984	\$ 15,731,173
Other Operating Revenues	394,183	-	-	394,183	1,551,966
Total Operating Revenues	<u>9,155,224</u>	<u>9,010,959</u>	<u>4,825,984</u>	<u>22,992,167</u>	<u>17,283,139</u>
OPERATING EXPENSES					
Operation and Maintenance	5,467,705	4,825,749	1,151,853	11,445,307	16,083,098
Depreciation	994,580	1,053,122	764,027	2,811,729	962,790
Taxes	85,296	-	-	85,296	-
Total Operating Expenses	<u>6,547,581</u>	<u>5,878,871</u>	<u>1,915,880</u>	<u>14,342,332</u>	<u>17,045,888</u>
Operating Income	2,607,643	3,132,088	2,910,104	8,649,835	237,251
NONOPERATING REVENUES (EXPENSES)					
Dividend Income	-	-	-	-	50,846
Investment Income	35,814	61,590	37,943	135,347	72,482
Intergovernmental Income	-	-	789,781	789,781	-
Gain on Sale or Trade of Assets	-	-	-	-	90,860
Interest on Long-Term Debt	(577,150)	(592,102)	(530,713)	(1,699,965)	-
Total Nonoperating Revenues (Expenses)	<u>(541,336)</u>	<u>(530,512)</u>	<u>297,011</u>	<u>(774,837)</u>	<u>214,188</u>
Income Before Capital Contributions and Transfers	2,066,307	2,601,576	3,207,115	7,874,998	451,439
CAPITAL CONTRIBUTIONS	729,460	3,164,608	539,606	4,433,674	980,277
TRANSFERS IN	-	-	-	-	77,101
TRANSFERS OUT	<u>(927,994)</u>	<u>(22,279)</u>	<u>-</u>	<u>(950,273)</u>	<u>(986,269)</u>
CHANGE IN NET ASSETS	1,867,773	5,743,905	3,746,721	11,358,399	522,548
Net Position - Beginning of Year	<u>35,946,528</u>	<u>37,639,676</u>	<u>27,934,615</u>		<u>(8,382,273)</u>
NET POSITION - END OF YEAR	<u>\$ 37,814,301</u>	<u>\$ 43,383,581</u>	<u>\$ 31,681,336</u>		<u>\$ (7,859,725)</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

	15,149
Change in Net Position of Business-Type Activities	\$ 11,373,548

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Water	Sanitary Sewer	Storm Water Management	Total	
				Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 8,739,233	\$ 8,762,062	\$ 3,969,584	\$ 21,470,879	\$ 2,086,526
Payments from Other Funds	-	-	-	-	15,237,319
Payments to Suppliers	(3,415,021)	(4,603,834)	(872,696)	(8,891,551)	(13,877,346)
Payments to Employees	(1,551,449)	(96,136)	(256,109)	(1,903,694)	(1,850,001)
Net Cash Provided by Operating Activities	<u>3,772,763</u>	<u>4,062,092</u>	<u>2,840,779</u>	<u>10,675,634</u>	<u>1,596,498</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal Paid on Noncapital Debt	(24,522)	(4,043)	(6,590)	(35,155)	-
Interest Paid on Noncapital Debt	(9,984)	(1,646)	(2,683)	(14,313)	-
Payments from Other Funds	80,432	-	-	80,432	77,101
Payments to Other Funds	(945,687)	(143,592)	(77)	(1,089,356)	(986,269)
Net Cash Used by Noncapital Financing Activities	<u>(899,761)</u>	<u>(149,281)</u>	<u>(9,350)</u>	<u>(1,058,392)</u>	<u>(909,168)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Long-Term Debt	3,000,000	2,990,000	1,110,000	7,100,000	-
Premium from Issuance of Long-Term Debt	65,224	85,817	31,237	182,278	-
Acquisition and Construction of Capital Assets	(3,097,034)	(1,069,971)	(3,594,622)	(7,761,627)	(93,873)
Proceeds from the Sale of Property, Plant, and Equipment	-	-	-	-	102,576
Grant Funds Received	-	-	789,781	789,781	-
Principal Paid on Capital Debt	(900,000)	(1,900,591)	(2,649,868)	(5,450,459)	-
Interest Paid on Capital Debt	(589,751)	(615,149)	(559,207)	(1,764,107)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,521,561)</u>	<u>(509,894)</u>	<u>(4,872,679)</u>	<u>(6,904,134)</u>	<u>8,703</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends Received	35,814	61,590	37,943	135,347	123,328
Net Cash Provided by Investing Activities	<u>35,814</u>	<u>61,590</u>	<u>37,943</u>	<u>135,347</u>	<u>123,328</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,387,255	3,464,507	(2,003,307)	2,848,455	819,361
Cash and Cash Equivalents - Beginning of Year	<u>4,888,466</u>	<u>5,604,529</u>	<u>5,187,518</u>	<u>15,680,513</u>	<u>10,934,944</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,275,721</u>	<u>\$ 9,069,036</u>	<u>\$ 3,184,211</u>	<u>\$ 18,528,968</u>	<u>\$ 11,754,305</u>

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Water	Sanitary Sewer	Storm Water Management		Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 2,607,643	\$ 3,132,088	\$ 2,910,104	\$ 8,649,835	\$ 237,251
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	994,580	1,053,122	764,027	2,811,729	962,790
Depreciation Charged to Other Accounts	79,559	-	-	79,559	-
Amortization of Maintenance Costs	251,837	-	-	251,837	-
(Increase) Decrease:					
Accounts Receivable	(409,484)	(248,897)	(753,108)	(1,411,489)	(53,596)
Inventories	(46,832)	-	-	(46,832)	(26,715)
Prepaid Items	(72)	-	-	(72)	-
Net Pension Liability	(64,974)	(11,001)	(15,242)	(91,217)	-
Deferred Outflows/Inflows of Resources	169,712	40,157	52,762		
Increase (Decrease):					
Accounts Payable	201,537	109,412	1,701	312,650	271,122
Accrued Payroll	(3,812)	-	-	(3,812)	-
Customer Deposits	(6,507)	-	-	(6,507)	-
Other Accrued Liabilities	(424)	(12,789)	-	(13,213)	111,344
Due to Other Funds	-	-	-	-	94,302
Unearned Revenue	-	-	(119,465)	-	-
Total Adjustments	<u>1,165,120</u>	<u>930,004</u>	<u>(69,325)</u>	<u>1,882,633</u>	<u>1,359,247</u>
Net Cash Provided by Operating Activities	<u>\$ 3,772,763</u>	<u>\$ 4,062,092</u>	<u>\$ 2,840,779</u>	<u>\$ 10,675,634</u>	<u>\$ 1,596,498</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Capital Additions Contributed:					
City of Wauwatosa	\$ 142,566	\$ 265,775	\$ 501,406	\$ 909,747	\$ 980,277
Developers	586,894	2,898,833	38,200	3,523,927	-
Total	<u>\$ 729,460</u>	<u>\$ 3,164,608</u>	<u>\$ 539,606</u>	<u>\$ 4,433,674</u>	<u>\$ 980,277</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS					
Unrestricted Cash and Cash Equivalents	\$ 3,599,399	\$ 4,519,036	\$ 1,951,728	\$ 10,070,163	\$ 11,754,305
Restricted Cash and Cash Equivalents					
Special Redemption Funds:					
Bond Reserve Fund	1,498,099	-	-	1,498,099	-
Bond Principal and Interest Fund	1,121,634	-	-	1,121,634	-
Designated Cash - System Improvement	56,589	4,550,000	1,232,483	5,839,072	-
Cash and Cash Equivalents - End of Year	<u>\$ 6,275,721</u>	<u>\$ 9,069,036</u>	<u>\$ 3,184,211</u>	<u>\$ 18,528,968</u>	<u>\$ 11,754,305</u>

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017**

	Private Purpose Trust Funds Total	Agency Funds Total
ASSETS		
Cash and Investments	\$ 276,406	\$ 66,526,591
Taxes Receivable	-	27,289,432
	\$ 276,406	\$ 93,816,023
LIABILITIES		
Special Deposits	-	\$ 167,160
Due to Other Taxing Units	-	93,648,863
	-	\$ 93,816,023
NET POSITION - RESTRICTED	\$ 276,406	

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Private Purpose Trust Funds
ADDITIONS	
Contributions	\$ 70,553
Investment Income	287
Total Additions	70,840
DEDUCTIONS	3,221
CHANGES IN NET ASSETS	67,619
Net Position - Beginning of Year	208,787
NET POSITION - END OF YEAR	\$ 276,406

See accompanying Notes to Financial Statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Wauwatosa, Wisconsin (the City) conform to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all of the funds of the City of Wauwatosa, Wisconsin. The reporting entity for the City consists of a) the primary government, b) organizations for which the primary government is financially, accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: 1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; 3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The Community Development Authority (the Authority) is reported as a blended component unit. The Authority serves the City and is governed by a seven member board appointed by the Mayor and approved by the Common Council, and provides services almost entirely to the primary government by managing certain Tax Incremental District (TID) development projects for the benefit of the City. The Authority does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

Special Revenue Fund Tax Incremental District Fund – accounts for the City’s eight Tax Incremental Districts.

Debt Service Fund – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund General Obligation Debt Issue Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The City reports the following major enterprise funds:

Water Utility – accounts for operations of the water system.

Sanitary Sewer – accounts for operations of the sewer system.

Storm Water Management – accounts for operations of the storm water management system.

The City reports the following nonmajor governmental and enterprise funds:

Nonmajor Governmental Funds

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

- Special Assessments*
- Community Development Block Grant*
- Public Library*
- Parks*
- Redevelopment Reserve Fund*
- Community Development Fund*
- Tourism Commission Fund*

Capital Projects Funds – used to account for resources to be used for capital improvement projects.

- Fleet Equipment*
- Information Systems Equipment*
- Public Works Building Improvement Reserve Fund*

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. Funds included are *Fleet Maintenance, Public Works Building, General Liability, Workers Compensation Insurance, Employee Dental Insurance, Employee Health Insurance, Information Systems, and Municipal Building Complex*.

Private-purpose trust funds are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments. Funds included are the *Firemen's Special Endowment, Bachman Flag Account, Land Conservation Account, Hart Park Senior Center, and Automated License Plate Reader Association Fund*.

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Funds included are *Special Deposits* and the *Subsequent Year's Tax Roll Collections*.

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

Government-Wide Financial Statements

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are recorded as unearned revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows.

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Fund Financial Statements (Continued)

The City reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. Deferred inflows also arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues are recognized when resources are received before the City has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflow is removed from the balance sheet and revenue is recognized.

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues are reported for grants and contributions that are received and intended for general operational purposes. Grants received that are restricted to capital purchases are reported as capital contributions.

All Financial Statements

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association authorized to transact business in the state.
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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace 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.

Investment of library trust funds is regulated by Chapter 112 of the Wisconsin Statutes, which gives broad authority to use such funds to acquire various kinds of investments including stocks, bonds, and debentures.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Receivables

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

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	March 31, 2018
Third installment due	May 31, 2018
Personal property taxes in full	January 31, 2018
Tax deed - 2017 delinquent real estate taxes	October 2020

Accounts receivable have been shown net of an allowance for doubtful accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the accompanying enterprise fund financial statements because the utilities have the right by law to place delinquent bills on the tax roll.

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

In the general fund, advances to other funds are classified as nonspendable fund balance to demonstrate that a portion of fund balance is not available for appropriation.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. Restricted net position represents cash and investments restricted for debt service.

5. Capital Assets

Government-Wide Statements

In the government-wide financial statements, capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$10,000 for infrastructure assets, and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to capital assets. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are valued at their acquisition value. The cost of property replaced, retired or otherwise disposed of, is deducted from capital assets and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

5. Capital Assets (Continued)

Government-Wide Statements (Continued)

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

Buildings	20-40 Years
Land improvements other than building	20-30 Years
Machinery and equipment	2-23 Years
Utility system (improvements other than buildings)	18-77 Years
Infrastructure	15-40 Years

Fund Financial Statements

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

6. Pensions

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only vacation benefits considered to be vested are disclosed in these statements. All vested vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources. Payments for vacation will be made at rates in effect when the benefits are used. Historically, the balance of the compensated absences has been used in the subsequent year through use by active employees. As such, the ending balance has been classified as due within one year.

Accumulated vacation liabilities at December 31, 2017 are determined on the basis of current salary rates and include salary related payments. Employees, except police and fire employees, hired after January 1, 2008 but prior to January 1, 2015, that meet certain length of service or age requirements upon retirement, will receive their accumulated sick days paid into a retiree health savings plan at the rate of pay in effect upon retirement. Police and fire employees, hired after January 1, 2008, that meet certain length of service or age requirements upon retirement, will receive their accumulated sick days paid into a retiree health savings plan at the rate of pay in effect upon retirement. The liability for the accrued sick leave is recorded in the government-wide and proprietary financial statements to the extent that it is probable that the City will compensate the employees for the benefits through cash payments at the time of the employees' retirement rather than be taken as absences. The City has not estimated the probability of cash payments on accumulated sick leave, as the total accumulated sick leave earned by employees hired after January 1, 2008 is immaterial to the financial statements. Based on historical trends all compensated absences accrued at the end of the year are anticipated to be used within the next fiscal year. As such all absences are reported as current liabilities.

8. Long-Term Obligations/Conduit Debt

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

8. Long-Term Obligations/Conduit Debt (Continued)

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$17.490 million, made up of one issue.

9. Claims and Judgments

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

10. Net Position and Fund Balance Classifications

Government-Wide Statements

Net position is classified in three components:

- a. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or deferred inflows or if the liability will be liquidated with the restricted assets reported.
- c. The unrestricted component of net position is the amount of the assets and deferred outflows, net of the liabilities and deferred inflows that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

10. Net Position and Fund Balance Classifications (Continued)

Fund Statements

In the governmental fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either:

- a. not in spendable form; or
- b. legally or contractually required to be maintained intact.

Restricted fund balance is reported when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by adopted resolution of the Common Council.

Assigned fund balance is reported for amounts that are constrained by the City management's intent to be used for specific purposes, but is neither restricted nor committed. Assignments are made by the City's Finance Director.

Unassigned fund balance is the residual classification for the General Fund or deficit balances in other funds.

When restricted, committed, assigned and unassigned resources are available for use for the same purposes it is the City's policy to use the restricted resources first, then committed, assigned, and unassigned resources as they are needed.

E. Other Policies – Tax Incremental Districts

1. In 2007, the City adopted the Resolution #07-79 creating "City of Wauwatosa Tax Incremental District No. 5" to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$1.95 million. The costs are to be paid by the developer. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to reimburse the developer for the costs incurred in accordance with the project plan.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Policies – Tax Incremental Districts (Continued)

2. In 2010, the City adopted the Resolution #10-73 creating “City of Wauwatosa Tax Incremental District No. 6” to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$12 million. The costs are to be paid by future debt issues and other available funds. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the debt issue. City has amended Tax Incremental District No. 6 through adoption of Resolution #R-15-198 and #13-32.
3. In 2012, the City adopted the Resolution #12-211 creating “City of Wauwatosa Tax Incremental District No. 7” to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$10.8 million. The costs are to be paid by future debt issues and other available funds. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the debt issue. City has amended Tax Incremental District No. 7 through adoption of Resolution #R16-21.
4. In 2014, the City adopted the Resolution #14-63 creating “City of Wauwatosa Tax Incremental District #8” to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$13.1 million. The costs are to be paid by futures debt issues and other available funds. Property taxes generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the debt issue.
5. In 2015, the City adopted the Resolution #15-84 creating “City of Wauwatosa Tax Incremental District #9” to promote development and redevelopment within the City. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$2.87 million. The costs are to be paid by the developer. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to reimburse the developer for the costs incurred in accordance with the project plan.
6. In 2015, the City adopted the Resolution #15-145 creating “City of Wauwatosa Tax Incremental District #10” to promote development and redevelopment within the City. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$4.9 million. The costs are to be paid by the developer. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to reimburse the developer for the costs incurred in accordance with the project plan.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Policies – Tax Incremental Districts (Continued)

8. In 2015, the City adopted the Resolution #15-217 creating “City of Wauwatosa Tax Incremental District #11” to promote development and redevelopment within the City. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$14.79 million. The costs are to be paid by future debt issues and other available funds. Property taxes generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the debt issue.
9. In 2018, the City adopted the Resolution #18-15 creating “City of Wauwatosa Tax Incremental District #12” to promote development and redevelopment within the City. The Tax Incremental District has been created in compliance with Wisconsin Statutes. Project costs are estimated at \$19.6 million. The costs are to be paid by the future debt issues and other available funds. Property taxes generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire interest and principal of the debt issue.

F. Other Policies – New Accounting Pronouncements

The following Government Accounting Standards Board (GASB) Statements have been implemented in the current year:

1. Statement No. 80 – *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 14 was adopted as a part of the City’s financial statements as of December 31, 2017.
2. Statement No. 81 – *Irrevocable Split-Interest Agreements* – management has determined this statement has no impact of the City’s financial statements.
3. Statement No. 82 – *Pension Issues* – an amendment of GASB No. 67, No. 68, and No. 73 was adopted as a part of the City’s financial statements as of December 31, 2017.

The GASB has adopted the following standards to be adopted in future financial statements of the City:

1. Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* will be adopted as a part of the City’s financial statements as of December 31, 2018. This will result in the inclusion in the City’s statement of net position the total other postemployment benefit (OPEB) obligation.
2. Statement No. 83 – *Certain Asset Retirement Obligations* – will be adopted as part of the City’s financial statements as of December 31, 2019.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Other Policies – New Accounting Pronouncements (Continued)

3. Statement No. 84 – *Fiduciary Activities* – will be adopted as part of the City’s financial statements as of December 31, 2019.
4. Statement No. 85 – *Omnibus 2017* – will be adopted as part of the City’s financial statements as of December 31, 2018.
5. Statement No. 86 – *Certain Debt Extinguishment Issues* – will be adopted as part of the City’s financial statements as of December 31, 2018.
6. Statement No. 87 – *Leases* – will be adopted as part of the City’s financial statements as of December 31, 2020.
7. Statement No. 89 – *Certain Disclosures Related to Debt, including, Direct Borrowings and Direct Placements* – will be adopted as part of the City’s financial statements as of December 31, 2019

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Position

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

Bonds and Notes Payable	\$ 95,802,230
Bond Premium	1,910,861
Compensated Absences	2,110,425
Accrued Interest Payable	312,251
Landfill Postclosure Liability	138,688
Combined Adjustment for Long-Term Liabilities	\$ 100,274,455

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. A budget has been adopted for all funds in accordance with Wisconsin Statute Section 65.90. The capital projects fund adopts a five year capital improvement plan annually.

The budgeted amounts presented include any amendments made. Management may authorize transfers of budgeted amounts within departments. Certain transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Supplemental appropriations during the year were approximately \$856,999. Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year were \$954,002. Expenditures are monitored by management at the department level for all funds.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments at year-end were comprised of the following:

	Carrying Value	Bank Balance
Petty Cash	\$ 25,275	\$ -
Deposits:		
Demand Deposits	36,964,772	38,232,831
Certificates of Deposit	20,047,795	20,074,265
Total Deposits	<u>57,012,567</u>	<u>58,307,096</u>
Investments:		
U.S. Agency Securities	14,287,718	14,287,718
Municipal Securities	14,227,231	14,227,231
Commercial Paper	6,994,364	6,994,364
Bankers Acceptances	2,979,133	2,979,133
Mutual Bond Fund	500,494	500,494
Investment Pools:		
WISC - Investment Class Fund	14,108,056	14,108,056
Local Government Investment Pool (LGIP)	28,886,581	28,886,581
Total Investments	<u>81,983,577</u>	<u>81,983,577</u>
Total Cash and Investments	<u>\$ 139,021,419</u>	<u>\$ 140,290,673</u>
Reconciliation to the Statement of Net Position:		
Unrestricted Cash and Investments	\$ 63,759,617	
Restricted Cash and Investments	2,619,733	
Designated Cash and Investments	5,839,072	
Fiduciary Funds:		
Private Purpose Trust Funds	276,406	
Agency Funds	66,526,591	
Total Cash and Investments	<u>\$ 139,021,419</u>	

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2017, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

Certificates of deposit held in the LGIP are covered by FDIC insurance, which applies to the proportionate public unit share of accounts.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). Wells Fargo, Bank of Oklahoma, and BMO Harris Bank's SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be in cash. Additionally, Wells Fargo, through Lexington Insurance Company, has additional securities coverage of \$1 billion per customer, subject to a \$1 billion aggregate limit and \$1.9 million limit on cash.

The City also maintains collateral agreements with certain depository banks to cover uninsured balances.

Custodial Credit Risk

Deposits – Custodial risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. The City's investment policy does not address custodial credit risk for deposits.

As of December 31, 2017, \$30,599,899 of the City's bank balance of \$72,415,152 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City investment policy does not address custodial credit risk for investments.

As of December 31, 2017, \$37,028,940 of the City's investment balance of \$67,875,521 was exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not address credit risk for investments.

Wisconsin Statutes limit investments in commercial paper and corporate bonds to securities which bear a rating in the top two rating categories issued by recognized statistical rating organizations. As of December 31, 2017 the City is exposed to credit risk with investments in the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's Rating</u>
Local Government Investment Pool	\$ 28,886,581	Unrated
WISC - Investment Class Fund	\$ 14,108,056	Unrated
U.S. Agency Securities	14,287,718	AAA
Municipal Securities	757,173	AAA
Municipal Securities	12,171,654	AA
Municipal Securities	300,504	A
Municipal Securities	997,900	Unrated
Commercial Paper	2,998,566	P-1
Commercial Paper	2,998,306	P-2
Commercial Paper	997,492	A
Bankers Acceptances	2,979,133	Unrated
Mutual Bond Fund	500,494	Unrated
Total Fair Value of Investments Subject to Credit Risk	<u>\$ 81,983,577</u>	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy does not address interest rate risk. As of December 31, 2017 the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
U.S. Agency Securities	\$ 14,287,718	22.6
Municipal Securities	14,227,231	24.2
WISC - Investment Class Fund	14,108,056	0.0
Local Government Investment Pool	28,886,581	1.2
Commercial Paper	6,994,364	0.5
Bankers Acceptances	2,979,133	8.3
Mutual Bond Fund	500,494	0.0
Total Fair Value of Investments Subject to Credit Risk	<u>\$ 81,983,577</u>	

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Concentration of Credit Risk

As of December 31, 2017, the City's investment portfolio did not hold investments from individual issuers which comprised over 5% of their investment balances.

Fair Value Measurement

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The City has the following assets that are subject to fair value measurements as of:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Agency Securities	\$ 14,287,718	\$ -	\$ 14,287,718	\$ -
Municipal Securities	14,227,231	-	14,227,231	-
WISC - Investment Class Fund	14,108,056	-	14,108,056	-
Commercial Paper	6,994,364	-	6,994,364	-
Bankers Acceptances	2,979,133	-	2,979,133	-
Mutual Bond Fund	500,494	-	500,494	-
Total Fair Value of Investments	<u>\$ 53,096,996</u>	<u>\$ -</u>	<u>\$ 53,096,996</u>	<u>\$ -</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor and fiduciary funds detailed according to source are displayed on the face of the fund financial statements. As of December 31, 2017, an allowance for uncollectible accounts has been established for ambulance billings of \$285,584.

On December 20, 2016, the City entered into a promissory note agreement with the Milwaukee Area Domestic Animal Control Commission (MADACC) to refinance \$575,000 of the promissory note executed July 1, 2015. The note has stated annual interest rate of 2.75%. Principal and interest payments are to be repaid through November 30, 2021. As of December 31, 2017, the outstanding principal on the note is \$460,000.

On December 20, 2016, the City entered into a promissory note agreement with the Milwaukee Area Domestic Animal Control Commission (MADACC) to refinance \$1,925,000 of the promissory note executed July 1, 2015. The note has stated annual interest rate ranging from 3.0 – 4.0%. Principal and interest are to be repaid through December 1, 2031. As of December 31, 2017, the outstanding principal on the note is \$1,875,000.

C. Deferred Inflows

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

	<u>Unavailable</u>	<u>Tax Levy</u>	<u>Total</u>
Property Taxes Receivable	\$ -	\$ 48,490,599	\$ 48,490,599
Special Assessments	614,206	-	614,206
Other Accounts Receivable	355,142	-	355,142
Total	<u>\$ 969,348</u>	<u>\$ 48,490,599</u>	<u>\$ 49,459,947</u>

D. Restricted Assets

Following is a list of restricted assets at December 31, 2017:

Business-Type Activities:

Cash and Investments:

Special Redemption Funds:

Bond Reserve Fund	\$ 1,498,099
Bond Principal and Interest Fund	1,121,634
Total Business-Type Activities	<u>\$ 2,619,733</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 24,324,209	\$ -	\$ -	\$ 24,324,209
Construction in Progress	799,287	529,645	795,500	533,432
Total Capital Assets not Being Depreciated	25,123,496	529,645	795,500	24,857,641
Capital Assets Being Depreciated:				
Buildings	25,364,575	315,846	-	25,680,421
Improvements	7,354,479	1,703,620	-	9,058,099
Machinery and Equipment	22,090,652	1,569,278	1,128,603	22,531,327
Infrastructure	94,947,846	15,403,515	2,186,809	108,164,552
Total Capital Assets Being Depreciated	149,757,552	18,992,259	3,315,412	165,434,399
Less: Accumulated Depreciation for:				
Buildings	12,370,835	542,135	-	12,912,970
Improvements	2,395,375	434,409	-	2,829,784
Machinery and Equipment	13,722,441	1,546,762	1,105,436	14,163,767
Infrastructure	37,629,316	3,772,062	2,186,807	39,214,571
Total Accumulated Depreciation	66,117,967	6,295,368	3,292,243	69,121,092
Capital Assets Being Depreciated, Net of Depreciation	83,639,585	12,696,891	23,169	96,313,307
Total Capital Assets, Net of Depreciation	<u>\$ 108,763,081</u>	<u>\$ 13,226,536</u>	<u>\$ 818,669</u>	<u>\$ 121,170,948</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 71,221
Protection of Persons and Property	847,271
Health and Sanitation	11,200
Highway and Transportation, which Includes the Depreciation of Infrastructure	3,797,571
Education and Recreation	605,315
Depreciation Expense-Allocated With Internal Service Fund	962,790
Total Governmental Activities Depreciation Expense	<u>\$ 6,295,368</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 81,405	\$ -	\$ -	\$ 81,405
Construction in Progress	1,555,437	3,367,634	2,187,986	2,735,085
Total Capital Assets not Being Depreciated	1,636,842	3,367,634	2,187,986	2,816,490
Capital Assets Being Depreciated:				
Buildings	789,794	-	-	789,794
Machinery and Equipment	3,070,886	65,457	923	3,135,420
Improvements Other Than Buildings	186,387,936	10,430,622	368,789	196,449,769
Total Capital Assets Being Depreciated	190,248,616	10,496,079	369,712	200,374,983
Less: Accumulated Depreciation for:				
Buildings	605,351	23,967	-	629,318
Machinery and Equipment	2,454,418	131,553	923	2,585,048
Improvements Other Than Buildings	47,060,206	2,735,768	368,789	49,427,185
Total Accumulated Depreciation	50,119,975	2,891,288	369,712	52,641,551
Capital Assets Being Depreciated, Net of Depreciation	140,128,641	7,604,791	-	147,733,432
Total Capital Assets, Net of Depreciation	<u>\$ 141,765,483</u>	<u>\$ 10,972,425</u>	<u>\$ 2,187,986</u>	<u>\$ 150,549,922</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water Utility:	
Depreciation	\$ 994,580
Depreciation Charged to Water Utility Operation and Maintenance Expenses	17,921
Depreciation Charged to Sanitary Sewer Expenses	61,638
	<u>1,074,139</u>
Sanitary Sewer	1,053,122
Storm Water Management	764,027
Total Business-Type Activities Depreciation Expense	<u>\$ 2,891,288</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Interfund Receivables/Payables and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Water Utility	\$ 979,740
General Fund	Special Assessments	61,837
General Fund	Community Development Block Grant	146,397
General Fund	Employee Health Insurance	94,302
		<u>1,282,276</u>
Proprietary Funds:		
Sanitary Sewer	General Fund	363,574
Sanitary Sewer	Water Utility	87,486
Storm Water Management	General Fund	144,210
Water Utility	General Fund	477,502
		<u>1,072,772</u>
Total Interfund Receivables		<u><u>\$ 2,355,048</u></u>

The principal purpose of these interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

The General Fund advanced \$2,000,000 to the Special Revenue Fund – Tax Incremental District No. 7 in 2015. This advance earns interest at 5.25%. The advance was issued to provide long-term financing. The remaining outstanding balance as of December 31, 2017 was \$1,805,287.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Interfund Receivables/Payables and Transfers (Continued)

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
General Fund	Water Utility	\$ 927,994
	Sanitary Sewer	22,279
	Tax Increment Districts	62,326
		<u>1,012,599</u>
Debt Service Fund	General Fund	5,114,723
	Tax Increment Districts	2,289,395
	Nonmajor Governmental	399,025
		<u>7,803,143</u>
Capital Projects Fund - General Obligation Debt Issued	Tax Increment Districts	1,526,766
	General Fund	580,000
	Nonmajor Governmental	741,147
		<u>2,847,913</u>
Nonmajor Governmental Funds	General Fund	3,763,125
	Internal Service Funds	986,269
		<u>4,749,394</u>
Internal Service Funds	General Fund	77,101
		<u>77,101</u>
		<u>\$ 16,490,150</u>
Reconciliation of Transfers in (out):		
Governmental Funds Transfers in		\$ 16,413,049
Governmental Funds Transfers out		(14,553,608)
Internal Service Funds Transfers in		77,101
Internal Service Funds Transfers out		(986,269)
Governmental Fund Transfers in from Business-Type Activities		950,273
Capital Contributions Reported as Transfers on the Statement of Activities		(909,747)
Governmental Activities Transfers in (out) from Business-Type Activities		<u>\$ 40,526</u>

Generally, transfers are used to (1) move revenue from the funds that collect them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund and (3) use unrestricted revenue collected in the General Fund to finance various program accounted for in other funds in accordance with budgetary authorizations (4) transfer assets purchased in one fund that relate to other funds.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Debt:					
Promissory Notes and Bonds	\$ 66,432,581	\$ 10,180,000	\$ 6,134,386	\$ 70,478,195	\$ 6,567,550
Bond Premium	1,754,675	335,342	179,156	1,910,861	-
Total General Obligation Debt	<u>68,187,256</u>	<u>10,515,342</u>	<u>6,313,542</u>	<u>72,389,056</u>	<u>6,567,550</u>
Municipal Revenue Obligation	18,996,421	6,979,218	651,604	25,324,035	-
Total Bonds and Notes Payable	<u>87,183,677</u>	<u>17,494,560</u>	<u>6,965,146</u>	<u>97,713,091</u>	<u>6,567,550</u>
Other Liabilities:					
Accrued Unused Vacation	2,087,772	2,639,462	2,520,276	2,206,958	2,206,958
Landfill Postclosure Liability	140,046	-	1,358	138,688	1,356
Total Other Liabilities	<u>2,227,818</u>	<u>2,639,462</u>	<u>2,521,634</u>	<u>2,345,646</u>	<u>2,208,314</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 89,411,495</u></u>	<u><u>\$ 20,134,022</u></u>	<u><u>\$ 9,486,780</u></u>	<u><u>\$ 100,058,737</u></u>	<u><u>\$ 8,775,864</u></u>
Business-Type Activities:					
Bonds and Notes Payable:					
General Obligation Debt	\$ 43,277,404	\$ 4,100,000	\$ 4,585,614	\$ 42,791,790	\$ 4,887,489
Revenue Bonds	16,400,000	3,000,000	900,000	18,500,000	850,000
Unamortized Bond Premium	709,090	182,278	95,053	796,315	-
Total Business-Type Activities Long-Term Liabilities	<u><u>\$ 60,386,494</u></u>	<u><u>\$ 7,282,278</u></u>	<u><u>\$ 5,580,667</u></u>	<u><u>\$ 62,088,105</u></u>	<u><u>\$ 5,737,489</u></u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Governmental Activities Debt

General Obligation Debt

General obligation debt of the governmental activities is shown below.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/17</u>
Promissory Notes	11/29/11	11/01/21	2.000 - 2.500	\$ 1,772,190	\$ 1,077,677
	08/21/12	06/01/22	0.350 - 2.250	6,675,000	4,025,000
	08/20/13	06/01/23	2.000 - 3.000	3,440,000	1,650,000
	12/02/14	12/01/24	1.000 - 3.000	7,430,000	5,690,000
	12/02/14	12/01/24	2.000 - 3.000	5,240,000	4,125,000
	04/01/15	10/01/35	3.000 - 5.000	6,200,000	6,000,000
	12/01/15	12/01/30	2.000 - 4.000	20,525,000	17,300,000
	12/01/15	12/01/30	2.250 - 3.650	7,400,000	6,775,000
	12/01/16	12/01/36	3.0-4.0	7,495,000	6,820,000
	12/06/16	12/01/31	3.0-4.0	1,925,000	1,875,000
	11/03/17	11/01/32	2.0-3.0	10,180,000	<u>10,180,000</u>
Refunding Bonds	08/03/10	03/01/24	3.000 - 4.000	7,933,387	4,534,120
	08/20/13	12/01/18	3.000	3,315,000	<u>426,398</u>
					<u>4,960,518</u>
Total General Obligation Debt					<u>\$ 70,478,195</u>

Municipal Revenue Obligation

On July 30, 2015, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 6 project costs, as described in the project plan. The Developer completed eligible costs in 2015 of \$4,500,000 and became eligible for repayment beginning in 2016. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 6. The outstanding balance as of December 31, 2017 was \$4,335,646.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Governmental Activities Debt (Continued)

Municipal Revenue Obligation (Continued)

On December 15, 2015, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 8 project costs, as described in the project plan. The Developer completed eligible costs in 2015 of \$1,500,000 and became eligible for repayment beginning in 2016. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 8. The outstanding balance as of December 31, 2017 was \$1,226,076.

On December 15, 2015, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 9 project costs, as described in the project plan. The Developer completed eligible costs in 2015 of \$1,994,000 and became eligible for repayment beginning in 2017. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 9. The outstanding balance as of December 31, 2017 was \$1,994,000.

On January 20, 2015, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 10 project costs, as described in the project plan. The Developer completed eligible costs in 2015 of \$4,500,000 and became eligible for repayment beginning in 2017. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 10. The outstanding balance as of December 31, 2017 was \$4,500,000.

On December 18, 2015, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 11 project costs, as described in the project plan. The Developer completed eligible costs in 2015 of \$3,926,500 and became eligible for repayment beginning in 2017. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 11. The outstanding balance as of December 31, 2017 was \$3,926,500.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Governmental Activities Debt (Continued)

Municipal Revenue Obligation (Continued)

On September 27, 2016, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 11 project costs, as described in the project plan. The Developer completed eligible costs in 2016 of \$1,438,269 and will become eligible for repayment beginning in 2019. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 11. The outstanding balance as of December 31, 2017 was \$1,438,269.

On September 27, 2016, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 11 project costs, as described in the project plan. The Developer completed eligible costs in 2016 of \$924,327 and will become eligible for repayment beginning in 2019. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 11. The outstanding balance as of December 31, 2017 was \$924,327.

On November 7, 2017, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 12 project costs, as described in the project plan. The Developer completed eligible costs in 2016 of \$6,979,217 and will become eligible for repayment beginning in 2019. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 12. The outstanding balance as of December 31, 2017 was \$6,979,217.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Business-Type Activities Debt

Debt of the business-type activities is shown below.

Type	Date of Loan	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/17
WATER						
Waterworks System						
Revenue Bonds:						
Series 2010	10/25/10	3.000 - 4.000%	1/1/11-29	1/1&7/1	\$ 7,750,000	\$ 6,175,000
Series 2011	11/29/11	2.000 - 3.000	1/1/13-22	1/1&7/1	2,400,000	1,325,000
Series 2013	11/19/13	1.750 - 4.125	1/1/15-34	1/1&7/1	4,575,000	4,000,000
Series 2016	06/21/16	2.00-3.50%	1/1/17-36	1/1&7/1	4,225,000	4,000,000
Series 2017	11/03/17	3.0	1/1/19-37	1/1&7/1	3,000,000	<u>3,000,000</u>
						18,500,000
General Obligation						
Refunding Bonds	08/03/10	1.750 - 5.000	3/1/11-24	3/1&9/1	360,359	<u>205,980</u>
Total Water Utility						18,705,980
SANITARY SEWER						
Promissory Notes:						
Series 2011	11/29/11	2.000 - 2.500	11/1/12-21	5/1&11/1	\$ 3,560,487	\$ 2,164,776
Series 2012	08/21/12	0.350 - 2.250	6/1/13-22	6/1&12/1	1,825,000	1,100,000
Series 2013	08/20/13	2.000 - 3.000	6/1/14-23	6/1&12/1	2,250,000	1,550,000
Series 2013	08/20/13	3.000	12/1/14-18	6/1&12/1	660,340	132,460
Series 2013	11/19/13	2.500 - 4.250	11/1/14-33	5/1&11/1	7,700,000	7,325,000
Series 2014	12/02/14	1.000 - 3.000	12/1/15-24	6/1&12/1	2,750,000	2,375,000
Series 2015	12/01/15	2.000 - 4.000	12/1/16-30	6/1&12/1	4,075,000	2,975,000
Series 2016	12/01/16	3.0-4.0	12/1/17-35	6/1&12/1	1,770,000	1,700,000
Series 2017	11/03/17	2.0-3.0	11/1/17-32	5/1&11/1	2,990,000	<u>2,990,000</u>
						22,312,236
General Obligation						
Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	59,409	<u>33,958</u>
Total Sanitary Sewer						22,346,194

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Business-Type Activities Debt (Continued)

Type	Date of Loan	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/17
STORM WATER MAINTENANCE						
Promissory Notes:						
Series 2011	11/29/11	2.000 - 2.500	11/1/12-21	5/1&11/1	\$ 7,167,323	\$ 4,358,290
Series 2012	08/21/12	0.350 - 2.250	6/1/13-22	6/1&12/1	3,900,000	2,650,000
Series 2013	08/20/13	2.000 - 3.000	6/1/14-23	6/1&12/1	560,000	350,000
Series 2013	08/20/13	3.000	12/1/14-18	6/1&12/1	528,380	105,970
Series 2013	11/19/13	2.500 - 4.250	11/1/14-33	5/1&11/1	1,775,000	1,475,000
Series 2014	12/02/14	1.000 - 3.000	12/1/15-24	6/1&12/1	6,190,000	4,610,000
Series 2015	12/01/15	2.000 - 4.000	12/1/16-30	6/1&12/1	1,775,000	1,700,000
Series 2016	12/01/16	3.0-4.0	12/1/17-35	6/1&12/1	4,000,000	3,825,000
Series 2017	11/03/17	2.0-3.0	11/1/17-32	5/1&11/1	1,110,000	1,110,000
						<u>20,184,260</u>
General Obligation						
Refunding Bonds	08/03/10	1.750 - 5.000	3/1/11-24	3/1&9/1	96,845	<u>55,356</u>
Total Storm Water Maintenance						<u>20,239,616</u>
Total Business-Type Activities Debt						<u>\$ 61,291,790</u>

The Water Utility has \$18,500,000 in Waterworks System Revenue Bonds related to Water Utility capital projects outstanding at December 31, 2017. The bonds are not general obligations of the City of Wauwatosa and are payable from income and revenues derived from the operations of the system in accordance with the resolution adopted in conjunction with the issuance of the debt. The resolution creates a statutory mortgage lien upon the system and its revenues in accordance with Section 66 of Wisconsin Statutes. The Utility has established certain funds, as described in the resolution, to account for the allocation of the Utility's gross revenue and has deposited funds in compliance with the bond covenants. The Water system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds. The revenues subject to the lien were \$9,191,038. Net revenue available for debt service was \$3,725,457, which represents a coverage ratio of 2.61 of debt service for the year ended December 31, 2017.

There are a number of limitations and restrictions contained in the bond indentures. The City believes it is in compliance with all significant limitations and restrictions.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-Term Obligations (Continued)

Annual Maturities of General Obligation Debt, Redevelopment Lease Revenue Bonds, and Water System Revenue Bonds

Debt service requirements to maturity (exclusive of the municipal revenue obligation) are as follows:

	Governmental Long-Term Debt		Business-Type Long-Term Debt	
	Principal	Interest	Principal	Interest
2018	\$ 6,567,550	\$ 2,002,240	\$ 5,737,489	\$ 1,762,568
2019	6,295,339	1,832,199	5,654,611	1,653,386
2020	6,043,811	1,680,972	5,756,190	1,506,144
2021	6,290,847	1,521,127	5,944,152	1,357,106
2022	6,380,981	1,359,929	5,744,019	1,196,152
2023-2027	24,599,667	4,092,251	18,955,329	3,941,668
2028-2032	11,425,000	1,363,244	9,225,000	1,653,172
2033-2037	2,875,000	202,903	4,275,000	276,666
Totals	<u>\$ 70,478,195</u>	<u>\$ 14,054,865</u>	<u>\$ 61,291,790</u>	<u>\$ 13,346,862</u>

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

Margin of Indebtedness

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2017, was \$307,769,640. Total general obligation debt outstanding at year-end was \$113,269,987.

Landfill Postclosure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site after closure. Future landfill maintenance and monitoring costs are estimated to be a total of \$138,688 over the next 20 years. The liability for landfill closure and postclosure care is an estimate subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Net Position / Fund Balances

Net position reported on the government wide statement of net position at December 31, 2017 includes the following:

Governmental Activities

Net Investment in Capital Assets:	
Nondepreciated	\$ 24,857,641
Depreciated	96,313,307
Less: Related Debt Excluding Unspent Bond Proceeds	<u>(49,492,476)</u>
Total Net Investment in Capital Assets	71,678,472
Restricted for Debt Service	1,322,268
Unrestricted	<u>(14,739,725)</u>
Total Governmental Activities Net Position	<u><u>\$ 58,261,015</u></u>

Business-Type Activities

Net Investment in Capital Assets:	
Land	\$ 81,405
Construction in Progress	2,735,085
Other Capital Assets, Net of Accumulated Depreciation	147,733,432
Less: Related Long-Term Debt Outstanding (Net of Unspent Proceeds of Debt)	<u>(55,150,315)</u>
Total Net Investment in Capital Assets	95,399,607
Restricted for Debt Service	2,344,924
Unrestricted	<u>14,130,373</u>
Total Business-Type Activities Net Position	<u><u>\$ 111,874,904</u></u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Net Position / Fund Balances (Continued)

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

Nonspendable:

Major Funds:

General Fund:

Prepayments and Inventories	\$ 14,096
Noncurrent Receivables	2,324,147
	2,338,243

Restricted:

Major Funds:

Special Revenue Fund - Tax Incremental District - Debt Service	1,956,172
Debt Service Fund	2,168,051
Capital Projects Fund - General Obligation Debt Issue Fund	1,962,353

Nonmajor Funds:

Tourism Commission Fund	133,670
Community Development Fund	653,957
Total Restricted Fund Balance	6,874,203

Assigned:

Major Funds:

General Fund:

Subsequent Year's Expenditures	954,002
Capital Improvements	1,202,572
Parks	3,442
	2,160,016
Capital Projects Fund - General Obligation Debt Issue Fund	4,311,547

Nonmajor Funds:

Special Revenue Fund - Parks Fund	1,175,668
Special Revenue Fund - Library Fund	184,683
Special Revenue Fund - Redevelopment Authority Reserve Fund	1,435,526
Special Revenue Fund - Community Development Fund	830,793
Capital Projects Fund - Information Systems Equipment	470,208
Capital Projects Fund - Information Fleet Equipment	1,080,587
Capital Projects Fund - Public Works Building Improvement Reserve Fund	69,646
Total Assigned Fund Balance	11,718,674

Unassigned:

Major Funds - General Fund	18,262,288
Nonmajor Funds - Community Development Block Grant	(2,422)
Total Unassigned Fund Balance	18,259,866
Total Governmental Fund Balance	\$ 39,190,986

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Net Position / Fund Balances (Continued)

The City also maintains an amortization fund balance governed by Section 3.04 of the Wauwatosa Municipal Code, which provides that the balance may be used to pay principal and interest on the outstanding debt upon the direction of the City's Common Council. The ordinance further provides that the Board of Public Debt Commissioners may, with the approval of the Common Council, apply all or any part of the fund for any purpose for which municipal bonds may be legally issued. This balance is a portion of the General Fund unassigned fund balance.

NOTE 5 OTHER INFORMATION

A. Defined Benefit Pension Plan

General Information about the Plan

Plan description – The Wisconsin Retirement System (WRS) a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF is responsible for administration of the WRS and the State of Wisconsin Investment Board (SWIB) is responsible for managing WRS investments.

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

Benefits provided – Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earning is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plan (Continued)

General Information about the Plan (Continued)

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10.0%
2008	6.6%	0.0%
2009	-2.1%	-42.0%
2010	-1.3%	-22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%

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

During the reporting period, the WRS recognized \$2,721,212 in contributions from the employer.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plan (Continued)

General Information about the Plan (Continued)

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers)	6.8%	6.8%
Executives and Elected Officials	6.8%	6.8%
Protective With Social Security	6.8%	10.6%
Protective Without Social Security	6.8%	14.9%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a liability of \$2,316,111 for its proportional share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was .28100006%, which was a decrease of .00059704% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$6,029,608.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 883,134	\$ 7,283,969
Changes in Assumptions	2,421,584	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	11,528,869	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	190,080	-
Employer Contributions Subsequent to the Measurement Date	3,061,344	-
Total	<u>\$ 18,085,011</u>	<u>\$ 7,283,969</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$3,061,344 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases and decreases in pension expense, respectively, and are as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2018	\$ 3,141,264
2019	3,141,264
2020	2,138,188
2021	(685,254)
2022	4,236

Actuarial assumptions – The total pension liability (asset) in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation:	3.2%
Seniority\Merit:	0.2% - 5.5%
Mortality:	Wisconsin 2012 Mortality Table
Post-Retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability (asset) for December 31, 2016 is based upon a roll-forward of the liability (asset) calculated from the December 31, 2015 actuarial valuation.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

	Current Asset Allocation %	Destination Target Asset Allocation%	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:				
Global Equities	50.00%	45.00%	8.30%	5.40%
Fixed Income	24.50%	37.00%	4.20%	1.40%
Inflation Sensitive Assets	15.50%	20.00%	4.30%	1.50%
Real Estate	8.00%	7.00%	6.50%	3.60%
Private Equity/Debt	8.00%	7.00%	9.40%	6.50%
Multi-Asset	4.00%	4.00%	6.60%	3.70%
Total Core Fund	110.00%	120.00%	7.40%	4.50%
Variable Fund Asset Class:				
U.S. Equities	70.00%	70.00%	7.60%	4.70%
International Equities	30.00%	30.00%	8.50%	5.60%
Total Variable Fund	100.00%	100.00%	7.90%	5.00%

Single discount rate – A single discount rate of 7.20% was used to measure the total pension liability (asset). This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend will always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

A. Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate – The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
The City's Proportionate Share of the Net Pension Liability (Asset)	\$ 30,469,930	\$ 2,316,111	\$ (19,363,605)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

B. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; natural disasters and worker's compensation. The City is self-insured for medical coverage for certain employees at December 31, 2017. The City purchases general and automobile liability insurance from the Cities and Villages Mutual Insurance Company. The City purchases commercial insurance for all other risks. There have been no significant reductions in insurance coverage for any risk of loss in the past year and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Self-Insured General and Auto Liability

In 1988 the Village invested \$1,184,453 for participation in the Wisconsin Municipal Insurance Commission (WMIC). The WMIC is an intergovernmental cooperative commission formed to facilitate the formation of the Cities and Villages Mutual Insurance Company (CVMIC). In 1987, the WMIC issued \$28.645 million of revenue bonds to provide for the capitalization of the CVMIC. The CVMIC is a separate and distinct entity independent of the WMIC and is owned by the participating cities and villages of the WMIC. The CVMIC was formed to provide liability insurance to Wisconsin municipalities as of January 1, 1988. The CVMIC has an A.M. Best rating of A-.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

Self-Insured General and Auto Liability (Continued)

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

In prior years, the CVMIC paid dividends to the City based on a schedule designed to enable the City to partially or totally finance the City's debt service requirements on its related general obligation issue. As of December 31, 2007, the City's debt and the WMIC's debt were paid in full. The WMIC has no assets, liabilities or financial activity for the year ended December 31, 2017. CVMIC continues to pay dividends that are used to pay the City's insurance premiums.

Complete financial statements for the year ended December 31, 2016 for the CVMIC can be obtained from the CVMIC administrative office at 9898 W. Bluemound Road, Wauwatosa, WI 53226-4319.

There have been no significant reductions in insurance for any risk of loss in the past year and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

The CVMIC provides the City with \$5,000,000 of liability coverage for losses over its self-insured retention level of \$125,000 per occurrence with a \$500,000 aggregate stop loss. The City's annual cost is the sum of its annual premium, claims incurred and applicable to the self-insured retention and other operating expenses. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among participating municipalities based on payroll and loss history. The City and other participating cities and villages are subject to cover loss experiences, which exceed predictions through retrospective assessments.

At December 31, 2017, the Risk Management General Liability Fund had net position of \$3,050,068 which includes the City's deposit in CVMIC of \$1,184,453.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

Self-Insured General and Auto Liability (Continued)

Changes in the claim liability amounts for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Unpaid Claims - Beginning of Year	\$ 271,599	\$ 309,561
Current Year Claims and Changes in Estimates	226,079	(116,132)
Claim Payments Net of Recoveries	<u>233,579</u>	<u>(78,170)</u>
Unpaid Claims - End of Year	<u>\$ 264,099</u>	<u>\$ 271,599</u>

Self-Insured Medical Care Coverage Plan

The City maintains a self-insured medical care coverage, dental, and worker's compensation plan for its employees which is accounted for in an Internal Service Fund. The plan provides coverage up to a maximum of \$75,000 per contract and approximately \$7,900,000 for the aggregate of contracts. The City purchases commercial insurance for claims in excess of coverage provided by the fund. This fund also accounts for the City's other postemployment benefits.

All funds of the City participate in the plan. The City does not maintain a reserve for the coverage of catastrophic losses. The claims liability of \$863,472 reported in the employee insurance internal service funds at December 31, 2017, is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the claims liability amount for the years ended December 31, 2017 and 2016 were as follows:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2016	\$ 814,754	\$ 7,048,039	\$ 6,947,105	\$ 915,688
2017	915,688	8,150,241	8,202,457	863,472

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

B. Risk Management (Continued)

Self-Insured Medical Care Coverage Plan (Continued)

The net position (deficit) of the Employee Health Insurance Fund is reported as unrestricted and is comprised of the following components:

Employee Health Insurance	\$ 4,859,687
Other Postemployment Obligation	<u>(23,650,471)</u>
Total	<u><u>\$ (18,790,784)</u></u>

C. Other Postemployment Benefits

The City provides other postemployment benefits (OPEB) to its retirees for health insurance.

Plan Description

The City provides a single-employer defined benefit healthcare plan administered by United Health Care. The City provides medical and life insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts.

The plan provides full health insurance coverage until age 65 to City employees hired prior to January 1, 2008 who reach normal retirement age as specified by the labor contracts. The plan provides up to 50% health coverage until age 65 to City employees hired after January 1, 2008, but before January 1, 2015 who reach normal retirement age and reach a specified number of years of service. Police and fire retirees hired after January 1, 2008 receive 50% of health coverage upon reaching age 50, and having 15 years of service. General and Department of Public Works employees receive health coverage based on their years of service such that retirees with 15, 20, 25, and 30 years of service receive annual health coverage premium contributions of 15, 30, 40, and 50%, respectively.

The plan does not issue stand-alone financial statements.

Funding Policy

The contribution of plan members and the employer are established and may be amended by the City Common Council. The required contribution is based on pay-as-you-go financing. For 2017, City and plan members receiving benefits paid approximately \$3,593,299 toward medical claims and administrative expenses for retirees. This represents 13.56% of total covered payroll for the year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you-go basis), and the changes in the District's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 4,163,739
Interest on Net OPEB Obligation	708,833
Adjustment to ARC	<u>(1,170,357)</u>
Annual OPEB Cost	3,702,215
Contribution Made	<u>(3,593,299)</u>
Increase in Net OPEB Obligation	108,916
Net OPEB Obligation - Beginning of Year	<u>23,541,555</u>
 Net OPEB Obligation - End of Year	 <u><u>\$ 23,650,471</u></u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2015 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/15	\$ 3,871,258	66.79%	\$ 22,818,829
12/31/16	3,652,925	80.22%	23,541,555
12/31/17	3,702,215	97.06%	23,650,471

The multi-year trend information is located in the required supplementary information immediately following the notes to the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefits (Continued)

Funded Status and Funding Progress

The most recent actuarial valuation conducted by the City of Wauwatosa was as of December 31, 2016.

The actuarial accrued liability for benefits was \$46,237,093 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$46,237,093. The covered payroll (annual payroll of active employees covered by the plan) was \$27,035,769 and the ratio of the UAAL to the covered payroll was 171.02%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend amounts determined regarding the funded status of the plan and the annual required contributions of the Employer, and are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The retiree healthcare valuation was based on the projected unit credit actuarial cost method. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The OPEB valuation uses an interest discount rate assumption of 3.00% based on the City's projected short-term investment rate of return. The healthcare cost trends rate is 5.4% initially, and reduced by decrements to the ultimate rate of 4.4% after 65 years.

The actuarial accrued liability for the benefits is amortized over an open period of 30 years using the level dollar method.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

D. Antenna Lease Agreements

The City has lease agreements with cellular phone companies to lease water towers as sites for cellular antennas. The initial term of the leases was five years with the right to extend the leases for four additional five-year terms. All agreements have been extended for five additional years. The City also has lease agreements with cellular phone companies to lease space from the parks building. Rental amounts are determined annually, and were approximately \$34,905 in 2017. Rental income from rental of the water towers reported in other water revenues amounted to \$241,647.

Future minimum rentals related to these leases and expected future extensions are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 330,683
2019	343,061
2020	355,982
2021	369,469
2022	383,549
Thereafter	<u>14,131,436</u>
Total	<u>\$ 15,914,180</u>

All leases have an automatic extension until at least the year 2040, with the longest term reaching through 2049.

E. Commitments and Contingencies

The City self-insures its general liability, medical, dental and worker's compensation insurance up to specified limits. City's management and legal counsel do not anticipate any material losses from known occurrences.

The City participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for or including the year ended December 31, 2017 have not been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is currently involved in property tax litigation with General Growth Properties, the owner of Mayfair Mall. The matter is titled as Mayfair Mall LLC v. City of Wauwatosa. The case involves a dispute in the taxable value of the City's largest taxpayer, Mayfair Mall, and involves a difference of opinion approximating \$100,000,000. The matter is in its early stages, so no final decision is expected in the next twelve months. Management is comfortable that its position in this matter is well-supported and expects to defend the matter vigorously, however, the outcome of the matter cannot be predicted.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 OTHER INFORMATION (CONTINUED)

F. Tax Abatements

The City enters into property tax abatement agreements with developers under the provisions of Wisconsin Statutes 66.1105(3)(e) "Tax Increment Act." Under the provision, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

In 2015, the City provided a developer a loan as part of the Tax Incremental District No. 7 Mayfair Collection project. The loan was made by the General Fund and so long as the developer meets certain performance measures, the Tax Increment Fund repays the loan on behalf of the developer using property tax increments generated by the development. The original loan was \$2,000,000. In 2017, \$99,714 was repaid on this borrowing. The remaining balance outstanding as of December 31, 2017 is \$1,805,287. This amount is included in the General Fund as an advance to other funds.

NOTE 6 TAX INCREMENTAL DISTRICTS 5, 6, 7, 8, 9, 10, 11 AND 12

A. Plan Summaries

The City has eight Tax Incremental Districts. Tax Incremental District No. 5 was created on April 3, 2007 and has a dissolution date of January 1, 2034. Tax Incremental District No. 6 was created on October 4, 2010, was amended on August 4, 2015, and has a dissolution date of October 4, 2037. Tax Incremental District No. 7 was created on January 1, 2013, amended on January 2, 2016 and has a dissolution date of January 1, 2040. Tax Incremental District No. 8 was created on January 1, 2014 and has a dissolution date of January 1, 2041. Tax Incremental District No. 9 was created on April 4, 2015 and has a dissolution date of January 1, 2042. Tax Incremental District No. 10 was created on June 2, 2015 and has a dissolution date of January 1, 2042. Tax Incremental District No. 11 was created on September 1, 2015 and has a dissolution date of January 1, 2042. Tax Incremental District No. 12 was created on February 6, 2018 and has a dissolution date of January 1, 2045.

B. Cash and Investments

The Tax Incremental Districts invest funds in accordance with the provisions of the Wisconsin Statutes Section 66.0603 and 67.11(2). The Tax Incremental Districts maintain common cash and investment accounts with the City of Wauwatosa. Disclosures related to cash and investments can be found in Note 4 of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 TAX INCREMENTAL DISTRICTS 5, 6, 7, 8, 9, 10, 11 AND 12 (CONTINUED)

C. Interfund Advances

The General fund advanced \$2,000,000 to the Special Revenue Fund - Tax Incremental District No. 7 in 2015. This advance earns interest at 5.25%. The advance was issued to provide long-term financing. The remaining outstanding balance as of December 31, 2017 was \$1,805,287.

D. Long-Term Debt

Aggregate maturities of all long-term debt relating to Tax Incremental District No. 6 are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 568,458	\$ 342,739	\$ 911,197
2019	599,610	329,245	928,856
2020	624,610	315,005	939,615
2021	650,841	298,627	949,468
2022	675,000	280,344	955,344
2023 - 2027	3,400,000	1,054,006	4,454,006
2028 - 2032	3,025,000	453,631	3,478,631
2033 - 2035	1,450,000	68,453	1,518,453
	<u>\$ 10,993,520</u>	<u>\$ 3,142,052</u>	<u>\$ 14,135,571</u>

Aggregate maturities of all long-term debt relating to Tax Incremental District No. 7 are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,025,000	\$ 336,075	\$ 1,361,075
2019	1,200,000	314,638	1,514,638
2020	1,250,000	289,575	1,539,575
2021	1,300,000	263,175	1,563,175
2022	1,350,000	235,025	1,585,025
2023 - 2027	5,215,000	599,675	5,814,675
2028 - 2030	1,550,000	93,750	1,643,750
	<u>\$ 12,890,000</u>	<u>\$ 2,131,913</u>	<u>\$ 15,021,913</u>

Aggregate maturities of all long-term debt relating to Tax Incremental District No. 9 are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 25,000	\$ 10,563	\$ 35,563
2019	50,000	10,063	60,063
2020	50,000	9,063	59,063
2021	50,000	8,063	58,063
2022	50,000	7,063	57,063
2023 - 2025	200,000	11,063	211,063
	<u>\$ 425,000</u>	<u>\$ 55,876</u>	<u>\$ 480,876</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 TAX INCREMENTAL DISTRICTS 5, 6, 7, 8, 9, 10, 11 AND 12 (CONTINUED)

D. Long-Term Debt (Continued)

Aggregate maturities of all long-term debt relating to Tax Incremental District No. 11 are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 81,713	\$ 81,713
2019	-	81,713	81,713
2020	50,000	81,713	131,713
2021	50,000	79,713	129,713
2022	55,000	77,713	132,713
2023 - 2027	280,000	362,715	642,715
2028 - 2032	435,000	316,239	751,239
2033 - 2036	1,425,000	134,451	1,559,451
	<u>\$ 2,295,000</u>	<u>\$ 1,215,970</u>	<u>\$ 3,510,970</u>

E. Supplemental Information

The Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered Through Tax Increments, and the Historical Summary of Sources, Uses, and Status of Funds are provided as supplementary schedules to these financial statements. Those schedules are prepared in accordance with accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Sections 66.1105. The summary statements were prepared from data recorded in the following funds of the City of Wauwatosa.

Tax Incremental Financing Special Revenue Fund
Redevelopment Authority Lease Revenue Bond Capital Projects Fund
Debt Service Fund
Capital Projects Fund

Detailed descriptions of the purpose of these funds can be found in Note 1 of the financial statements. The data was consolidated for the purpose of these schedules. Therefore, the amounts shown in the schedules will not directly correlate with amounts shown in the basic financial statements of the City of Wauwatosa, Wisconsin.

NOTE 7 SUBSEQUENT EVENT

In February 2018, the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 12 (formed February 6, 2018) project costs, as described in the project plan.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULES OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
RETIREE HEALTH AND LIFE INSURANCE
YEAR ENDED DECEMBER 31, 2017**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit Actuary Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	-	\$ 62,372,743	\$ 62,372,743	0.00%	\$ 26,256,123	237.56%
12/31/2014	-	47,952,213	47,952,213	0.00%	25,310,901	189.45%
12/31/2016	-	46,237,093	46,237,093	0.00%	27,035,769	171.02%

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Measurement Periods***

	2016	Year Ended December 31,	
		2015	2014
City's proportion of the net pension liability (asset)	0.28100006%	0.28040302%	0.28327583%
City's proportionate share of the net pension liability (asset)	\$ 2,316,111	\$ 4,556,496	\$ (6,958,029)
City's covered employee payroll	\$ 29,711,934	\$ 29,108,607	\$ 28,350,192
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.12%	98.20%	102.74%

**SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years***

	2017	2016	2015
Contractually required contributions	\$ 2,721,212	\$ 2,708,618	\$ 2,718,895
Contributions in relation to the contractually required contributions	\$ 2,721,212	\$ 2,708,618	\$ 2,718,895
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered - employee payroll	\$ 29,777,290	\$ 29,711,934	\$ 29,108,607
Contributions as a percentage of covered - employee payroll	9.14%	9.12%	9.34%

* Additional years' information will be displayed as it becomes available

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms – There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions – There were no changes in the assumptions.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES – ACTUAL AND BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General Property Taxes	\$ 41,106,546	\$ 41,106,546	\$ 41,106,546	\$ -
Prior Year's Omitted Taxes	-	-	58,115	58,115
Hotel/Motel Room Tax	1,078,000	1,171,625.00	1,205,791	34,166
Payments in Lieu of Taxes	422,500	422,500.00	359,979	(62,521)
Interest on Taxes	75,000	75,000.00	77,117	2,117
Property Tax Chargebacks	-	286,500	207,853	(78,647)
Total Taxes	<u>42,682,046</u>	<u>43,062,171</u>	<u>43,015,401</u>	<u>(46,770)</u>
INTERGOVERNMENTAL				
State Shared Taxes	4,841,128	4,841,128	4,832,956	(8,172)
Federal Grants	154,788	172,749	137,002	(35,747)
State Grants	248,120	270,637	267,321	(3,316)
Total Intergovernmental	<u>5,244,036</u>	<u>5,284,514</u>	<u>5,237,279</u>	<u>(47,235)</u>
LICENSES AND PERMITS				
Licenses	277,410	278,221	285,384	7,163
Permits	1,227,910	1,541,935	1,638,468	96,533
Total Licenses and Permits	<u>1,505,320</u>	<u>1,820,156</u>	<u>1,923,852</u>	<u>103,696</u>
FINES, PENALTIES, AND FORFEITURES				
Court Penalties and Costs	600,000	450,000	413,066	(36,934)
Parking Violations	674,901	610,000	524,774	(85,226)
Other Penalties and Fees	85,000	85,000	126,500	41,500
Total Fines, Penalties, and Forfeitures	<u>1,359,901</u>	<u>1,145,000</u>	<u>1,064,340</u>	<u>(80,660)</u>
PUBLIC IMPROVEMENT REVENUES				
Special Assessments	19,600	19,600	10,369	(9,231)
PUBLIC CHARGES FOR SERVICES				
General Government	723,440	680,415	662,929	(17,486)
Public Safety	2,028,328	1,993,393	2,068,741	75,348
Health and Social Services	27,430	28,280	14,916	(13,364)
Streets and Related Facilities	68,850	75,150	136,582	61,432
Sanitation	115,300	126,500	138,286	11,786
Total Public Charges for Services	<u>2,963,348</u>	<u>2,903,738</u>	<u>3,021,454</u>	<u>117,716</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
County:				
Paramedics	75,000	75,000	80,892	5,892
Fire Protection Service	1,335,043	1,335,043	1,362,785	27,742
Local Departments	153,265	153,265	151,765	(1,500)
Total Intergovernmental Charges for Services	<u>1,563,308</u>	<u>1,563,308</u>	<u>1,595,442</u>	<u>32,134</u>
COMMERCIAL REVENUES				
Interest	610,000	720,000	556,374	(163,626)
Rentals	47,200	47,200	39,425	(7,775)
Other Miscellaneous Revenue	120,390	213,024	279,202	66,178
Total Commercial Revenues	<u>777,590</u>	<u>980,224</u>	<u>875,001</u>	<u>(105,223)</u>
Total Revenues	<u>\$ 56,115,149</u>	<u>\$ 56,778,711</u>	<u>\$ 56,743,138</u>	<u>\$ (35,573)</u>

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES – ACTUAL AND BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
GENERAL GOVERNMENT				
Common Council	\$ 139,258	\$ 139,133	\$ 133,874	\$ 5,259
Youth Commission	2,869	2,869	1,939	930
Historic Preservation Commission	21,020	31,020	20,078	10,942
Municipal Court	318,011	320,011	288,126	31,885
Mayor	144,024	145,081	139,587	5,494
Administrator	470,236	574,726	501,681	73,045
Clerk	440,293	448,103	422,856	25,247
Elections	227,182	227,182	186,150	41,032
Human Resources	661,824	667,179	636,573	30,606
Assessor	726,911	726,993	717,026	9,967
Finance	1,026,683	1,025,745	998,498	27,247
Attorney	1,077,901	1,305,912	1,760,333	(454,421)
City Planning	383,127	391,133	447,731	(56,598)
Senior Commission	3,130	3,240	197	3,043
Write-Off of Uncollectible Receivables	20,000	20,000	17,895	2,105
Return of Property Taxes	-	427,754	428,235	(481)
Total General Government	5,662,469	6,456,081	6,700,779	(244,698)
PROTECTION OF PERSONS AND PROPERTY				
Police Department	15,716,236	15,299,266	15,347,009	(47,743)
Police Station	303,644	432,622	257,513	175,109
Police Reserves	13,100	13,100	12,222	878
Crossing Guards	259,840	264,140	271,074	(6,934)
Fire Department	13,408,585	13,548,374	13,562,652	(14,278)
Fire Equipment Reserve	91,000	91,000	24,711	66,289
Milwaukee Area Domestic Animal Control Commission	67,000	67,000	56,627	10,373
Safety and Building	860,471	860,492	812,095	48,397
Sealer of Weights and Measures	12,240	12,240	12,000	240
Traffic Control and Regulation	482,789	526,594	462,248	64,346
Property Maintenance Program	138,279	138,279	139,739	(1,460)
Total Protection of Persons and Property	31,353,184	31,253,107	30,957,890	295,217
HEALTH AND SANITATION				
Solid Waste Management	2,093,187	2,077,678	2,262,934	(185,256)
Health Care Services	1,466,993	1,488,193	1,336,530	151,663
Total Health and Sanitation	3,560,180	3,565,871	3,599,464	(33,593)

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES – ACTUAL AND BUDGET (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
HIGHWAY AND TRANSPORTATION				
Engineering	\$ 949,453	\$ 1,191,677	\$ 787,519	\$ 404,158
Public Works Operations Management	291,946	309,781	341,598	(31,817)
Roadway Maintenance	2,490,041	2,609,783	2,029,224	580,559
Electrical Services	965,433	969,018	898,321	70,697
Public Works Facilities Outside	88,142	108,648	229,097	(120,449)
Total Highway and Transportation	<u>4,785,015</u>	<u>5,188,907</u>	<u>4,285,759</u>	<u>903,148</u>
EDUCATION AND RECREATION				
Visit Milwaukee	419,541	359,570	364,612	(5,042)
Civic Celebration	47,622	48,672	60,213	(11,541)
Parks	27,000	64,736	7,744	56,992
Total Education and Recreation	<u>494,163</u>	<u>472,978</u>	<u>432,569</u>	<u>40,409</u>
CONSERVATION AND DEVELOPMENT				
Forestry	1,353,563	1,422,171	1,240,031	182,140
Economic Development	187,821	252,274	227,327	24,947
Total Conservation and Development	<u>1,541,384</u>	<u>1,674,445</u>	<u>1,467,358</u>	<u>207,087</u>
UNCLASSIFIED				
Unclassified Payroll	63,514	14,400	-	14,400
Other	113,358	231,280	185,860	45,420
Total Unclassified	<u>176,872</u>	<u>245,680</u>	<u>185,860</u>	<u>59,820</u>
CAPITAL OUTLAY				
Intergovernmental Expenditures	-	-	266,014	(266,014)
Total Expenditures	<u>\$ 47,573,267</u>	<u>\$ 48,857,069</u>	<u>\$ 47,895,693</u>	<u>\$ 961,376</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue Funds						Capital Projects				Total
	Special Assessments	Community Development Block Grant	Parks	Public Library	Redevelopment Reserve Fund	Community Development Fund	Tourism Commission Fund	Information Systems Equipment	Fleet Equipment	Public Works Building Improvement Reserve Fund	
ASSETS											
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,175,509	\$ 184,683	\$ 1,435,526	\$ 1,469,427	133,670	\$ 470,208	\$ 1,273,036	\$ 69,646	\$ 6,211,705
Taxes Receivable	94,884	-	-	-	-	-	-	-	-	-	94,884
Special Assessments Receivable:											
Due in Installments	612,883	-	-	-	-	-	-	-	-	-	612,883
Deferred	1,556	-	-	-	-	-	-	-	-	-	1,556
Other Accrued Receivables	-	166,432	10,196	-	-	101,273	-	-	-	-	277,901
Total Assets	\$ 709,323	\$ 166,432	\$ 1,185,705	\$ 184,683	\$ 1,435,526	\$ 1,570,700	\$ 133,670	\$ 470,208	\$ 1,273,036	\$ 69,646	\$ 7,198,929
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES											
LIABILITIES											
Accounts Payable	\$ 33,280	\$ 369	\$ 10,037	\$ -	\$ -	\$ -	\$ -	\$ -	192,449	\$ -	\$ 236,135
Due to Other Funds	61,837	146,397	-	-	-	-	-	-	-	-	208,234
Unearned Revenue	-	22,088	-	-	-	85,950	-	-	-	-	108,038
Total Liabilities	95,117	168,854	10,037	-	-	85,950	-	-	192,449	-	552,407
DEFERRED INFLOWS OF RESOURCES											
Special Assessments	614,206	-	-	-	-	-	-	-	-	-	614,206
Total Deferred Inflows	614,206	-	-	-	-	-	-	-	-	-	614,206
FUND BALANCES											
Restricted	-	-	-	-	-	653,957	133,670	-	-	-	787,627
Assigned	-	-	1,175,668	184,683	1,435,526	830,793	-	470,208	1,080,587	69,646	5,247,111
Unassigned	-	(2,422)	-	-	-	-	-	-	-	-	(2,422)
Total Fund Balances	-	(2,422)	1,175,668	184,683	1,435,526	1,484,750	133,670	470,208	1,080,587	69,646	6,032,316
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 709,323	\$ 166,432	\$ 1,185,705	\$ 184,683	\$ 1,435,526	\$ 1,570,700	\$ 133,670	\$ 470,208	\$ 1,273,036	\$ 69,646	\$ 7,198,929

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Special Revenue Funds						Capital Projects			Totals	
	Special Assessments	Community Development Block Grant	Parks	Public Library	Redevelopment Reserve Fund	Community Development Fund	Tourism Commission Fund	Information Systems Equipment	Fleet Equipment		Public Works Building Improvement Reserve Fund
	REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Intergovernmental Revenues	-	725,134	-	-	-	-	-	5,501	-	-	
Public Improvement Revenues	741,147	-	-	-	-	-	-	-	-	-	
Public Charges for Services	-	-	399,600	350,293	-	-	-	-	-	-	
Commercial Revenues	-	100	26,729	11,347	12,230	29,247	-	-	-	-	
Total Revenues	741,147	725,234	426,329	361,640	12,230	29,247	-	5,501	-	-	
EXPENDITURES											
Current:											
Education and Recreation	-	-	1,010,548	2,832,696	-	-	349	-	-	-	
Conservation and Development	-	727,729	-	-	24,134	-	-	-	-	-	
Capital Outlay	-	-	40,476	-	-	-	-	-	930,855	-	
Total Expenditures	-	727,729	1,051,024	2,832,696	24,134	-	349	-	930,855	-	
Excess of Revenues Over (Under) Expenditures	741,147	(2,495)	(624,695)	(2,471,056)	(11,904)	29,247	(349)	5,501	(930,855)	-	
OTHER FINANCING SOURCES (USES)											
Proceeds from the Sale of Capital Assets	-	-	-	-	-	100,030	-	-	-	-	
Transfers In	-	-	1,147,871	2,481,235	-	-	134,019	96,685	876,103	13,481	
Transfers Out	(741,147)	-	(341,837)	-	-	-	-	-	(57,188)	-	
NET CHANGE IN FUND BALANCES	-	(2,495)	181,339	10,179	(11,904)	129,277	133,670	102,186	(111,940)	13,481	
Fund Balances - Beginning of Year	-	73	994,329	174,504	1,447,430	1,355,473	-	368,022	1,192,527	56,165	
FUND BALANCES - END OF YEAR	\$ -	\$ (2,422)	\$ 1,175,668	\$ 184,683	\$ 1,435,526	\$ 1,484,750	\$ 133,670	\$ 470,208	\$ 1,080,587	\$ 69,646	

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND SPECIAL ASSESSMENTS FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public Improvement Revenues	\$ -	\$ -	\$ 741,147	\$ 741,147
Total Revenues	<u>-</u>	<u>-</u>	<u>741,147</u>	<u>741,147</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(741,147)</u>	<u>(741,147)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenues	\$ 885,000	\$ 885,000	\$ 725,234	\$ (159,766)
Total Revenues	<u>885,000</u>	<u>885,000</u>	<u>725,234</u>	<u>(159,766)</u>
EXPENDITURES				
Conservation and Development	884,994	884,994	727,729	157,265
Total Expenditures	<u>884,994</u>	<u>884,994</u>	<u>727,729</u>	<u>157,265</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6</u>	<u>\$ 6</u>	(2,495)	<u>\$ (2,501)</u>
Fund Balance - Beginning of Year			<u>73</u>	
FUND BALANCE - END OF YEAR			<u>\$ (2,422)</u>	

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND PARKS FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public Charges for Services	\$ 322,400	\$ 322,400	\$ 399,600	\$ 77,200
Commercial Revenues	1,500	1,500	26,729	25,229
Total Revenues	<u>323,900</u>	<u>323,900</u>	<u>426,329</u>	<u>102,429</u>
EXPENDITURES				
Education and Recreation	1,125,107	1,125,107	1,010,548	114,559
Capital Outlay	8,048	8,048	40,476	(32,428)
Total Expenditures	<u>1,133,155</u>	<u>1,133,155</u>	<u>1,051,024</u>	<u>82,131</u>
Excess of Revenues Over (Under) Expenditures	(809,255)	(809,255)	(624,695)	184,560
OTHER FINANCING SOURCES (USES)				
Transfers In	1,147,871	1,147,871	1,147,871	-
Transfers Out	<u>(341,766)</u>	<u>(341,766)</u>	<u>(341,837)</u>	<u>(71)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,150)</u>	<u>\$ (3,150)</u>	181,339	<u>\$ 184,489</u>
Fund Balance - Beginning of Year			<u>994,329</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,175,668</u>	

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND PUBLIC LIBRARY FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public Charges for Services	336,647	336,647	350,293	13,646
Commercial Revenues	23,000	23,000	11,347	(11,653)
Total Revenues	<u>359,647</u>	<u>359,647</u>	<u>361,640</u>	<u>1,993</u>
EXPENDITURES				
Education and Recreation	359,647	359,647	2,832,696	(2,473,049)
Total Expenditures	<u>359,647</u>	<u>359,647</u>	<u>2,832,696</u>	<u>(2,473,049)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,554,530	2,554,530	2,481,235	(73,295)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	10,179	<u>\$ 10,179</u>
Fund Balance - Beginning of Year			<u>174,504</u>	
FUND BALANCE - END OF YEAR			<u>\$ 184,683</u>	

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Commercial Revenues	-	-	2,697	2,697
EXPENDITURES				
Debt Service				
Principal	6,084,408	6,084,408	6,134,386	(49,978)
Interest and Other Fiscal Charges	1,845,652	1,845,652	1,977,532	(131,880)
Total Expenditures	<u>7,930,060</u>	<u>7,930,060</u>	<u>8,111,918</u>	<u>(181,858)</u>
Excess of Revenues over Expenditures	(7,930,060)	(7,930,060)	(8,109,221)	(179,161)
OTHER FINANCING SOURCES (USES)				
Premium on Long-Term Debt	-	-	335,342	335,342
Transfers In	7,930,060	7,930,060	7,803,143	(126,917)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	29,264	<u>\$ 29,264</u>
Fund Balance - Beginning of Year			<u>2,138,787</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,168,051</u>	

**CITY OF WAUWATOSA, WISCONSIN
 COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS
 SUMMARY OF PROJECT COSTS, PROJECT REVENUES,
 AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	TID NO. 5	TID NO. 6	TID NO. 7	TID NO. 8	TID NO. 9	TID NO. 10	TID NO. 11	Future TID NO. 12	Total
PROJECT COSTS									
Capital Expenditures	\$ -	\$ 117,986	\$ 230,430	\$ 250,944	\$ 10,310	\$ 37,738	\$ 879,358	\$ -	\$ 1,526,766
Administration	3,017	27,094	34,332	3,017	14,779	15,535	41,147	118	139,039
Interest and Fiscal Charges	-	355,778	455,901	-	10,563	-	77,400	-	899,642
Professional Services	-	-	-	-	-	-	-	-	-
Debt Issuance Costs	-	-	-	-	-	-	-	-	-
Developers Grants/Incentive	-	-	6,979,368	-	-	-	-	-	6,979,368
Distribution to Other Taxing Jurisdictions	-	-	-	-	-	-	-	-	-
Total Project Costs	3,017	500,858	7,700,031	253,961	35,652	53,273	997,905	118	9,544,815
PROJECT REVENUES									
Tax Increments	316,214	1,582,789	2,026,448	406,545	-	-	11,210	-	4,343,206
Investment Income	1,975	12,130	21,305	16,544	26	-	3,156	-	55,136
Premium on Long-Term Debt	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Exempt Computer Aid	5,314	3,942	13,914	1,255	240	-	2,293	-	26,958
Developer Fees	-	35,100	2,880	-	621	10,318	-	-	48,919
Sale of Land	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-
Total Project Revenues	323,503	1,633,961	2,064,547	424,344	887	10,318	16,659	-	4,474,219
NET COST RECOVERABLE THROUGH TIF									
INCREMENTS - DECEMBER 31, 2017	\$ 320,486	\$ 1,133,103	\$ (5,635,484)	\$ 170,383	\$ (34,765)	\$ (42,955)	\$ (981,246)	\$ (118)	\$ (5,070,596)

This schedule was prepared from data recorded in the following funds of the City:

- Tax Incremental District Special Revenue Fund
- Redevelopment Authority Lease Revenue Bond Capital Projects Fund
- Debt Service Fund
- General Obligation Debt Issue Capital Projects Fund

The data was consolidated for purposes of this schedule and, therefore, amounts shown will not directly correlate with the amounts shown in the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
 COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS
 HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES,
 AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
 FROM DATE OF CREATION THROUGH DECEMBER 31, 2017**

	TID NO. 5	TID NO. 6	TID NO. 7	TID NO. 8	TID NO. 9	TID NO. 10	TID NO. 11	TID NO. 12	Total
PROJECT COSTS									
Capital Expenditures	\$ 13,135	\$ 17,976,490	\$ 15,020,526	\$ 1,072,954	\$ 424,559	\$ 88,196	\$ 2,319,921	\$ -	\$ 36,915,781
Administration	5,386	155,599	43,541	21,860	19,932	25,775	79,160	118	351,371
Interest and Fiscal Charges	-	1,345,222	1,098,861	-	21,125	-	77,400	-	2,542,608
Professional Services	-	-	-	-	-	-	-	-	-
Debt Issuance Costs	-	-	-	-	-	-	-	-	-
Developers Grants/Incentive	1,800,000	4,500,000	8,979,368	1,500,000	1,994,000	4,500,000	6,289,096	-	29,562,464
Distribution to Other Taxing Jurisdictions	-	-	-	-	-	-	-	-	-
Total Project Costs	1,818,521	23,977,311	25,142,296	2,594,814	2,459,616	4,613,971	8,765,577	118	69,372,106
PROJECT REVENUES									
Tax Increments	1,892,998	3,627,406	4,001,081	447,363	-	-	11,210	-	9,980,058
Investment Income	3,625	22,708	41,591	28,006	116	-	3,626	-	99,672
Premium on Long-Term Debt	-	263,126	173,736	-	10,147	-	68,532	-	515,541
Grants	-	5,408,646	395,169	-	-	-	-	-	5,803,815
Exempt Computer Aid	83,962	9,298	24,739	2,724	240	-	-	-	120,963
Developer Fees	5,000	68,903	27,880	-	10,621	20,318	22,293	-	155,015
Sale of Land	-	-	-	-	-	-	-	-	-
Distribution from Terminated TID	-	-	-	2,725,777	-	-	-	-	2,725,777
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-
Total Project Revenues	1,985,585	9,400,087	4,664,196	3,203,870	21,124	20,318	105,661	-	19,400,841
NET COST RECOVERABLE THROUGH TIF									
INCREMENTS - DECEMBER 31, 2017	<u>\$ 167,064</u>	<u>\$ (14,577,224)</u>	<u>\$ (20,478,100)</u>	<u>\$ 609,056</u>	<u>\$ (2,438,492)</u>	<u>\$ (4,593,653)</u>	<u>\$ (8,659,916)</u>	<u>\$ (118)</u>	<u>\$ (49,971,383)</u>

This schedule was prepared from data recorded in the following funds of the City:

- Tax Incremental District Special Revenue Fund
- Redevelopment Authority Lease Revenue Bond Capital Projects Fund
- Debt Service Fund
- General Obligation Debt Issue Capital Projects Fund

The data was consolidated for purposes of this schedule and, therefore, amounts shown will not directly correlate with the amounts shown in the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS
SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	TID NO. 5	TID NO. 6	TID NO. 7	TID NO. 8	TID NO. 9	TID NO. 10	TID NO. 11	TID NO. 12	Total
SOURCES OF FUNDS									
Tax Increments	\$ 316,214	\$ 1,582,789	\$ 2,026,448	\$ 406,545	\$ -	\$ -	\$ 11,210	\$ -	\$ 4,343,206
Investment Income	1,975	12,130	21,305	16,544	26	-	3,156	-	55,136
Long-Term Debt Issued	-	-	-	-	-	-	-	-	-
Premium on Long-Term Debt	-	-	-	-	-	-	-	-	-
Municipal Revenue Obligations	-	-	6,979,218	-	-	-	-	-	6,979,218
Grants	-	-	-	-	-	-	-	-	-
Exempt Computer Aid	5,314	3,942	13,914	1,255	240	-	2,293	-	26,958
Developer Fees	-	35,100	2,880	-	621	10,318	-	-	48,919
Sale of Land	-	-	-	-	-	-	-	-	-
Distribution from Terminated TID	-	-	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-
Total Sources of Funds	323,503	1,633,961	9,043,765	424,344	887	10,318	16,659	-	11,453,437
USES OF FUNDS									
Capital Expenditures	-	117,986	230,430	250,944	10,310	37,738	879,358	-	1,526,766
Administration	3,017	27,094	34,332	3,017	14,779	15,535	41,147	118	139,039
Interest on Long-Term Debt	-	355,778	455,901	-	10,563	-	77,400	-	899,642
Principal on Long-Term Debt	-	539,766	950,000	-	-	-	-	-	1,489,766
Principal on Municipal Revenue Obligation	227,613	164,355	-	259,636	-	-	-	-	651,604
Developers Grants/Incentive	-	-	6,979,368	-	-	-	-	-	6,979,368
Professional Services	-	-	-	-	-	-	-	-	-
Debt Issuance Costs	-	-	-	-	-	-	-	-	-
Distribution to Other Taxing Jurisdictions	-	-	-	-	-	-	-	-	-
Total Uses of Funds	230,630	1,204,979	8,650,031	513,597	35,652	53,273	997,905	118	11,686,185
NET CHANGE IN FUND BALANCE	92,873	428,982	393,734	(89,253)	(34,765)	(42,955)	(981,246)	(118)	(232,748)
Beginning Fund Balance	74,191	322,959	(1,002,616)	1,924,385	15,273	(50,698)	905,426	-	2,188,920
ENDING FUND BALANCE	\$ 167,064	\$ 751,941	\$ (608,882)	\$ 1,835,132	\$ (19,492)	\$ (93,653)	\$ (75,820)	\$ (118)	\$ 1,956,172

This schedule was prepared from data recorded in the following funds of the City:
Tax Incremental District Special Revenue Fund
Redevelopment Authority Lease Revenue Bond Capital Projects Fund
Debt Service Fund
General Obligation Debt Issue Capital Projects Fund

**CITY OF WAUWATOSA, WISCONSIN
 COMBINING SCHEDULE OF TAX INCREMENTAL DISTRICTS
 HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
 FROM DATE OF CREATION THROUGH DECEMBER 31, 2017**

	TID NO. 5	TID NO. 6	TID NO. 7	TID NO. 8	TID NO. 9	TID NO. 10	TID NO. 11	TID NO. 12	Total
SOURCES OF FUNDS									
Tax Increments	\$ 1,892,998	\$ 3,627,406	\$ 4,001,081	\$ 447,363	\$ -	\$ -	\$ 11,210	\$ -	\$ 9,980,058
Investment Income	3,625	22,708	41,591	28,006	116	-	3,626	-	99,672
Long-Term Debt Issued	-	12,003,815	14,680,000	-	425,000	-	2,295,000	-	29,403,815
Municipal Revenue Obligations Issued	1,800,000	4,500,000	6,979,218	1,500,000	1,994,000	4,500,000	6,289,096	-	27,562,314
Premium on Long-Term Debt	-	263,126	173,736	-	10,147	-	68,532	-	515,541
Grants	-	5,408,646	395,169	-	-	-	-	-	5,803,815
Exempt Computer Aid	83,962	9,298	24,739	2,724	240	-	-	-	120,963
Developer Fees	5,000	68,903	27,880	-	10,621	20,318	22,293	-	155,015
Sale of Land	-	-	-	-	-	-	-	-	-
Distribution from Terminated TID	-	-	-	2,725,777	-	-	-	-	2,725,777
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-
Total Sources of Funds	3,785,585	25,903,902	26,323,414	4,703,870	2,440,124	4,520,318	8,689,757	-	76,366,970
USES OF FUNDS									
Capital Expenditures	13,135	17,976,490	15,020,526	1,072,954	424,559	88,196	2,319,921	-	36,915,781
Administration	5,386	155,599	43,541	21,860	19,932	25,775	79,160	118	351,371
Interest on Long-Term Debt	-	1,345,222	1,098,861	-	21,125	-	77,400	-	2,542,608
Principal on Long-Term Debt	-	1,010,295	1,790,000	-	-	-	-	-	2,800,295
Principal on Municipal Revenue Obligation	1,800,000	164,355	-	273,924	-	-	-	-	2,238,279
Developers Grants/Incentive	1,800,000	4,500,000	8,979,368	1,500,000	1,994,000	4,500,000	6,289,096	-	29,562,464
Professional Services	-	-	-	-	-	-	-	-	-
Debt Issuance Costs	-	-	-	-	-	-	-	-	-
Distribution to Other Taxing Jurisdictions	-	-	-	-	-	-	-	-	-
Total Uses of Funds	3,618,521	25,151,961	26,932,296	2,868,738	2,459,616	4,613,971	8,765,577	118	74,410,680
NET CHANGE IN FUND BALANCE	167,064	751,941	(608,882)	1,835,132	(19,492)	(93,653)	(75,820)	(118)	1,956,172
Beginning Fund Balance	-	-	-	-	-	-	-	-	-
ENDING FUND BALANCE	\$ 167,064	\$ 751,941	\$ (608,882)	\$ 1,835,132	\$ (19,492)	\$ (93,653)	\$ (75,820)	\$ (118)	\$ 1,956,172
RECONCILIATION OF RECOVERABLE COSTS									
Fund Balance	\$ 167,064	\$ 751,941	\$ (608,882)	\$ 1,835,132	\$ (19,492)	\$ (93,653)	\$ (75,820)	\$ (118)	\$ 1,956,172
Principal Balance of Outstanding Long-Term Debt	-	(10,993,520)	(12,890,000)	-	(425,000)	-	(2,295,000)	-	(26,603,520)
Principal Balance of Municipal Revenue Obligation	-	(4,335,645)	(6,979,218)	(1,226,076)	(1,994,000)	(4,500,000)	(6,289,096)	-	(25,324,035)
NET COST RECOVERABLE THROUGH TIF									
INCREMENTS - DECEMBER 31, 2017	\$ 167,064	\$ (14,577,224)	\$ (20,478,100)	\$ 609,056	\$ (2,438,492)	\$ (4,593,653)	\$ (8,659,916)	\$ (118)	\$ (49,971,383)

This schedule was prepared from data recorded in the following funds of the City:
 Tax Incremental District Special Revenue Fund
 Redevelopment Authority Lease Revenue Bond Capital Projects Fund
 Debt Service Fund
 General Obligation Debt Issue Capital Projects Fund

The data was consolidated for purposes of this schedule and, therefore, amounts shown will not directly correlate with the amounts shown in the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS
DECEMBER 31, 2017**

	Fleet Maintenance	Public Works Building	Risk Management				Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Workers Compensation Insurance	Employee Dental Insurance	Employee Health Insurance			
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 397,668	\$ 290,338	\$ 2,129,714	\$ 1,423,373	\$ 170,142	\$ 5,356,837	\$ 1,201,540	\$ 784,693	\$ 11,754,305
Receivables, Net	6,565	12,822	-	40,000	-	106,561	-	-	165,948
Inventories	196,483	-	-	-	-	-	-	-	196,483
Total Current Assets	600,716	303,160	2,129,714	1,463,373	170,142	5,463,398	1,201,540	784,693	12,116,736
NONCURRENT ASSETS									
Deposit in Cities and Villages									
Mutual Insurance Company	-	-	1,184,453	-	-	-	-	-	1,184,453
Capital Assets:									
Land	-	22,617	-	-	-	-	-	-	22,617
Buildings	-	1,512,322	-	-	-	-	-	-	1,512,322
Machinery and Equipment	12,132,183	20,371	-	-	-	-	929,779	-	13,082,333
Construction in Progress	309,076	-	-	-	-	-	93,873	-	402,949
Less: Accumulated Depreciation	(8,933,960)	(1,305,794)	-	-	-	-	(641,666)	-	(10,881,420)
Total Capital Assets, Net	3,507,299	249,516	-	-	-	-	381,986	-	4,138,801
Total Assets	4,108,015	552,676	3,314,167	1,463,373	170,142	5,463,398	1,583,526	784,693	17,439,990
CURRENT LIABILITIES									
Accounts Payable	7,290	10,427	264,099	354,063	-	509,409	308,953	4,168	1,458,409
Accrued Liabilities	40,176	10,732	-	-	-	-	35,499	10,126	96,533
Due to Other Funds	-	-	-	-	-	94,302	-	-	94,302
Total Current Liabilities	47,466	21,159	264,099	354,063	-	603,711	344,452	14,294	1,649,244
NONCURRENT LIABILITIES									
Accrued Net Other Postemployment Benefits Obligation	-	-	-	-	-	23,650,471	-	-	23,650,471
Total Liabilities	47,466	21,159	264,099	354,063	-	24,254,182	344,452	14,294	25,299,715
NET POSITION									
Net Investment in Capital Assets	3,507,299	249,516	-	-	-	-	381,986	-	4,138,801
Unrestricted	553,250	282,001	3,050,068	1,109,310	170,142	(18,790,784)	857,088	770,399	(11,998,526)
Total Net Position	\$ 4,060,549	\$ 531,517	\$ 3,050,068	\$ 1,109,310	\$ 170,142	\$ (18,790,784)	\$ 1,239,074	\$ 770,399	\$ (7,859,725)

CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND – INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017

	Fleet Maintenance	Public Works Building	Risk Management				Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Workers Compensation Insurance	Employee Dental Insurance	Employee Health Insurance			
OPERATING REVENUES									
Charges for Services and Sales	\$ 2,955,701	\$ 534,560	\$ 530,423	\$ 759,950	\$ 273,319	\$ 8,139,811	\$ 1,590,928	\$ 946,481	\$ 15,731,173
Other Operating Revenues	-	181	-	-	119,815	1,431,970	-	-	1,551,966
Total Operating Revenues	<u>2,955,701</u>	<u>534,741</u>	<u>530,423</u>	<u>759,950</u>	<u>393,134</u>	<u>9,571,781</u>	<u>1,590,928</u>	<u>946,481</u>	<u>17,283,139</u>
OPERATING EXPENSES									
Operation and Maintenance	2,164,877	453,579	355,686	614,036	374,466	9,857,944	1,492,063	770,447	16,083,098
Depreciation	860,351	14,827	-	-	-	-	87,612	-	962,790
Total Operating Expenses	<u>3,025,228</u>	<u>468,406</u>	<u>355,686</u>	<u>614,036</u>	<u>374,466</u>	<u>9,857,944</u>	<u>1,579,675</u>	<u>770,447</u>	<u>17,045,888</u>
Operating Income (Loss)	(69,527)	66,335	174,737	145,914	18,668	(286,163)	11,253	176,034	237,251
NONOPERATING REVENUES (EXPENSES)									
Dividend Income	-	-	50,846	-	-	-	-	-	50,846
Investment Income	-	-	14,320	11,100	1,259	45,803	-	-	72,482
Gain on Sale or Trade of Assets	90,860	-	-	-	-	-	-	-	90,860
Total Nonoperating Revenues (Expenses)	<u>90,860</u>	<u>-</u>	<u>65,166</u>	<u>11,100</u>	<u>1,259</u>	<u>45,803</u>	<u>-</u>	<u>-</u>	<u>214,188</u>
INCOME (LOSS) BEFORE TRANSFERS	21,333	66,335	239,903	157,014	19,927	(240,360)	11,253	176,034	451,439
CAPITAL CONTRIBUTIONS	939,274	30,410	-	-	-	-	10,593	-	980,277
TRANSFERS IN	-	-	77,101	-	-	-	-	-	77,101
TRANSFERS OUT	(876,103)	(13,481)	-	-	-	-	(96,685)	-	(986,269)
CHANGES IN NET POSITION	84,504	83,264	317,004	157,014	19,927	(240,360)	(74,839)	176,034	522,548
Net Position - Beginning of Year	<u>3,976,045</u>	<u>448,253</u>	<u>2,733,064</u>	<u>952,296</u>	<u>150,215</u>	<u>(18,550,424)</u>	<u>1,313,913</u>	<u>594,365</u>	<u>(8,382,273)</u>
NET POSITION - END OF YEAR	<u>\$ 4,060,549</u>	<u>\$ 531,517</u>	<u>\$ 3,050,068</u>	<u>\$ 1,109,310</u>	<u>\$ 170,142</u>	<u>\$ (18,790,784)</u>	<u>\$ 1,239,074</u>	<u>\$ 770,399</u>	<u>\$ (7,859,725)</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND – INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Fleet Maintenance	Public Works Building	Risk Management				Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Workers Compensation Insurance	Employee Dental Insurance	Employee Health Insurance			
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from Customers and Users	\$ -	\$ 534,741	\$ -	\$ -	\$ 119,815	\$ 1,431,970	\$ -	\$ -	\$ 2,086,526
Receipts from Other Funds	2,957,942	-	530,423	759,950	273,591	8,178,004	1,590,928	946,481	15,237,319
Payments to Suppliers	(1,443,023)	(239,112)	(344,877)	(649,456)	(374,466)	(9,585,282)	(702,195)	(538,935)	(13,877,346)
Payments to Employees	(736,753)	(207,942)	(18,309)	(22,323)	-	(158,219)	(479,926)	(226,529)	(1,850,001)
Net Cash Provided (Used) by Operating Activities	778,166	87,687	167,237	88,171	18,940	(133,527)	408,807	181,017	1,596,498
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers from Other Funds	-	-	77,101	-	-	-	-	-	77,101
Transfers to Other Funds	(876,103)	(13,481)	-	-	-	-	(96,685)	-	(986,269)
Net Cash Provided (Used) by Noncapital financing Activities	(876,103)	(13,481)	77,101	-	-	-	(96,685)	-	(909,168)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition and Construction of Capital Assets	-	-	-	-	-	-	(93,873)	-	(93,873)
Proceeds from Sale of Property, Plant, and Equipment	102,576	-	-	-	-	-	-	-	102,576
Net Cash Provided by Capital and Related Financing Activities	102,576	-	-	-	-	-	(93,873)	-	8,703
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest and Dividends Received	-	-	65,166	11,100	1,259	45,803	-	-	123,328
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,639	74,206	309,504	99,271	20,199	(87,724)	218,249	181,017	819,361
Cash and Cash Equivalents - Beginning of Year	393,029	216,132	1,820,210	1,324,102	149,943	5,444,561	983,291	603,676	10,934,944
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 397,668</u>	<u>\$ 290,338</u>	<u>\$ 2,129,714</u>	<u>\$ 1,423,373</u>	<u>\$ 170,142</u>	<u>\$ 5,356,837</u>	<u>\$ 1,201,540</u>	<u>\$ 784,693</u>	<u>\$ 11,754,305</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND – INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Fleet Maintenance	Public Works Building	Risk Management				Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Workers Compensation Insurance	Employee Dental Insurance	Employee Health Insurance			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES									
Operating Income (Loss)	\$ (69,527)	\$ 66,335	\$ 174,737	\$ 145,914	\$ 18,668	\$ (286,163)	\$ 11,253	\$ 176,034	\$ 237,251
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:									
Depreciation Expense	860,351	14,827	-	-	-	-	87,612	-	962,790
(Increase) Decrease:									
Accounts Receivable - Other	2,241	-	-	-	272	(56,109)	-	-	(53,596)
Inventories	(26,715)	-	-	-	-	-	-	-	(26,715)
Accounts Payable	7,290	10,427	(7,500)	(57,743)	-	5,527	308,953	4,168	271,122
Accrued Liabilities	4,526	(3,902)	-	-	-	108,916	989	815	111,344
Due to Other Funds	-	-	-	-	-	94,302	-	-	94,302
Total Adjustments	<u>847,693</u>	<u>21,352</u>	<u>(7,500)</u>	<u>(57,743)</u>	<u>272</u>	<u>152,636</u>	<u>397,554</u>	<u>4,983</u>	<u>1,359,247</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 778,166</u>	<u>\$ 87,687</u>	<u>\$ 167,237</u>	<u>\$ 88,171</u>	<u>\$ 18,940</u>	<u>\$ (133,527)</u>	<u>\$ 408,807</u>	<u>\$ 181,017</u>	<u>\$ 1,596,498</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES									
Capital Assets Contributed by City of Wauwatosa	<u>\$ 939,274</u>	<u>\$ 30,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,593</u>	<u>\$ -</u>	<u>\$ 980,277</u>

**CITY OF WAUWATOSA, WISCONSIN
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2017**

	Private Purpose Trust Funds					Agency Funds			
	Firemen's Special Endowment Fund	Hart Park Senior Center	Bachman Flag Account	Land Conservation Account	Automated License Plate Reader	Total	Special Deposits	Subsequent Year's Tax Roll Collections	Total
ASSETS									
Cash and Investments	\$ 10,801	\$ 60,291	\$ 7,043	\$ 187,796	\$ 10,475	\$ 276,406	\$ 167,160	\$ 66,359,431	\$ 66,526,591
Interest Receivable	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	27,289,432	27,289,432
Total Assets	10,801	60,291	7,043	187,796	10,475	276,406	\$ 167,160	\$ 93,648,863	\$ 93,816,023
LIABILITIES									
Special Deposits	-	-	-	-	-	-	\$ 167,160	\$ -	\$ 167,160
Due to Other Taxing Units	-	-	-	-	-	-	-	93,648,863	93,648,863
Total Liabilities	-	-	-	-	-	-	\$ 167,160	\$ 93,648,863	\$ 93,816,023
NET POSITION - RESTRICTED	\$ 10,801	\$ 60,291	\$ 7,043	\$ 187,796	\$ 10,475	\$ 276,406			

**CITY OF WAUWATOSA, WISCONSIN
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED DECEMBER 31, 2017**

	Private Purpose Trust Funds					
	Firemen's Special Endowment Fund	Hart Park Senior Center	Bachman Flag Account	Land Conservation Account	Automated License Plate Reader	Total
ADDITIONS						
Contributions	\$ -	63,512	\$ 100	\$ -	\$ 6,941	\$ 70,553
Investment Income	287	-	-	-	-	287
Total Additions	<u>287</u>	<u>63,512</u>	<u>100</u>	<u>-</u>	<u>6,941</u>	<u>70,840</u>
DEDUCTIONS	<u>-</u>	<u>3,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,221</u>
CHANGES IN NET ASSETS	287	60,291	100	-	6,941	67,619
Net Position - Beginning of Year	<u>10,514</u>	<u>-</u>	<u>6,943</u>	<u>187,796</u>	<u>3,534</u>	<u>208,787</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,801</u></u>	<u><u>\$ 60,291</u></u>	<u><u>\$ 7,043</u></u>	<u><u>\$ 187,796</u></u>	<u><u>\$ 10,475</u></u>	<u><u>\$ 276,406</u></u>

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	<u>12/31/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2017</u>
PROPERTY TAX AGENCY FUND				
ASSETS				
Cash and Investments	\$ 58,840,036	\$ 66,526,591	\$ 58,840,036	\$ 66,526,591
Taxes Receivable	<u>34,706,070</u>	<u>27,289,432</u>	<u>34,706,070</u>	<u>27,289,432</u>
Total Assets	<u>\$ 93,546,106</u>	<u>\$ 93,816,023</u>	<u>\$ 93,546,106</u>	<u>\$ 93,816,023</u>
LIABILITIES				
Special Deposits	\$ 181,170	\$ 167,160	\$ 181,170	\$ 167,160
Due to Other Taxing Jurisdictions	<u>93,364,936</u>	<u>93,648,863</u>	<u>93,364,936</u>	<u>93,648,863</u>
Total Liabilities	<u>\$ 93,546,106</u>	<u>\$ 93,816,023</u>	<u>\$ 93,546,106</u>	<u>\$ 93,816,023</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of City of Wauwatosa, Wisconsin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

FINANCIAL TRENDS – TABLES 1-4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY – TABLES 5-8

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

DEBT CAPACITY – TABLES 9-13

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – TABLES 14-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION – TABLES 16-18

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides

This page intentionally left blank

City of Wauwatosa
Net Position By Component

For the fiscal years ended December 31, 2008 through 2017

	Fiscal Year			
	2017	2016	2015	2014
Governmental activities:				
Net investment in capital assets (1)	\$ 71,678,472	\$ 63,495,055	66,023,354	57,512,246
Restricted	1,322,268	1,830,471	9,579,876	27,481,090
Unrestricted	(14,739,725)	(8,131,737)	(18,138,426)	(19,136,845)
Total governmental activities net position	<u>58,261,015</u>	<u>57,193,789</u>	<u>57,464,804</u>	<u>65,856,491</u>
Business-type activities:				
Net investment in capital assets	\$ 95,399,607	\$ 87,065,505	87,876,117	79,309,166
Restricted	2,344,924	2,242,818	2,007,667	621,020
Unrestricted	14,130,373	11,193,033	3,149,870	7,680,686
Total business-type activities net position	<u>111,874,904</u>	<u>100,501,356</u>	<u>93,033,654</u>	<u>87,610,872</u>
Primary government:				
Net investment in capital assets (2)	\$ 167,078,079	\$ 150,560,560	153,899,471	136,821,412
Restricted	3,667,192	4,073,289	11,587,543	28,102,110
Unrestricted (2)	(609,352)	3,061,296	(14,988,556)	(11,456,159)
Total primary government net position	<u>170,135,919</u>	<u>157,695,145</u>	<u>150,498,458</u>	<u>153,467,363</u>

Notes (1) The governmental activities net investment in capital assets noted above may exclude long-term debt that was used to purchase capital assets of the business-type activities. The total government-wide net investment in capital assets, net of related debt include this amount as capital related debt.

(2) Net Position restated in 2012 due to GASB 65 reclassifications

Table 1

2013	2012 (2)	2011	2010	2009	2008
64,419,399	58,712,117	56,698,267	55,833,774	54,994,906	52,707,214
17,395,491	24,825,826	27,398,789	22,180,773	18,796,636	14,790,723
(23,244,368)	(18,849,361)	(20,138,732)	(11,643,367)	(10,865,485)	(7,168,151)
58,570,522	64,688,582	63,958,324	66,371,180	62,926,057	60,329,786
71,559,243	72,641,361	68,606,064	67,042,774	61,123,517	59,015,709
440,543	425,000	415,318	499,147	1,061,941	1,849,354
12,854,297	4,938,581	7,514,749	5,521,858	9,059,578	8,186,638
84,854,083	78,004,942	76,536,131	73,063,779	71,245,036	69,051,701
135,978,642	129,296,985	123,247,838	120,820,055	114,061,930	109,666,430
17,836,034	25,250,826	27,814,107	22,679,920	19,858,577	16,640,077
(10,390,071)	(11,854,287)	(10,567,490)	(4,065,016)	250,586	3,074,980
143,424,605	142,693,524	140,494,455	139,434,959	134,171,093	129,381,487

7
 :ss-
 et

City of Wauwatosa
Changes In Net Position

For the fiscal years ended December 31, 2008 through 2017

(accrual basis of accounting)

	Fiscal Year			
	2017	2016	2015	2014
Expenses:				
Governmental activities:				
General government	\$ 7,005,559	\$ 6,197,443	5,598,808	6,859,099
Protection of persons and property	33,938,926	32,359,435	30,656,837	29,206,942
Health and sanitation	3,671,541	3,342,039	3,410,386	3,631,064
Highway and transportation	8,697,116	7,864,442	8,265,216	7,504,667
Education and recreation	5,064,666	4,577,202	4,213,631	4,237,835
Conservation and development	10,014,449	12,192,824	34,709,930	6,641,624
Unclassified	-	-	-	-
Interest and Fiscal Charges	1,909,106	1,971,394	1,614,875	1,979,079
Total gov't activities expenses	<u>70,301,363</u>	<u>68,504,779</u>	<u>88,469,683</u>	<u>60,060,310</u>
Business-type activities:				
Water utility	\$ 7,122,106	\$ 7,134,052	6,731,221	7,075,139
Redevelopment Authority	-	-	-	-
Sanitary Sewer	6,467,574	6,245,363	6,899,271	6,040,772
Storm Water Management	2,437,468	2,223,770	2,234,739	2,121,690
	<u>16,027,148</u>	<u>15,603,185</u>	<u>15,865,231</u>	<u>15,237,601</u>
Total primary government expenses	<u>\$ 86,328,511</u>	<u>\$ 84,107,964</u>	<u>104,334,914</u>	<u>75,297,911</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 1,172,285	\$ 1,269,331	1,242,819	1,220,034
Protection of persons and property	4,631,603	4,997,841	4,809,301	4,150,664
Health and sanitation	171,028	153,304	144,120	191,998
Highway and transportation	148,409	435,494	213,159	249,716
Education and recreation	565,162	523,777	468,652	520,639
Conservation and development	70,968	86,305	84,084	47,144
Operating grants and contributions	3,075,840	4,275,608	3,521,416	3,503,698
Capital grants and contributions	10,456,801	9,056,914	4,802,639	4,528,057
Total governmental activities	<u>20,292,096</u>	<u>20,798,574</u>	<u>15,286,190</u>	<u>14,411,950</u>

Table 2

2013	2012	2011	2010	2009	2008
5,232,823	4,944,296	13,209,633	4,683,203	4,786,054	4,820,311
32,035,870	31,971,250	32,870,560	32,247,555	31,173,278	30,340,469
3,919,856	4,894,825	4,223,730	4,237,761	4,104,118	4,708,113
8,679,402	7,436,831	7,977,042	8,468,588	7,700,286	7,602,439
4,816,367	4,211,093	4,145,124	4,012,813	3,898,894	3,831,659
8,915,617	3,100,189	3,179,740	2,285,173	3,857,241	1,913,106
392,257	390,931	360,293	420,455	648,106	435,769
1,891,502	2,071,819	2,312,246	2,509,908	2,537,079	2,455,668
65,883,694	59,021,234	68,278,368	58,865,456	58,705,056	56,107,534
6,262,927	6,100,282	5,887,434	5,828,672	5,625,115	5,546,938
-	-	-	3,317	-	12,344
5,412,934	6,431,091	5,870,586	6,029,407	5,934,834	5,021,754
2,111,893	1,856,232	1,655,386	1,810,140	1,728,061	1,727,242
13,787,754	14,387,605	13,413,406	13,671,536	13,288,010	12,308,278
79,671,448	73,408,839	81,691,774	72,536,992	71,993,066	68,415,812
1,216,109	1,058,006	1,010,335	982,315	914,713	1,052,309
4,261,916	3,714,073	4,105,038	3,714,901	3,837,375	3,497,907
191,010	196,401	198,065	216,741	201,988	185,781
256,095	183,568	169,087	154,650	118,582	180,722
500,162	567,066	512,083	472,861	417,328	405,655
40,593		24,916	25,751	33,605	14,382
4,122,070		5,564,088	4,338,426	3,284,733	3,928,199
4,552,526		2,669,078	2,687,568	3,827,135	4,359,808
15,140,481	5,719,114	14,252,690	12,593,213	12,635,459	13,624,763

City of Wauwatosa
Changes In Net Position

For the fiscal years ended December 31, 2008 through 2017

(accrual basis of accounting)

	Fiscal Year			
	2017	2016	2015	2014
Business-type activities:				
Charges for services:				
Water utility	\$ 9,155,224	7,913,767	7,629,639	7,232,570
Redevelopment Authority	-	-	-	-
Sanitary Sewer	9,010,959	9,305,133	8,039,368	8,001,660
Storm Water Management	4,825,984	4,367,646	3,911,945	3,372,699
Operating Grants and Contributions	-	-	-	-
Capital grants and contributions	4,313,708	1,115,691	1,151,631	216,219
Total business-type activities	<u>27,305,875</u>	<u>22,702,237</u>	<u>20,732,583</u>	<u>18,823,148</u>
Total primary government	<u>\$ 47,597,971</u>	<u>43,500,811</u>	<u>36,018,773</u>	<u>33,235,098</u>
Net (Expense)/Revenue				
Governmental activities	\$ (50,009,267)	(47,706,205)	(73,183,493)	(45,648,360)
Business-type activities	<u>11,278,727</u>	<u>7,099,052</u>	<u>4,867,352</u>	<u>3,585,547</u>
Total primary Government net (expense)/revenue	<u>\$ (38,730,540)</u>	<u>(40,607,153)</u>	<u>(68,316,141)</u>	<u>(42,062,813)</u>
General Revenues and Other Changes in Net Assets:				
Governmental activities				
Taxes:				
Property taxes, levied for general purposes	\$ 41,314,399	36,285,018	35,328,571	34,522,989
Property taxes, levied for debt service (1)	-	3,867,876	3,882,321	3,493,931
Property taxes, levied for TIF	4,343,206	2,563,673	6,269,468	7,736,036
Other taxes	1,966,144	1,514,953	1,552,948	1,875,735
Intergovernmental revenues not restricted to specific programs	2,631,583	2,925,602	3,569,706	3,392,712
Investment Income	692,056	603,777	558,497	1,047,731
Miscellaneous	-	-	-	-
Gain on sale of capital assets	88,579	-	-	26,572
Transfers	40,526	(325,709)	(7,593)	838,623
Total governmental activities	<u>51,076,493</u>	<u>47,435,190</u>	<u>51,153,918</u>	<u>52,934,329</u>

Notes (1) Starting in fiscal year 2017, property taxes and general purpose were reported combir

(continued)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
7,078,366	6,688,096	6,646,997	6,268,519	6,334,242	6,387,918
-	-	-	-	3,328	-
7,146,181	6,564,362	6,407,642	6,373,824	5,663,700	5,653,414
2,879,393	2,366,304	2,364,806	2,384,661	2,410,239	1,810,003
-	-	-	-	-	-
<u>225,813</u>	<u>581,927</u>	<u>511,431</u>	<u>49,669</u>	<u>378,068</u>	<u>2,022,978</u>
<u>17,329,753</u>	<u>16,200,689</u>	<u>15,930,876</u>	<u>15,076,673</u>	<u>14,789,577</u>	<u>15,874,313</u>
<u>32,470,234</u>	<u>21,919,803</u>	<u>30,183,566</u>	<u>27,669,886</u>	<u>27,425,036</u>	<u>29,499,076</u>
(50,743,213)	(53,302,120)	(54,025,678)	(46,272,243)	(46,069,597)	(42,482,771)
<u>3,541,999</u>	<u>1,813,084</u>	<u>2,517,470</u>	<u>1,405,137</u>	<u>1,501,567</u>	<u>3,566,035</u>
<u>(47,201,214)</u>	<u>(51,489,036)</u>	<u>(51,508,208)</u>	<u>(44,867,106)</u>	<u>(44,568,030)</u>	<u>(38,916,736)</u>
34,255,378	34,395,125	34,155,124	33,577,938	33,607,934	32,731,385
2,776,684	2,160,000	2,400,000	2,250,000	1,920,000	1,775,000
6,678,903	5,725,282	5,958,764	6,287,764	5,766,889	4,510,048
1,474,509	1,494,813	5,693,842	1,457,467	1,254,858	1,399,482
2,617,256	2,631,507	3,049,643	4,314,271	4,831,001	2,620,623
104,428	1,073,904	1,266,017	1,786,277	1,887,512	2,829,099
-	-	-	-	-	-
-	74,449	-	410,965	42,771	84,934
<u>(3,282,005)</u>		<u>(910,568)</u>	<u>(367,316)</u>	<u>(645,097)</u>	<u>(731,608)</u>
<u>44,625,153</u>	<u>47,555,080</u>	<u>51,612,822</u>	<u>49,717,366</u>	<u>48,665,868</u>	<u>45,218,963</u>

: levied for debt service
red.

City of Wauwatosa
Changes In Net Position

For the fiscal years ended December 31, 2008 through 2017

(accrual basis of accounting)

	Fiscal Year			
	2017	2016	2015	2014
General Revenues and Other Changes in Net Assets:				
Business-type activities				
Investment Income	\$ 135,347	42,941	12,068	9,865
Miscellaneous	-	-	-	-
Transfers	(40,526)	325,709	7,593	(838,623)
Total business-type activities	<u>94,821</u>	<u>368,650</u>	<u>19,661</u>	<u>(828,758)</u>
Total primary government	<u>\$ 51,171,314</u>	<u>47,803,840</u>	<u>51,173,579</u>	<u>52,105,571</u>
Change in Net Position				
Governmental activities	\$ 1,067,226	(271,015)	(22,029,575)	7,285,969
Business-type activities	11,373,548	7,467,702	4,887,013	2,756,789
Total primary government	<u>\$ 12,440,774</u>	<u>7,196,687</u>	<u>(17,142,562)</u>	<u>10,042,758</u>

(concluded)

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
25,137	41,857	44,314	46,290	46,671	170,548
-	-	-	-	-	-
<u>3,282,005</u>	<u>(326,467)</u>	<u>910,568</u>	<u>367,316</u>	<u>645,097</u>	<u>731,608</u>
<u>3,307,142</u>	<u>(284,610)</u>	<u>954,882</u>	<u>413,606</u>	<u>691,768</u>	<u>902,156</u>
<u>47,932,295</u>	<u>47,270,470</u>	<u>52,567,704</u>	<u>50,130,972</u>	<u>49,357,636</u>	<u>46,121,119</u>
(6,118,060)	(5,747,040)	(2,412,856)	3,445,123	2,596,271	2,736,192
<u>6,849,141</u>	<u>1,528,474</u>	<u>3,472,352</u>	<u>1,818,743</u>	<u>2,193,335</u>	<u>4,468,191</u>
<u>731,081</u>	<u>(4,218,566)</u>	<u>1,059,496</u>	<u>5,263,866</u>	<u>4,789,606</u>	<u>7,204,383</u>

City of Wauwatosa
Fund Balances, Governmental Funds

For the fiscal years ended December 31, 2008 through 2017
(modified accrual basis of accounting)

	Fiscal Year		
	2017	2016	2015
General Fund:			
Reserved	\$ -	\$ -	-
Unreserved	-	-	-
Nondspendable	2,338,243	2,521,308	2,071,864
Restricted	-	-	-
Committed	-	-	-
Assigned	2,160,016	2,346,541	1,978,281
Unassigned	18,262,288	17,567,603	16,571,597
Total general fund	<u>22,760,547</u>	<u>22,435,452</u>	<u>20,621,742</u>
All Other Governmental Funds:			
Reserved	\$ -	\$ -	-
Unreserved	-	-	-
Nondspendable	-	499,985	1,053,294
Restricted	6,874,203	5,595,822	12,617,348
Committed	-	-	-
Assigned	9,558,658	8,787,327	5,177,695
Unassigned	(2,422)	-	-
Total all other governmental funds	<u>16,430,439</u>	<u>14,883,134</u>	<u>18,848,337</u>
Total all governmental funds	\$ <u>39,190,986</u>	\$ <u>37,318,586</u>	<u>39,470,079</u>

Notes

- (1) GASB accounting standard changed so the after 2010, Fund Balance was no longer reported as Reserved or Unreserved.

Table 3

2014	2013	2012	2011 (1)	2010	2009	2008
-	-	-	-	1,814,809	1,546,856	1,581,084
-	-	-	-	16,624,027	16,589,302	16,390,848
5,608,760	5,621,848	334,387	348,886	-	-	-
-	-	-	-	-	-	-
-	242,849	500,000	982,506	-	-	-
2,284,846	2,302,959	2,351,424	1,400,393	-	-	-
12,032,385	10,898,577	15,839,656	16,928,646	-	-	-
19,925,991	19,066,233	19,025,467	19,660,431	18,438,836	18,136,158	17,971,932
-	-	-	-	975,000	975,000	975,000
-	-	-	-	26,089,860	29,976,196	22,239,754
1,800	59,629	2,059,629	13,139	-	-	-
27,811,038	17,596,944	24,885,738	30,401,900	-	-	-
-	-	-	-	-	-	-
1,140,435	997,713	1,470,697	1,255,163	-	-	-
-	-	-	-	-	-	-
28,953,273	18,654,286	28,416,064	31,670,202	27,064,860	30,951,196	23,214,754
48,879,264	37,720,519	47,441,531	51,330,633	45,503,696	49,087,354	41,186,686

it

City of Wauwatosa
Change in Fund Balances, Governmental Funds
For the fiscal years ended December 31, 2008 through 2017

	Fiscal Year		
	2017	2016	2015
Revenues:			
Taxes	\$ 47,358,607	\$ 44,237,021	47,003,285
Intergovernmental revenues	6,647,919	7,971,623	8,326,309
Licenses & permits	1,923,852	2,185,359	2,178,435
Penalties and forfeitures	1,064,340	1,086,121	1,031,435
Public improvement revenues	751,516	1,149,039	505,954
Public charges for services	3,771,347	3,923,831	3,715,345
Intergovernmental charges for services	1,595,442	1,553,480	1,581,449
Commercial revenues	1,115,087	1,608,196	2,058,879
Total revenues	<u>64,228,110</u>	<u>63,714,670</u>	<u>66,401,091</u>
Expenditures:			
Current			
General government	\$ 6,700,779	\$ 6,086,548	5,624,297
Protection of persons and property	30,957,890	30,275,241	28,998,448
Health and sanitation	3,599,464	3,352,250	3,413,231
Highway and transportation	4,285,759	4,505,666	4,562,105
Education and recreation	4,276,162	3,986,714	3,748,216
Conservation and development	9,487,886	11,446,539	34,275,579
Unclassified	185,860	419,956	407,231
Debt service			
Principal	6,785,990	5,544,897	26,504,637
Interest	2,077,545	2,053,450	1,852,409
Debt issuance expense	-	-	-
Capital Outlay	13,452,406	12,345,157	19,150,370
Total Governmental Fund Expenditures	<u>81,809,741</u>	<u>80,016,418</u>	<u>128,536,523</u>

Table 4

2014	2013	2012	2011	2010	2009	2008
47,232,813	45,185,474	43,775,220	48,207,730	43,675,616	42,656,274	40,524,683
8,879,865	9,137,594	6,764,477	8,382,093	8,593,458	8,346,790	8,567,342
2,068,477	1,719,500	1,371,438	1,482,632	1,135,721	1,104,681	1,140,206
994,421	1,080,323	1,024,231	1,015,512	1,120,205	1,093,594	977,022
687,535	405,240	466,471	526,828	684,410	1,088,206	769,365
3,263,154	3,790,087	3,483,608	3,688,378	3,473,280	3,055,245	2,962,299
1,596,756	1,568,660	1,475,747	1,610,098	1,595,644	1,763,668	1,562,790
1,362,185	527,909	1,487,329	1,680,596	1,914,743	2,132,804	3,191,646
66,085,206	63,414,787	59,848,521	66,593,867	62,193,077	61,241,262	59,695,353
5,823,484	4,785,158	4,607,161	13,103,386	4,401,405	4,542,169	4,555,979
28,361,225	29,143,209	29,282,911	30,104,871	28,766,507	28,876,223	28,419,544
3,627,241	3,741,837	3,950,891	4,103,163	4,058,902	3,989,204	4,598,362
4,920,058	5,383,042	4,809,421	5,449,165	5,402,913	5,167,097	5,219,087
3,746,824	4,166,067	3,689,289	3,629,583	3,584,513	3,591,437	3,555,635
6,322,366	7,556,660	2,993,522	3,389,417	2,980,363	3,981,671	2,936,635
383,261	392,257	390,931	360,293	420,455	648,106	435,769
8,137,991	8,054,402	11,518,306	5,359,445	4,634,380	3,939,768	3,476,076
2,014,970	2,230,080	2,086,725	2,379,499	2,870,692	2,452,794	2,445,805
-	-	-	-	-	-	-
7,896,609	17,318,171	9,357,602	4,089,973	9,472,649	11,281,959	6,437,889
71,234,029	82,770,883	72,686,759	71,968,795	66,592,779	68,470,428	62,080,781

City of Wauwatosa

Change in Fund Balances, Governmental Funds

For the fiscal years ended December 31, 2008 through 2017

	Fiscal Year		
	2017	2016	2015
Excess of Revenues over (under) Expenditures	\$ (17,581,631)	\$ (16,301,748)	(62,135,432)
Other financing sources (uses)			
Long-term debt issued	\$ 17,159,218	\$ 11,782,596	49,045,500
Premium on long-term debt	335,342	362,534	960,273
Current refunding of long term debt	-	-	-
Proceeds from sale of capital assets	100,030	-	-
Transfers in	16,413,049	15,665,368	35,159,856
Transfers out	(14,553,608)	(13,660,243)	(32,439,382)
Total other financing sources (uses)	<u>19,454,031</u>	<u>14,150,255</u>	<u>52,726,247</u>
<u>Net change in fund balance</u>	<u>\$ 1,872,400</u>	<u>\$ (2,151,493)</u>	<u>(9,409,185)</u>
Capitalized expenditures	\$ 12,235,397	\$ 10,526,555	15,855,043
<u>Debt service as a percentage of non-capital expenditures</u>	12.74%	10.93%	25.17%

(concluded)

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
(5,148,823)	(19,356,096)	(12,838,238)	(5,374,928)	(4,399,702)	(7,229,166)	(2,385,428)
14,170,000	7,446,280	6,675,000	6,372,190	18,133,387	14,700,000	4,306,000
149,888	308,530	248,000	234,038			
-	(2,707,520)	-	-	(19,175,689)	-	-
26,572	-	74,449	-	425,482	42,771	79,787
9,536,964	20,182,405	15,023,200	12,483,444	11,890,805	7,912,142	7,827,888
(7,575,856)	(18,302,131)	(13,071,513)	(7,887,807)	(10,457,941)	(7,525,079)	(7,315,472)
<u>16,307,568</u>	<u>6,927,564</u>	<u>8,949,136</u>	<u>11,201,865</u>	<u>816,044</u>	<u>15,129,834</u>	<u>4,898,203</u>
<u>11,158,745</u>	<u>(12,428,532)</u>	<u>(3,889,102)</u>	<u>5,826,937</u>	<u>(3,583,658)</u>	<u>7,900,668</u>	<u>2,512,775</u>
6,775,678	9,753,817	5,854,961	2,339,212	7,549,893	10,976,034	6,073,284
15.75%	14.09%	20.36%	11.11%	12.71%	11.12%	10.57%

City of Wauwatosa

Table 5

Assessed Value and Equalized Value of Taxable Property

For the fiscal years ended December 31, 2008 through 2017

Tax Year	Budget Year	Residential	Commercial	Manufacturing	Personal Property	Total Taxable Assessed Value Including TID	TID Assessed Value	Total Taxable Assessed Value Excluding TID	Assessed Tax Rate
2017	2018	3,277,466,300	2,018,477,400	120,685,000	238,816,800	5,655,445,500	259,183,063	5,396,262,437	\$7.77
2016	2017	3,257,800,100	1,912,473,300	127,268,600	230,857,100	5,528,399,100	174,123,183	5,354,275,917	\$7.68
2015	2016	3,244,068,000	1,782,642,900	129,851,900	202,611,400	5,359,174,200	104,763,774	5,254,410,426	\$7.62
2014	2015	3,231,530,000	1,700,414,000	132,990,100	203,486,800	5,268,420,900	255,792,621	5,012,628,279	\$7.79
2013	2014	3,225,257,800	1,660,469,500	142,537,700	219,465,500	5,247,730,500	310,545,381	4,937,185,119	\$7.69
2012	2013	3,557,809,100	1,532,562,600	150,624,700	236,029,380	5,477,025,780	280,298,768	5,196,727,012	\$7.13
2011	2012	3,575,341,500	1,521,180,400	143,264,800	229,286,590	5,469,073,290	248,531,066	5,220,542,224	\$7.00
2010	2011	3,583,232,400	1,570,482,500	147,382,000	239,912,490	5,541,009,390	264,009,902	5,276,999,488	\$6.92
2009	2010	3,594,851,900	1,660,614,300	85,771,400	218,861,610	5,560,099,210	282,577,089	5,277,522,121	\$6.79
2008	2009	3,598,965,200	1,659,249,900	92,603,100	226,997,540	5,577,815,740	266,982,022	5,310,833,718	\$6.69

Tax Year	Budget Year	Total Taxable Equalized Value Including TID	TID Equalized Value	Total Taxable Equalized Value Excluding TID	Ratio of Assessed To Equalized Value	Equalized Tax Rate
2017	2018	6,155,392,800	282,246,200	5,873,146,600	91.83%	\$7.14
2016	2017	5,699,272,300	179,572,900	5,519,699,400	96.97%	\$7.45
2015	2016	5,543,348,500	107,658,000	5,435,690,500	96.69%	\$7.37
2014	2015	5,350,627,100	259,371,200	5,091,255,900	98.62%	\$7.67
2013	2014	4,932,992,500	291,872,700	4,641,119,800	106.40%	\$8.18
2012	2013	4,963,918,700	254,193,700	4,709,725,000	110.27%	\$7.86
2011	2012	5,243,279,500	238,446,400	5,004,833,100	104.23%	\$7.30
2010	2011	5,462,436,300	256,166,500	5,206,269,800	101.57%	\$7.02
2009	2010	5,610,122,800	285,385,200	5,324,737,600	99.02%	\$6.73
2008	2009	5,645,219,200	272,675,300	5,372,543,900	97.91%	\$6.61

City of Wauwatosa

Table 6

Direct and Overlapping Property Tax Rates

For the fiscal years ended December 31, 2008 through 2017

(Per \$1,000 of Assessed Valuation)

Tax Year	City Direct Rates					Overlapping Rates				
	Base Rate	Debt Service	Library	Parks (1)	Total	Sewer District	County	School District	Technical College District	State of Wisconsin
2017	6.22	0.89	0.47	0.2	7.78	1.88	5.5	7.03	1.37	0
2016	6.12	0.87	0.48	0.21	7.68	1.81	5.25	7.48	1.30	0.17
2015	6.14	0.80	0.47	0.21	7.62	1.80	5.31	7.11	1.30	0.18
2014	6.32	0.79	0.47	0.21	7.79	1.74	5.18	7.22	1.29	0.17
2013	6.31	0.71	0.48	0.19	7.69	1.60	4.82	7.47	2.00	0.16
2012	5.97	0.53	0.45	0.18	7.13	1.47	4.57	7.46	1.92	0.15
2011	6.00	0.41	0.42	0.17	7.00	1.45	4.52	6.91	1.87	0.16
2010	5.89	0.45	0.42	0.16	6.92	1.42	4.39	7.05	1.89	0.17
2009	5.78	0.43	0.41	0.17	6.79	1.33	4.19	6.74	1.93	0.17
2008	5.94	0.34	0.41	-	6.69	1.31	4.01	6.28	1.86	0.17

Notes (1) Parks tax rate was included in the base rate prior to 2009

City of Wauwatosa

Table 7

Principal Property Tax Payers

Current Year and Ten Years Ago

Taxpayer	2017			2008		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value
	Value		Value	Value		Value
Mayfair Mall LLC (Mayfair Shopping Center)	448,729,200	1	8.12%	287,340,510	1	5.15%
Burleigh Mayfair LLC (Mayfair Collection Retail Stores)	92,269,100	2	1.67%			
Wheaton Franciscan Healthcare (Heart Hospital)	56,983,500	3	1.03%	88,704,650	2	1.59%
Bell Marquette I LLC (formerly, GE Healthcare)	56,111,100	4	1.01%	78,538,430	4	1.41%
Nordstrom Inc	40,165,900	5	0.73%			
H-D Capitol Drive LLC (formerly Harley Davidson Inc)	35,715,900	6	0.65%	78,984,600	3	1.42%
Briggs & Stratton Corp.	28,018,700	7	0.51%	25,783,600	5	0.46%
Meijer Stores Limited Partnership	26,842,700	8	0.49%			
J.C. Penney Properties Inc. (formerly J.C. Penney Company)	26,676,700	9	0.48%	23,227,370	7	0.42%
Meadowland Research LLC	26,300,000	10	0.48%			
North Mayfair 8			0.00%	25,740,000	8	0.46%
Bonstores Realty One LLC				25,660,600	6	0.46%
Chestnut Street Properties I LLC (The Reserve)				20,483,100	9	0.37%
Innovation Partners (Research Park 10000 Innovation Drive)				19,605,900	10	0.35%
Total	\$ 837,812,800		15.15%	\$ 674,068,760		12.08%

CHECK

City of Wauwatosa

Table 8

**Property Tax Levies and Collections
Current Year and Nine Years Ago**

Tax Levy Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (1)
2017	41,946,785	19,599,502	46.72%	22,198,010	41,797,512	99.64%
2016	41,106,546	17,392,872	42.31%	23,642,734	41,035,607	99.83%
2015	40,058,445	18,477,349	46.13%	21,550,248	40,027,597	99.92%
2014	39,050,136	17,838,102	45.68%	21,197,536	39,035,638	99.96%
2013	37,949,568	16,887,558	44.50%	21,035,815	37,923,373	99.93%
2012	37,030,421	17,519,851	47.31%	19,510,570	37,030,421	100.00%
2011	36,555,123	17,050,906	46.64%	19,504,217	36,555,123	100.00%
2010	36,555,123	15,773,225	43.15%	20,768,751	36,541,976	99.96%
2009	35,827,935	17,390,008	48.54%	18,416,546	35,806,554	99.94%
2008	35,527,935	14,048,332	39.54%	21,448,760	35,497,092	99.91%

Notes (1) In addition to property taxes for the municipality, the City collects and remits taxes for the state and county governments, as well as for the local school and technical college districts. Taxes are levied in December of each year based upon the assessed value as of January 1st of that year. These funds are budgeted as part of the subsequent year's budget. Real estate taxes can be paid in three installments due January 31st, March 31st, and May 31st. Personal property taxes are due by January 31st. Tax settlements to the other taxing authorities are made following each settlement date. All unpaid real estate taxes as of July 31st are turned over to the County Treasurer for collection. All personal property taxes are retained for collection by the City. The final settlement for real estate taxes is made by the county to each of the other taxing authorities for the balance of their tax levies; therefore, the only uncollected balance included above is for personal property.

City of Wauwatosa

Table 9

**Ratios of Net General Bonded Debt Outstanding
For the fiscal years ended December 31, 2008 through 2017**

Fiscal Year	Total General Bonded Debt (1)	Ratio of Net General Bonded Debt to Equalized Value	Net General Bonded Debt Per Capita
2017	113,858,578	1.85%	2,402.64
2016	109,634,189	1.92%	2,324.73
2015	105,533,579	1.90%	2,247.93
2014	85,407,506	1.60%	1,826.27
2013	70,392,918	1.43%	1,507.02
2012	60,646,553	1.22%	1,309.30
2011	53,190,473	1.01%	1,146.84
2010	40,935,977	0.75%	882.32
2009	46,385,746 (2)	0.83%	1,012.79
2008	57,375,022	1.02%	1,250.55

Notes (1) Includes General Obligation Sewer and Storm Debt, net of Net Position Restricted for Debt Service

(2) Includes Bond Anticipation Notes

City of Wauwatosa

Ratios of Outstanding Debt by Type

For the fiscal years ended December 31, 2008 through 2017

Table 10

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Debt (4)	Bond Premium	Redevelopment Lease Revenue Bond Debt	Municipal Revenue Obligations	Water Debt	Sanitary Sewer Debt	Storm Water Maintenance Debt	Bond Premium			
2017	70,478,195	1,910,861	0	25,324,035	18,705,980	22,346,194	20,239,616	796,315	\$ 159,801,196	N/A	\$ 3,372
2016	66,432,581	1,754,675	-	18,996,421	16,630,502	21,260,828	21,786,074	709,090	\$ 147,570,171	3.86% (2)	3,129
2015	62,229,659	1,563,555	-	16,961,637	13,078,957	21,297,629	20,188,779	468,190	\$ 135,788,406	3.83%	2,892.38
2014	44,772,476	722,485	9,550,000	2,327,957	13,726,559	18,911,959	20,724,027	398,768	\$ 111,134,231	3.26%	2,376.39
2013	35,583,870	677,939	12,050,000	2,984,556	14,173,522	17,503,268	16,329,319	241,489	\$ 99,543,963	2.99%	2,131.33
2012	35,362,686	441,563	14,425,000	1,438,862	10,045,058	8,838,662	15,683,584	100,854	\$ 86,336,269	2.71%	1,863.91
2011	31,552,382	232,549	22,900,000	1,617,472	12,891,168	8,001,108	13,063,266	113,676	\$ 90,371,621	2.95%	1,948.50
2010	28,274,115	-	25,075,000	1,707,994	11,960,359	5,334,385	6,967,118	78,621	\$ 79,397,592	2.67%	1,711.30
2009	31,803,149 (3)	-	27,150,000	1,780,642	4,494,613	6,261,898	7,951,086	-	\$ 79,441,388	2.81%	1,734.53
2008	21,448,559	-	28,525,000	-	5,340,591	6,148,124	7,944,189	-	\$ 69,406,463	2.37%	1,512.78

- Notes**
- (1) Calculated from per capita income times the estimated population for each relative date
 - (2) 2016 estimated per capita income not yet available from Wisconsin Department of Revenue
 - (3) Includes Bond Anticipation Notes
 - (4) Includes State Trust Fund debt where applicable

City of Wauwatosa

Table 11

Legal Debt Margin Information

For the fiscal years ended December 31, 2008 through 2017

Legalized Debt Margin Calculation for Fiscal Year 2016

Equalized valuation	\$ 6,155,392,800
Legal debt limit (5% of equalized valuation)	307,769,640
Less: Long-term debt	<u>113,269,985</u>
Legal debt margin	<u>\$ 194,499,655</u>

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	\$ 307,769,640	284,963,615	277,167,425	267,531,355	\$ 246,649,625	248,195,935	262,163,975	273,121,815	280,506,140	282,260,960
Total net debt applicable to limit	113,269,985	109,709,985	105,533,579	85,407,506	70,392,918	60,646,553	53,190,473	40,935,977	46,385,746	57,375,022
Legal Debt Margin	<u>194,499,655</u>	<u>175,253,630</u>	<u>171,633,846</u>	<u>182,123,849</u>	<u>176,256,707</u>	<u>187,549,382</u>	<u>208,973,502</u>	<u>232,185,838</u>	<u>234,120,394</u>	<u>224,885,938</u>
Total net debt applicable to limit as a percentage of debt limit	<u>36.80%</u>	<u>38.50%</u>	<u>38.08%</u>	<u>31.92%</u>	<u>28.54%</u>	<u>24.43%</u>	<u>20.29%</u>	<u>14.99%</u>	<u>16.54%</u>	<u>20.33%</u>

City of Wauwatosa

Table 12

Direct and Overlapping Governmental Activities Debt

As of December 31, 2017

<u>Governmental Unit</u>	<u>Governmental Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
City of Wauwatosa	\$ 97,713,091 ¹	100.00%	\$ 97,713,091
Milwaukee County	549,391,000	10.02%	55,048,978
Wauwatosa School District	-	100.00%	-
Milwaukee Metro Sewerage District	869,923,198	10.22%	88,906,151
Milwaukee Area Technical College District	100,955,000	8.04%	8,116,782
Total Overlapping	<u>1,520,269,198</u>		<u>152,071,911</u>
 Total Direct and Overlapping Debt	 <u>\$ 1,617,982,289</u>		 <u>\$ 249,785,002</u>

Overlapping debt is allocated based on the City of Wauwatosa's equalized property value, excluding Tax Incremental Districts, as a percentage of the total County's equalized property value.

1) Includes all governmental debt including General Obligation, Lease Revenue and Municipal Revenue Obligations

City of Wauwatosa

Table 13

Revenue Bond Coverage - Water Utility

For the fiscal years ended December 31, 2008 through 2017

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2017	\$ 9,177,595	\$ 5,470,413	\$ 3,707,181	\$ 900,000	\$ 534,678	\$ 1,434,678	2.5840
2016	7,923,520	5,531,971	2,391,549	650,000 *	438,068	1,088,068	2.1980
2015	7,633,949	5,467,058	2,166,891	625,000	451,629	1,076,629	2.0127
2014	7,239,382	5,832,749	1,406,633	425,000	406,604 *	831,604	1.6915
2013	7,084,066	5,033,490	2,050,576	425,000	339,620	764,620	2.6818
2012	6,700,078	5,068,291	1,631,787	400,000	332,215	732,215	2.2286
2011	6,661,612	4,800,326	1,861,286	500,000	421,928	921,928	2.0189
2010	6,282,463	4,876,111	1,406,352	275,000	256,836	531,836	2.6443
2009	6,356,650	4,752,925	1,603,725	830,000	227,230	1,057,230	1.5169
2008	6,490,664	4,641,842	1,848,822	780,000	262,649	1,042,649	1.7732

City of Wauwatosa

Table 14

Demographic and Economic Statistics

For the fiscal years ended December 31, 2008 through 2017

Fiscal Year	Population	Total Personal Income (in millions)	Per Return Personal Income (1)			Unemployment Rates		
			City of Wauwatosa	Milwaukee County	State of Wisconsin	City of Wauwatosa	Milwaukee County	State of Wisconsin
2017	47,389	(2)	(2)	(2)	(2)	3.0%	4.6%	3.4%
2016	47,160	\$ 3,824	\$ 81,077	\$ 49,692	\$ 55,267	3.5%	5.1%	4.1%
2015	46,947	3,548	75,583	48,533	54,227	3.7%	5.8%	4.6%
2014	46,766	3,410	72,920	45,980	52,050	4.2%	6.9%	5.4%
2013	46,710	3,326	71,210	45,620	50,670	5.2%	8.4%	6.7%
2012	46,320	3,190	68,860	44,460	49,900	5.4%	8.6%	7.0%
2011	46,380	3,062	66,020	42,830	47,640	5.7%	9.3%	7.8%
2010	46,396	2,977	64,160	41,932	46,958	6.6%	9.6%	8.3%
2009	45,800	2,822	61,619	41,704	45,372	6.7%	9.6%	8.7%
2008	45,880	2,923	63,718	43,557	47,046	3.8%	5.7%	4.9%

Notes (1) Per Return Personal Income Data from Wisconsin Department of Revenue, Wisconsin Municipal Income Per Return Report.

(2) 2017 estimated per return income not yet available from Wisconsin Department of Revenue

City of Wauwatosa
Principal Employers
Current Year and Nine Years Ago

Table 15

Employer	2017			2008		
	Number of Employees	Rank	Percentage (1) of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Milwaukee Regional Medical Center	15,000	1		10,600	1	
Briggs & Stratton Corp.	1,500	2		2,700	2	
Wauwatosa Unified School District	830	3		865	3	
Bell Marquette I LLC, (formerly, GE Medical Systems, Inc.)	671	4		700	5	
Harley Davidson Inc.	650	5		700	4	
Lutheran Home of the Aging, Inc.	475	6		450	9	
City of Wauwatosa	439	7		461	8	
UnitedHealth Care (formerly, Prime Care Health Plan)	365	8		549	7	
St. Camillus Health System	363	9				
Bostik Findley	333	10				
J.C. Penney Company				680	6	
Grede Foundries Liberty Div.				200	10	
Total	20,626		N/A	17,905		N/A

(1) Total Employment is not available at the City level from the United States Census Bureau.

City of Wauwatosa
City Government Employees by Function/Program (1)
For the fiscal years ended December 31, 2008 through 2017
(full time equivalents)

Function/Program	Fiscal Year		
	2017	2016	2015
General Government			
Courts/City Clerk/Elections	8.34	8.18	8.25
Mayor/Administration	7.51	6.50	5.15
Human Resources	4.50	4.50	4.50
Information Systems	6.00	6.00	6.00
Finance	9.88	9.88	9.88
Assessor	6.00	5.80	5.57
Attorney	3.00	3.00	3.00
Public Safety			
Police Department	119.54	119.04	118.54
Fire Department	103.70	103.00	103.00
Public Works			
Operations	38.41	38.41	39.41
Engineering	20.92	19.92	20.42
Traffic Electrical Maint.	6.28	6.28	6.28
Parks/Forestry	23.66	21.22	19.30
Fleet Maintenance	9.00	9.00	9.00
Municipal Complex	3.00	3.00	3.00
Development	13.50	13.50	12.50
Planning			
Building			
Economic Development			
Health	12.86	13.36	12.63
Library	26.55	26.55	26.55
Water	21.38	21.38	20.38
TOTAL	<u>444.03</u>	<u>438.52</u>	<u>433.36</u>

- Notes**
- (1) Elected Officials other than Mayor are not included.
 - (2) Is the budgeted Full-Time Equivalency Employment amounts for the year 2014.
 - (3) Planning, Building, and Economic Development were consolidated in 2012
 - (4) Municipal Complex previously included in Building.

Table 16

2014 (2)	2013	2012	2011	2010	2009	2008
8.77	8.32	8.15	8.30	8.30	8.80	8.80
5.32	5.32	5.21	5.21	5.21	4.76	4.41
4.50	4.50	4.50	4.50	4.50	4.50	4.50
6.00	5.60	5.60	5.60	5.60	5.60	5.60
9.88	9.56	9.83	10.80	10.80	11.10	11.40
5.57	5.57	5.57	5.57	5.64	5.50	5.50
3.00	3.00	3.00	3.00	3.00	3.00	3.00
119.54	119.39	121.51	121.54	123.43	123.16	122.16
105.00	106.00	106.00	109.00	109.00	112.00	115.00
41.00	42.44	39.94	41.77	41.77	41.77	41.77
18.92	16.92	16.92	16.70	17.70	19.65	17.65
6.28	6.37	6.37	6.98	6.98	6.98	7.01
19.14	19.14	19.14	19.30	19.40	20.40	20.40
9.00	9.44	9.44	9.98	9.98	9.98	9.98
3.00 (4)	3.00	3.00				
12.60 (3)	12.50	13.08				
			3.05	3.05	3.15	3.15
			12.13	12.13	12.13	12.01
			2.05	1.55	1.00	N/A
12.86	13.75	12.93	13.53	13.23	13.23	15.70
26.55	26.55	26.55	26.42	26.42	26.14	26.54
20.38	20.38	20.88	20.80	20.80	20.80	20.80
<u>437.31</u>	<u>437.75</u>	<u>437.62</u>	<u>446.23</u>	<u>448.49</u>	<u>453.65</u>	<u>455.38</u>

City of Wauwatosa
Operating Indicators by Function/Program
For the fiscal years ended December 31, 2008 through 2017

Function/Program	Fiscal Year		
	2017	2016	2015
Public Safety:			
Police:			
Calls for service	34,123	37,715	36,012
Arrests	1,908	2,307	2,123
Index Crimes	1,849	1,990	1,768
Fire:			
EMS responses	4,618	4,290	4,607
Fire inspections (1)	2,637	2,972	2,972
Public Works:			
Solid waste	23,790	30,626	29,326
Recycling - single stream	4,125	5,184	4,820
Sewers cleaned (feet)	320,490	332,001	243,915
Asphalt patched (tons)	958	698	1,104
Crack filler used (gallons)	N/A	N/A	N/A
Trees Pruned	2,329	2,638	1,812
Library			
Circulation	770,141	813,169	810,671
User Visits	344,744	381,932	360,810
Water Utility			
Number of customers	15,507	15,507	15,514
Gallons sold (thousands)	1,317,475	1,372,928	1,372,700
Hydrants flushed	1,678	1,545	628
Health:			
Births	651	608	633
Health Referrals	1,147	1,089	1,391
Engineering:			
Paving (feet)	20,777	6,272	9,860
Storm Sewers (feet)	8,618	6,116	10,974
Sanitary Sewers (feet)	29,334	28,619	58,064
Water Main (feet)	7,515	3,030	14,309

- (1)** Methodology for counting fire inspections changed in 2012 to include on-site inspections as well
(2) Starting in 2015 Library started providing electronic checkouts
(3) In 2015 library gate was out of service for 8 weeks, so actual number is higher, this number was reported to the state

Table 17

	2014	2013	2012	2011	2010	2009	2008
	35,945	31,807	33,788	29,456	30,515	31,401	31,775
	2,371	2,164	2,431	2,540	2,707	2,665	2,382
	1,686	1,776	2,090	2,014	2,014	1,982	1,965
	4,481	4,470	4,359	4,127	3,476	3,475	3,573
	3,846	5,148	N/A	1,315	1,246	1,414	1,600
	28,113	29,762	27,601	25,833	27,530	28,056	30,418
	4,625	5,669	5,453	5,451	5,486	5,312	5,637
	307,944	302,524	511,020	486,814	367,572	306,407	385,841
	861	830	673	656	728	1,245	1,076
	N/A	4,180	N/A	N/A	5,637	5,562	4,074
	2,338	1,882	1,578	1,046	1,396	1,225	1,035
(2)	799,300	837,105	869,049	890,926	896,659	894,678	845,703
(3)	385,627	406,315	430,388	449,964	449,617	458,369	413,233
	15,515	15,513	15,507	15,502	15,505	15,507	15,510
	1,325,223	1,390,683	1,564,276	1,541,665	1,459,089	1,533,466	1,546,078
	492	1,230	1,171	1,256	1,278	1,265	904
	627	599	621	573	602	647	595
	1,459	1,059	1,169	1,028	1,122	1,397	1,077
	15,344	19,610	6,785	8,780	6,414	5,692	15,708
	9,053	24,922	13,373	19,432	1,432	1,432	11,455
	41,591	26,194	34,744	9,218	14,513	4,705	12,946
-		13,409	14,098	12,877	7,730	1,732	651

City of Wauwatosa

Capital Asset Statistics by Function/Program

For the fiscal years ended December 31, 2008 through 2017

Function/Program	Fiscal Year		
	2017	2016	2015
Public Safety			
Fire stations	3	3	3
Fire apparatus	6	6	6
Ambulances	4	4	4
Public Works			
Streets (miles) (1)	159.46	159.39	159.39
Street signs	11,800	11,800	11,800
Street lights	6,050	6,050	6,050
Traffic signals (intersections) (2)	41	41	41
Parks and Recreation			
Number of parks	2	2	2
Acreage of parks	57.69	57.69	57.69
Water Utility			
Miles of water main	203.85	203.53	203.37
Number of hydrants	2235	2197	2192
Storage capacity (millions of gallons)		10.2	10.2

Notes (1) Miles do not include: US 45, US 18, Sth 100, Sth 181, Sth 190, or County Parkways and Roadways in Medical Complex

(2) In the period up to 2011, two signalized intersections have been added, and one has been removed. The change shown from 2006 is net, as actual dates of intersection additions and removals are not known.

Table 18

2014	2013	2012	2011	2010	2009	2008
3	3	3	3	3	3	3
6	6	6	7	7	7	7
4	4	4	6	6	6	6
159.46	159.59	158.61	158.56	158.56	158.56	158.78
11,800	11,800	11,800	11,800	11,800	11,800	11,800
6,050	6,050	6,050	6,050	6,050	6,050	6,050
40	39	39	39	39	39	39
2	2	2	2	2	2	2
57.69	57.69	57.69	57.69	57.69	57.69	57.69
202.69	202.51	200.67	200.11	198.88	198.38	198.15
2166.00	2163	2122	2119	2098	2093	2087
10.20	10.2	10.2	10.2	10.2	10.2	10.2