

OFFICIAL STATEMENT

NEW ISSUE (BOOK ENTRY ONLY)
NOT BANK QUALIFIED

INVESTMENT RATING "Aaa"
MOODY'S INVESTORS SERVICE, INC.

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "LEGAL MATTERS - Tax Exemption" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes. The Bonds will not be designated by the City as "Qualified Tax Exempt Obligations" for purposes of Section 265(b)(3) of the Code.

**CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN**

\$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B

Dated: December 20, 2016

Due: December 1, as shown below

The General Obligation Corporate Purpose Bonds, Series 2016B (the "Bonds") are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The Bonds will be general obligations of the City of Wauwatosa, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Bonds will be issued for the public purposes of paying the cost of street improvement projects, construction of police facilities, acquisition of a fire engine and other equipment of the fire department, sewerage projects, consisting of sanitary sewer improvements, sewerage projects, consisting of storm sewer improvements, providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental District No. 11, regional projects, consisting of remodeling, construction and equipping of the Milwaukee Area Domestic Animal Control Commission (MADACC) facility, park projects and parking lot projects (collectively, the "Project"). See "THE BONDS - Authority for Issuance" for a list of the Projects herein.

The Bonds will mature December 1 in the years and amounts, and bear interest at the rates, as follows:

Year	Amount	Rate	Yield	CUSIP No. 943504 ⁽¹⁾	Year	Amount	Rate	Yield	CUSIP No. 943504 ⁽¹⁾
2017	\$ 970,000	4.000%	1.000%	4X5	2025	\$1,930,000	4.000%	2.630%	5F3
2018	775,000	4.000	1.300	4Y3	2026	1,955,000	3.000	2.720	5G1
2019	450,000	4.000	1.600	4Z0	2027	385,000	3.000	3.000	5H9
2020	700,000	4.000	1.810	5A4	2028	385,000	3.000	3.150	5J5
2021	675,000	4.000	2.030	5B2	2029	385,000	3.125	3.330	5K2
2022	1,280,000	3.000	2.180	5C0	2030	390,000	3.250	3.500	5L0
2023	930,000	3.000	2.330	5D8	2031	390,000	3.500	3.600	5M8
2024	1,180,000	3.000	2.490	5E6	2032	335,000	3.500	3.700	5N6

\$ 990,000 3.625% Term Bond Due December 1, 2034 Yield: 3.800% CUSIP: 9435045Q9
\$1,085,000 3.750% Term Bond Due December 1, 2036 Yield: 3.900% CUSIP: 9435045S5

Principal of the Bonds, payable annually each December 1, commencing December 1, 2017 through 2032, and as term bonds maturing December 1, 2034 and December 1, 2036 (the "Term Bonds"), and interest, payable each June 1 and December 1, commencing June 1, 2017, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

At the option of the City, the Bonds maturing on December 1, 2027 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2026 or on any date thereafter at par plus accrued interest to the date of redemption. In addition, the Term Bonds are subject to annual mandatory redemption by lot as set forth in "THE BONDS - Redemption Provisions."

The Bonds will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

The rates shown herein are the interest rates payable by the City resulting from the bid for the Bonds on December 6, 2016, by the successful bidder. All information concerning the terms of the reoffering of the Bonds, including yields or prices, should be obtained from the successful bidder and not from the City. See "MISCELLANEOUS - Underwriting" herein.

The Bonds are offered when, as and if issued, subject to the receipt of the approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP will also serve as Disclosure Counsel to the City. The Bonds will be available for delivery on or about December 20, 2016, through the facilities of DTC in New York, New York.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS **NOT** A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

December 6, 2016

Fifth Third Securities, Inc.
Underwriter for the Bonds

Hutchinson, Shockey, Erley & Co.
Financial Advisor to the Issuer

⁽¹⁾ See "CUSIP INFORMATION" herein.

Unless otherwise indicated, information contained in this Official Statement is based upon material provided by the City and available at the date of publication of the Official Statement. Certain information contained herein has been obtained from sources other than records of the City, and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the offering of the Bonds and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the operations of the City since the date of this Official Statement.

The Bonds have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

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**CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN**

Kathleen Ehley
Mayor
(Term Expires April 2020)

COMMON COUNCIL

<u>Name</u>	<u>Aldermanic District</u>	<u>Term Expiration</u>
James Moldenhauer	1	April, 2020
Matt Stippich	1	April, 2018
Kathleen Causier	2	April, 2018
John J. Dubinski	2	April, 2020
Tim J. Hanson	3	April, 2018
Nancy Welch	3	April, 2020
Dennis R. McBride	4	April, 2020
Michael G. Walsh	4	April, 2018
Bobby Pantuso	5	April, 2018
Joel Tilleson	5	April, 2020
Allison L. Bryne	6	April, 2018
Kelly Rifelj	6	April, 2020
Cheryl Berdan (President)	7	April, 2020
Jason Kofroth	7	April, 2018
Jason G. Wilke	8	April, 2020
Craig Wilson	8	April, 2018

ADMINISTRATIVE STAFF

James Archambo City Administrator
John Ruggini Finance Director
Carla A. Ledesma City Clerk
Alan R. Kesner City Attorney

BOND AND DISCLOSURE COUNSEL

Quarles & Brady LLP
Milwaukee, Wisconsin

UNDERWRITER

Fifth Third Securities, Inc.
Cincinnati, Ohio

FINANCIAL ADVISOR

Hutchinson, Shockey, Erley & Co.
Milwaukee, Wisconsin
Chicago, Illinois

REGISTRAR AND FISCAL AGENT

Officers of the City
City of Wauwatosa, Wisconsin *

* The contact person for fiscal agent matters is John Ruggini, Finance Director.

MANDATORY REDEMPTION AGENT

Associated Trust Company, National Association
Green Bay, Wisconsin

OFFICIAL STATEMENT
CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN
\$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information in connection with the issuance of \$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B, dated December 20, 2016 of the City of Wauwatosa, Wisconsin (the "City").

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Official Statement is based upon material provided by the City or obtained from other sources and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

All references to material included in this Official Statement not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request.

Information is available, including the City's prior years' financial statements, upon request and upon payment to the City of a charge for any copying, mailing and handling if required, from Mr. John Ruggini, Office of the Finance Director, City of Wauwatosa, 7725 W. North Avenue, Wauwatosa, Wisconsin 53213-0068, telephone (414) 479-8962; jruggini@wauwatosa.net, or from Hutchinson, Shockey, Erley & Co. at (414) 298-9898.

THE BONDS

Purpose

The Bonds will be issued for the public purposes of paying the cost of street improvement projects, construction of police facilities, acquisition of a fire engine and other equipment of the fire department, sewerage projects, consisting of sanitary sewer improvements, sewerage projects, consisting of storm sewer improvements, providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental District No. 11, regional projects, consisting of remodeling, construction and equipping of the Milwaukee Area Domestic Animal Control Commission (MADACC) facility, park projects and parking lot projects (the "Project").

Authority for Issuance

The Bonds are being issued pursuant to Chapter 67, Wisconsin Statutes, initial resolutions authorizing general obligation bonds, in a total amount not to exceed \$18,035,000 (the "Initial Resolutions") adopted by the Common Council on November 1, 2016, and a Resolution Awarding the Sale of \$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B (the "Resolution") adopted by the Common Council on December 6, 2016.

The initial resolutions for the Project are for the following public purposes and in the following not to exceed amounts:

- \$3,590,000 for the public purpose of paying the cost of street improvement projects;
- \$65,000 for the public purpose of paying the cost of construction of police facilities;
- \$985,000 for the public purpose of paying the cost of acquisition of a fire engine and other equipment of the fire department;
- \$3,720,000 for the public purpose of paying the cost of sewerage projects, consisting of sanitary sewer improvements;
- \$4,390,000 for the public purpose of paying the cost of sewerage projects, consisting of storm sewer improvements;
- \$2,400,000 for the public purpose of providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of Tax Incremental District No. 11;

- \$2,325,000 for the public purpose of paying the cost of regional projects, consisting of remodeling, construction and equipping of the Milwaukee Area Domestic Animal Control Commission (MADACC) facility;
- \$10,000 for the public purpose of paying the cost of park projects; and
- \$550,000 for the public purpose of paying the cost of parking lot projects.

Description

The Bonds will be dated December 20, 2016 and will bear interest from their dated date to their respective maturities. Principal of the Bonds will be payable annually on each December 1, commencing December 1, 2017 through 2032, and as Term Bonds maturing on December 1, 2034 and December 1, 2036. Interest will be payable each June 1 and December 1, commencing June 1, 2017.

Sources and Applications of Funds

<u>Sources of Funds</u>	
Par Amount of Bonds	\$ 15,190,000
Net Premium	534,834
Estimated Interest Earnings	<u>12,000</u>
Total	<u>\$ 15,736,834</u>
<u>Applications of Funds</u>	
Cost of the Project	\$ 15,202,000
Underwriter's Discount	81,240
Deposit to the Debt Service Account	<u>453,594</u>
Total	<u>\$ 15,736,834</u>

Sources of Payment for the Bonds

The City is authorized and required by law to levy on all property taxable by the City such *ad valorem* taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

Security for the Bonds

As security for the Bonds, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Bonds. The tax will be levied under the Resolution for collection in each of the years 2017 through 2036 (or monies to pay such debt service will otherwise be appropriated).

The Resolution provides that the tax will be, from year to year, carried onto the tax rolls of the City and collected as other taxes are collected and that the City shall not repeal such levy or obstruct the collection of the tax. Provision is made for reducing the amount of tax carried onto the tax rolls by the amount of any surplus money in the Debt Service Account for the Bonds.

Redemption Provisions

At the option of the City, the Bonds maturing on December 1, 2027 and thereafter shall be subject to redemption prior to maturity on December 1, 2026 or on any date thereafter. Said Bonds shall be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Bonds of a maturity are to be redeemed, selection of the Bonds to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Mandatory Redemption. The Bonds due on December 1, 2034 and December 1, 2036 (the "Term Bonds") shall also be subject to mandatory redemption prior to maturity by lot on December 1 of each of the years and in the amounts set forth below at the price of par plus accrued interest to the date of redemption.

<u>\$990,000 Term Bond due December 1, 2034</u>		<u>\$1,085,000 Term Bond due December 1, 2036</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2033	\$490,000	2035	\$535,000
2034 (maturity)	500,000	2036 (maturity)	550,000

The Term Bonds to be so redeemed in each such year shall be selected by lot from among the Term Bonds of that maturity then outstanding.

Associated Trust Company, National Association, Green Bay, Wisconsin shall act as Mandatory Redemption Agent for the Term Bonds.

Notice of Redemption

Notice of redemption shall be given by facsimile transmission, certified or registered mail, overnight express delivery, electronic transmission or in any other manner required by DTC to DTC or its nominee as the registered owner of the Bonds. Such notice shall be sent not less than 30 days nor more than 60 days prior to the date fixed for redemption. Except as set forth in any undertaking by the City to provide continuing disclosure, the City will not be responsible for mailing notices of redemption to anyone other than DTC or its nominee.

THE RESOLUTIONS

The Initial Resolutions and the Resolution were adopted by the Common Council pursuant to the procedures prescribed by State Statutes. Reference is made to the Initial Resolutions and the Resolution for a complete recital of their terms.

The Initial Resolutions authorize the issuance of the Bonds. The Resolution awards the Bonds to the Underwriter and establishes the form and terms of the Bonds, including the dating, maturity schedule, interest payment dates and redemption provisions, as shown in this Official Statement, and approves the interest rates to be borne by the Bonds. Pursuant to the Resolution, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Bonds. The Resolution establishes, separate and distinct from all other funds of the City, a debt service fund with respect to payment of principal and interest on the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The following information has been furnished by The Depository Trust Company for use in this Official Statement. Neither the City nor the Underwriter takes any responsibility for the accuracy or completeness of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds

with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Registrar and Fiscal Agent

Officers of the City will act as the registrar and fiscal agent for the Bonds.

CUSIP Information

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THE CITY

Introduction

The City is adjacent to the City of Milwaukee in Milwaukee County (the "County"). The City has been a municipal corporation since 1897. It encompasses 13.07 square miles and has a 2016 population estimate of 47,160.

The City has 438.5 full-time equivalent ("FTE") employees, excluding alderpersons.

Transportation

The City is located along two interstate highways, three U.S. highways, and several state highways. The City is also served by passenger and freight railroads and General Mitchell International Airport in the City of Milwaukee.

Common Council

The City has a mayor/alderman form of government with the 16 members of the Common Council elected to serve alternating four-year terms. The Council President is elected to that position by the Council members. The Mayor is also elected for a four-year term and is responsible for conducting the Council meetings.

Board of Public Debt Commissioners

The City created a board of public debt commissioners (the "Board") in May 1938. The Board consists of three resident citizens, the City Finance Director and Assistant Finance Director three of whom shall constitute a quorum. The Mayor appoints, subject to the approval of a majority of the Common Council, three members for rotating three year terms. The members receive no compensation and the Board maintains its own records of proceedings, makes its own rules and provides for its own meetings, except when ordered by the Mayor. The Board oversees the issuance and retirement of municipal bonds issued by the City.

The current Board members are:

John Ruggini, Finance Director
Derik Summerfield, Assistant Finance Director
Marlyn Spear
Steve Kreklow
Vacant position

Administrative Organization

The policies of the City of Wauwatosa are set by the Common Council.

The City Administrator has the responsibility of administering the day-to-day operations of the City and executing the policy decisions of the Common Council.

The Finance Director is responsible for the financial operations of the City and has responsibility for the formulation and enforcement of the budget for all departments.

Services

The City provides the full range of municipal services, including police and fire protection, parks, public works operations, parking, water and sewer utilities, community development, and general administrative services.

Public Safety

The City has a police force of 119.04 FTE positions providing public safety and protection for the City's residents and a fire department of 103 FTEs providing fire protection and ambulance service.

Employee Relations and Collective Bargaining

The following two bargaining units represent the respective number of City employees:

<u>Union/Association</u>	<u>Contract Term</u>	<u>Number of Members</u>
Wauwatosa Professional Firefighter's Association	1/1/14 – 12/31/16	90
Wauwatosa Peace Officers Association	1/1/16 – 12/31/18	73

According to the City, relations between the City and the bargaining units are termed satisfactory.

All eligible City personnel are covered by the Municipal Employment Relations Act (MERA) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with the municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety or transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

Demographic Information

Population

The Wisconsin Department of Administration, Demographic Services Center has estimated the population trends to be as shown in the table below. The City's 2010 Census population is 46,396.

	Estimated <u>2016</u>	Estimated <u>2015</u>	Estimated <u>2014</u>	Estimated <u>2013</u>	Estimated <u>2012</u>
City of Wauwatosa	47,160	46,947	46,766	46,705	46,320
Milwaukee County	948,930	949,795	949,741	950,410	948,322
State of Wisconsin	5,775,120	5,753,324	5,732,981	5,717,110	5,703,525

Source: Wisconsin Department of Administration, Demographic Services Center

Median Age

The median ages for the City, County and State as of the 2010 U.S. Census are as follows:

	<u>Years</u>
City of Wauwatosa	39.8
Milwaukee County	33.6
State of Wisconsin	38.5

Source: U.S. Census Bureau, 2010 Census

Income

Adjusted Gross Income per tax return for the City, County and State for the last five available years are presented in the following table:

<u>Year</u>	<u>City of Wauwatosa</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>
2015	\$ 75,583	\$ 48,533	\$ 54,227
2014	72,920	45,980	52,050
2013	71,210	45,620	50,670
2012	68,860	44,460	49,900
2011	66,020	42,830	47,640

Source: Wisconsin Department of Revenue, Division of Research & Policy

Economic Information

Construction

Construction activity in the City for the last five years is indicated by the construction value of building permits issued, as set forth in the following table:

<u>Year</u>	<u>Construction Value of Building Permits</u>
2016 (through 9/30)	\$ 181,156,995
2015	151,530,889
2014	191,029,545
2013	111,071,060
2012	41,927,585

Source: City

Employment

The Wisconsin Department of Workforce Development, Workforce and Labor Market Information System has estimated the percentage of unemployment to be as follows:

	<u>October 2016</u>	<u>2015 Average</u>	<u>2014 Average</u>	<u>2013 Average</u>	<u>2012 Average</u>	<u>2011 Average</u>
City of Wauwatosa	3.3%	3.7%	4.2%	5.2%	5.4%	5.7%
Milwaukee County	4.6	5.8	6.9	8.4	8.6	9.3
State of Wisconsin	3.5	4.6	5.4	6.7	7.0	7.8

Source: Wisconsin Department of Workforce Development

Average Annual Employment

The table below presents average annual employment by selected categories within Milwaukee County for the last five available years.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
ALL INDUSTRIES	481,625	467,273	465,419	459,677	458,895
Construction	10,464	9,920	9,266	8,889	9,546
Education & Health Services	135,930	132,254	129,552	125,546	126,238
Financial Activities	30,730	31,384	32,056	32,855	33,812
Information	8,913	*	*	*	*
Leisure & Hospitality	49,233	47,569	47,093	46,040	44,420
Manufacturing	52,404	52,042	52,891	53,646	53,202
Natural Resources & Mining	92	75	73	96	90
Other Services	16,715	17,187	17,758	18,986	18,468
Professional & Business Services	77,816	77,736	77,626	74,539	73,065
Public Administration	20,090	20,484	21,009	21,446	21,457
Trade, Transportation, Utilities	79,234	78,622	78,095	77,634	78,597
Unclassified	4	*	*	*	*

* Data suppressed.

Source: Wisconsin Department of Workforce Development

Major Employers

The following table lists the major commercial, industrial and institutional establishments in the City by employment:

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Milwaukee Regional Medical Center	Medical facilities	15,000
Briggs & Stratton Corp.	Small engine manufacturer	1,500
Wauwatosa Unified School District	Education	830
GE Healthcare	Medical equipment and supplies	671
Harley Davidson Inc.	Motorcycle manufacturer	650
Lutheran Home of the Aging, Inc.	Nursing home; assisted living	515
City of Wauwatosa	Municipal government	438.5 FTE
UnitedHealth Care	Insurance	365
St. Camillus Health System	Nursing homes, assisted living	363
Bostik Findley	Adhesives	270

Source: D&B Family Tree, Hoover's, MNI, 2015-2016 Milwaukee Business Journal Book of Lists, and employer websites, October, 2016.

Tax Levies and Collections

Real estate and personal property taxes are levied in December by the Common Council in conjunction with the adoption of the annual budget for the ensuing fiscal year beginning January 1. Levies are based on assessed property values certified on January 1 of the prior year and become a lien on the property at the beginning of the fiscal year. Real estate taxes are payable in full by January 31, or in three installments on January 31, March 31, and May 31. Personal property taxes must be paid in full by January 31. The City Treasurer is responsible for collection of taxes for all taxing purposes on properties within the City through May. On January 15 and February 15 and on the 15th of each month following a month in which an installment payment is due, settlements are made with all taxing entities. On or before August 20, the County pays the City in full for all outstanding real estate taxes due, and assumes responsibility for remaining balances. The City retains responsibility for collection of personal property taxes.

City tax levies for the past five calendar years were as follows:

<u>Year of Collection</u>	<u>City Tax Levies</u>	<u>Levy Rate Per \$1000 of Assessed Valuation</u>
2016	\$40,058,445	\$ 7.62
2015	39,050,136	7.79
2014	37,949,568	7.69
2013	37,030,421	7.13
2012	36,555,123	7.00

The City experiences no real estate tax delinquencies since Milwaukee County is required by State Statute to settle in full with the City on or before August 20 of each year.

Source: City

Mill Rates

The following are the mill rates per \$1,000 of assessed value for the City for the last five collection years.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
State	\$ 0.18	\$ 0.17	\$ 0.16	\$ 0.15	\$ 0.16
County	6.50	6.22	5.75	5.51	5.52
Sewer District	1.80	1.74	1.60	1.47	1.45
Technical College District	1.30	1.29	2.00	1.92	1.87
School District	8.59	8.55	8.81	8.72	8.18
City	7.62	7.79	7.69	7.13	7.00
School and County Tax Credits	<u>(2.67)</u>	<u>(2.37)</u>	<u>(2.26)</u>	<u>(2.20)</u>	<u>(2.27)</u>
Net Tax Rate	\$ 23.33	\$ 23.39	\$ 23.74	\$ 22.70	\$ 21.91
Ratio of Assessed to Equalized Value	96.69%	98.62%	106.4%	110.27%	104.23%

Source: City

Largest Taxpayers for 2015

The table below shows the City's larger taxpayers for 2015.

<u>Name</u>	<u>Type of Property</u>	2015 <u>Assessed Valuation</u>	2015 <u>Equalized Valuation</u>	Net Taxes <u>Due</u>	Percent of City's 2015 Total Equalized <u>Value</u>
Mayfair Mall LLC ¹	Shopping center and office tower	\$422,104,200	\$436,554,100	\$9,846,820	7.88%
Burleigh Mayfair LLC (Mayfair Collection)	Shopping center	59,435,400	61,470,100	1,386,505	1.11%
Bel Marquette I LLC, (GE Healthcare building)	IT, ultrasound & e-commerce functions	55,951,600	57,867,000	1,305,235	1.04%
Wheaton Franciscan Services	Healthcare provider	38,432,700	39,748,400	896,556	0.72%
H-D Capitol Drive LLC	Harley Davidson motorcycles	36,579,900	37,832,100	853,334	0.68%
J.C. Penney Properties Inc.	Warehouse; catalog sales; store	28,265,900	29,233,500	659,385	0.53%
Bonstores Realty One LLC	Boston Store	28,147,300	29,110,900	656,618	0.53%
Briggs & Stratton Corp.	Small engine manufacturer	26,979,000	27,902,600	629,364	0.50%
Innovation Partners LLC	Office building	25,899,100	26,785,700	604,173	0.48%
North Mayfair 8 LLC	Office buildings	<u>24,360,000</u>	<u>25,193,900</u>	<u>568,269</u>	<u>0.45%</u>
	TOTAL	\$746,155,100	\$771,698,300	\$17,406,259	13.92%

¹ Assessment under appeal by taxpayer. See "LEGAL MATTERS - Pending Litigation" herein.

Source: City. Information for 2016 is not yet available.

Equalized Valuations

The City has experienced 14.81% change in equalized value (Tax Increment Value included) over the past five years. This trend is outlined in the table below.

	<u>Including Tax Increment Value</u>	<u>% Change</u>	<u>Excluding Tax Increment Value</u>	<u>% Change</u>
2016	\$5,699,272,300	2.81%	\$5,519,699,400	1.55%
2015	5,543,348,500	3.60	5,435,690,500	6.77
2014	5,350,627,100	8.47	5,091,255,900	9.70
2013	4,932,992,500	(0.62)	4,641,119,800	(1.46)
2012	4,963,918,700	(5.33)	4,709,725,000	(5.90)

Source: State of Wisconsin, Department of Revenue

The equalized value by class of property for 2016 is as follows:

Real Estate	
Residential	\$ 3,355,638,000
Commercial	1,970,253,800
Manufacturing	131,251,900
Total Real Estate	<u>5,457,143,700</u>
Total Personal Property	242,128,600
Total	<u>\$ 5,699,272,300</u>

Source: State of Wisconsin, Department of Revenue

The percentage mix of equalized value by class of property for the past five years was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Real Estate					
Residential	58.88%	60.90%	61.63%	63.92%	63.47%
Commercial	34.57	32.96	31.79	29.14	29.52
Manufacturing	2.30	2.42	2.50	2.73	2.75
Personal Property	<u>4.25</u>	<u>3.72</u>	<u>4.07</u>	<u>4.20</u>	<u>4.26</u>
	100.00%	100.00%	100.00%	100.00%	100.00%
Total Equalized Value (billions)	\$5.699	\$5.543	\$5.351	\$4.933	\$4.964

Source: State of Wisconsin, Department of Revenue

The City has Tax Incremental Districts ("TIDs") created under Wisconsin Statutes Section 66.1105. TID valuations totaling \$179,572,900 have been excluded from the City's tax base for 2016.

<u>TID #</u> ¹	<u>TID Creation Date</u>	<u>Base Value</u>	<u>2016 Current Value</u>	<u>Increment</u>
005	2007	\$ 2,401,800	\$ 15,475,900	\$ 13,074,100
006	2010	26,768,400	92,209,900	65,441,500
007	2013	20,815,000	104,599,900	83,784,900
008	2014	21,713,200	38,522,100	16,808,900
009	2015	5,128,200	4,967,600	*
010	2015	3,970,400	3,882,000	*
011	2015	11,163,400	11,626,900	463,500
			Total	<u>\$179,572,900</u>

¹ Zero or negative increment.

Source: State of Wisconsin, Department of Revenue

CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of December 20, 2016)

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Final Maturity Date</u>	<u>Current Amount Outstanding</u>
G.O. Prom. Notes, Series 2008	5/01/08	\$ 6,200,000	12/01/17	\$ 1,000,000
Taxable G.O. Refunding Bonds, Series 2010A	8/03/10	8,450,000	3/01/24	5,405,000
G.O. Prom. Notes, Series 2011	11/29/11	12,500,000	11/01/21	8,800,000
G.O. Prom. Notes, Series 2012	8/21/12	12,400,000	6/01/22	9,050,000
G.O. Prom. Notes, Series 2013	8/20/13	6,250,000	6/01/23	4,175,000
G.O. Refunding Bonds, Series 2013	8/20/13	3,315,000	12/01/18	1,315,000
G.O. Sewerage Bonds, Series 2013	11/19/13	9,475,000	11/01/33	9,000,000
G.O. Prom. Notes, Series 2014A	12/02/14	16,370,000	12/01/24	13,725,000
Taxable G.O. Prom. Notes, Series 2014B	12/02/14	5,240,000	12/01/24	4,575,000
G.O. Cmnty. Dev. Bonds, Series 2015A	4/01/15	6,200,000	4/01/35	6,150,000
G.O. Corporate Purpose Bonds, Series 2015B	12/01/15	26,375,000	12/01/30	24,075,000
Taxable G.O. Cmnty. Dev. Bonds, Series 2015C	12/01/15	7,400,000	12/01/30	7,250,000
G.O. Corporate Purpose Bonds, Series 2016B ¹	12/20/16	15,190,000	12/01/36	<u>15,190,000</u>
Total General Obligation Debt				109,710,000
Less Remaining 2016 Principal Payments				()
Net General Obligation Debt				<u>\$ 109,710,000</u>

¹ New issue.

General Obligation Debt Service Schedules

	\$6,200,000 G.O. Notes Series 2008 - 5/1/08		\$8,450,000 Taxable G.O. Ref Bonds, Series 2010A - 8/3/10		\$12,500,000 G.O. Notes, Series 2011 - 11/29/11	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	<u>12/01</u>		<u>3/01</u>		<u>11/01</u>	
2016	\$ 1,000,000	\$ 68,750	\$ 550,000	\$ 253,847	\$ 1,100,000	\$ 228,500
2017	1,000,000	35,000	575,000	234,129	1,200,000	206,500
2018			600,000	211,348	1,500,000	182,500
2019			625,000	186,066	2,000,000	152,500
2020			650,000	158,160	2,000,000	102,500
2021			685,000 ⁽¹⁾	127,438	2,100,000	52,500
2022			720,000 ⁽¹⁾	94,420		
2023			755,000 ⁽¹⁾	58,625		
2024			795,000 ⁽¹⁾	19,875		
	<u>2,000,000</u>	<u>103,750</u>	<u>5,955,000</u>	<u>1,343,908</u>	<u>9,900,000</u>	<u>925,000</u>
Less 2016 Payments	<u>1,000,000</u>	<u>68,750</u>	<u>550,000</u>	<u>253,847</u>	<u>1,100,000</u>	<u>228,500</u>
	\$ 1,000,000	\$ 35,000	\$ 5,405,000	\$ 1,090,061	\$ 8,800,000	\$ 696,500

¹ Mandatory redemption amounts.

General Obligation Debt Service Schedules continued

	<u>\$12,400,000 G.O. Notes, Series 2012 - 8/21/12</u>		<u>\$6,250,000 G.O. Notes, Series 2013 - 8/20/13</u>		<u>\$3,515,000 G.O. Ref Bonds, Series 2013 - 8/20/13</u>	
	<u>Principal</u> <u>6/01</u>	<u>Interest</u>	<u>Principal</u> <u>6/01</u>	<u>Interest</u>	<u>Principal</u> <u>12/01</u>	<u>Interest</u>
2016	\$ 900,000	\$ 193,687	\$ 525,000	\$ 109,500	\$ 650,000	\$ 58,950
2017	1,275,000	171,938	625,000	98,000	650,000	39,450
2018	1,550,000	143,687	725,000	84,500	665,000	19,950
2019	1,500,000	113,188	750,000	69,750		
2020	1,575,000	82,437	525,000	54,375		
2021	1,675,000	49,937	500,000	39,000		
2022	1,475,000	16,594	525,000	23,625		
2023	<u>9,950,000</u>	<u>771,468</u>	<u>4,700,000</u>	<u>486,625</u>	<u>1,965,000</u>	<u>118,350</u>
Less 2016 Payments	<u>900,000</u>	<u>193,687</u>	<u>525,000</u>	<u>109,500</u>	<u>650,000</u>	<u>58,950</u>
	\$ 9,050,000	\$ 577,781	\$ 4,175,000	\$ 377,125	\$ 1,315,000	\$ 59,400

	<u>\$9,475,000 G.O. Sewerage Bonds, Series 2013 - 11/19/13</u>		<u>\$16,370,000 G.O. Notes, Series 2014A - 12/2/14</u>		<u>\$5,240,000 Taxable G.O. Notes, Series 2014B - 12/2/14</u>	
	<u>Principal</u> <u>11/01</u>	<u>Interest</u>	<u>Principal</u> <u>12/01</u>	<u>Interest</u>	<u>Principal</u> <u>12/01</u>	<u>Interest</u>
2016	\$ 175,000	\$ 336,938	\$ 925,000	\$ 339,750	\$ 450,000	\$ 121,987
2017	200,000	332,562	1,050,000	330,500	450,000	112,988
2018	250,000	326,563	1,050,000	309,500	450,000	103,987
2019	250,000	319,062	1,425,000	288,500	475,000	94,988
2020	275,000	311,563	1,250,000	260,000	475,000	85,487
2021	325,000	303,312	1,925,000	235,000	475,000	75,513
2022	375,000	293,563	2,850,000	196,500	525,000	64,350
2023	350,000	282,312	2,200,000	125,250	525,000	50,700
2024	625,000	271,813	1,975,000	59,250	1,200,000	36,000
2025	625,000	253,062				
2026	675,000	232,750				
2027	675,000	205,750				
2028	700,000	178,750				
2029	725,000	150,750				
2030	725,000	121,750				
2031	725,000	92,750				
2032	750,000	63,750				
2033	<u>750,000</u>	<u>31,875</u>				
	<u>9,175,000</u>	<u>4,108,875</u>	<u>14,650,000</u>	<u>2,144,250</u>	<u>5,025,000</u>	<u>746,000</u>
Less 2016 Payments	<u>175,000</u>	<u>336,938</u>	<u>925,000</u>	<u>339,750</u>	<u>450,000</u>	<u>121,987</u>
	\$ 9,000,000	\$ 3,771,937	\$ 13,725,000	\$ 1,804,500	\$ 4,575,000	\$ 624,013

General Obligation Debt Service Schedules continued

	<u>\$6,200,000 G.O. Cmnty Dev Bonds, Series 2015A - 4/1/15</u>		<u>\$26,375,000 G.O. Corp. Purp. Bonds, Series 2015B - 12/1/15</u>		<u>\$7,400,000 Taxable G.O. Cmnty Dev Bonds, Series 2015C - 12/1/15</u>	
	Principal		Principal		Principal	
	<u>4/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>
2016	\$ 50,000	\$ 320,953	\$ 2,300,000	\$ 657,687	\$ 150,000	\$ 195,475
2017	150,000	210,719	2,100,000	611,688	475,000	192,100
2018	175,000	205,844	1,750,000	569,687	525,000	181,412
2019	175,000	200,594	2,000,000	534,688	575,000	169,600
2020	175,000	195,344	1,750,000	494,687	625,000	156,663
2021	200,000	188,718	1,275,000	459,688	650,000	142,600
2022	200,000	180,719	1,650,000	434,187	700,000	127,975
2023	200,000	171,719	3,475,000	368,188	700,000	111,525
2024	200,000	161,719	2,425,000	290,000	725,000	93,675
2025	350,000	149,719	2,200,000	229,375	750,000	73,737
2026	375,000	135,218	950,000	168,875	300,000	51,613
2027	400,000	119,719	1,075,000	140,375	300,000	42,312
2028	400,000	103,719	1,100,000	102,750	300,000	32,563
2029	400,000	89,718	1,150,000	69,750	300,000	22,362
2030	425,000	77,344	1,175,000	35,250	325,000	11,863
2031	425,000	64,594				
2032	450,000	51,469				
2033	475,000	37,593				
2034	475,000	23,047				
2035	500,000	7,812				
	<u>6,200,000</u>	<u>2,696,281</u>	<u>26,375,000</u>	<u>5,166,875</u>	<u>7,400,000</u>	<u>1,605,475</u>
Less 2016 Payments	<u>50,000</u>	<u>320,953</u>	<u>2,300,000</u>	<u>657,687</u>	<u>150,000</u>	<u>195,475</u>
	\$ 6,150,000	\$ 2,375,328	\$ 24,075,000	\$ 4,509,188	\$ 7,250,000	\$ 1,410,000

\$15,190,000 G.O. Corporate Purpose
Bonds, Series 2016B - 12/20/16¹

	Principal	
	<u>12/01</u>	<u>Interest</u>
2016		
2017	\$ 970,000	\$ 502,128
2018	775,000	491,306
2019	450,000	460,306
2020	700,000	442,306
2021	675,000	414,306
2022	1,280,000	387,306
2023	930,000	348,906
2024	1,180,000	321,006
2025	1,930,000	285,606
2026	1,955,000	208,406
2027	385,000	149,756
2028	385,000	138,206
2029	385,000	126,656
2030	390,000	114,625
2031	390,000	101,950
2032	335,000	88,300
2033	490,000 ⁽²⁾	76,575
2034	500,000 ⁽²⁾	58,813
2035	535,000 ⁽²⁾	40,688
2036	550,000 ⁽²⁾	20,625
	<u>15,190,000</u>	<u>4,777,779</u>
Less 2016 Payments	<u>-</u>	<u>-</u>
	\$ 15,190,000	\$ 4,777,779

¹ New issue.

² Mandatory redemption amounts.

Total General Obligation Debt

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt Service</u>	<u>Less: Offsetting Revenues¹</u>	<u>Net Total Debt Service</u>
2016	\$ 8,775,000	\$ 2,886,024	\$ 11,661,024	\$ 4,874,531	\$ 6,786,493
2017	10,720,000	3,077,702	13,797,702	5,786,777	8,010,926
2018	10,015,000	2,830,284	12,845,284	5,485,022	7,360,262
2019	10,225,000	2,589,242	12,814,242	5,379,498	7,434,744
2020	10,000,000	2,343,522	12,343,522	5,323,034	7,020,488
2021	10,485,000	2,088,012	12,573,012	5,501,081	7,071,931
2022	10,300,000	1,819,239	12,119,239	5,152,624	6,966,616
2023	9,660,000	1,525,100	11,185,100	4,264,075	6,921,025
2024	9,125,000	1,253,338	10,378,338	3,480,026	6,898,312
2025	5,855,000	991,499	6,846,499	2,009,813	4,836,687
2026	4,255,000	796,862	5,051,862	1,578,813	3,473,050
2027	2,835,000	657,912	3,492,912	1,083,813	2,409,100
2028	2,885,000	555,988	3,440,988	1,077,313	2,363,676
2029	2,960,000	459,236	3,419,236	1,069,813	2,349,424
2030	3,040,000	360,832	3,400,832	1,036,125	2,364,707
2031	1,540,000	259,294	1,799,294	1,002,250	797,044
2032	1,535,000	203,519	1,738,519	993,000	745,519
2033	1,715,000	146,043	1,861,043	955,875	905,168
2034	975,000	81,860	1,056,860	168,563	888,297
2035	1,035,000	48,500	1,083,500	188,125	895,375
2036	<u>550,000</u>	<u>20,625</u>	<u>570,625</u>	<u>181,563</u>	<u>389,063</u>
	\$ 118,485,000	\$ 24,994,636	\$ 143,479,636	\$ 56,591,731	\$ 86,887,905
Less: 2016 Payments	<u>8,775,000</u>	<u>2,886,024</u>	<u>11,661,024</u>	<u>4,874,531</u>	<u>6,786,493</u>
	\$ 109,710,000	\$ 22,108,612	\$ 131,818,612	\$ 51,717,200	\$ 80,101,412

¹ Offsetting revenues includes water, storm sewer and sanitary sewer revenues. The actual amount of these offsetting revenues is not guaranteed. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available.

Total Outstanding Revenue Debt Summary (As of December 20, 2016)

Waterworks System

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Current Amount Outstanding</u>
Revenue Bonds, Series 2010	10/25/10	\$ 7,750,000	1/01/29	\$ 6,425,000
Refunding Revenue Bonds, Series 2011	11/29/11	2,400,000	1/01/22	1,550,000
Revenue Bonds, Series 2013	11/19/13	4,575,000	1/01/34	4,200,000
Revenue Bonds, Series 2016A	6/21/16	4,225,000	1/01/36	<u>4,225,000</u>
		Total Waterworks System Revenue Debt		16,400,000
		Less Remaining 2016 Principal Payments		<u>(-)</u>
		Net Waterworks System Revenue Debt		<u>\$ 16,400,000</u>

Revenue Debt Service Schedules

	<u>\$7,750,000 Waterworks System Rev Bonds, Series 2010 - 10/25/10</u>		<u>\$2,400,000 Waterworks System Rev Ref Bonds, Series 2011 - 11/29/11</u>		<u>\$4,575,000 Waterworks System Rev Bonds, Series 2013 - 11/19/13</u>		<u>\$4,225,000 Waterworks System Rev Bonds, Series 2016A - 6/21/16</u>	
	Principal		Principal		Principal		Principal	
	<u>01/01</u>	<u>Interest</u>	<u>01/01</u>	<u>Interest</u>	<u>01/01</u>	<u>Interest</u>	<u>01/01</u>	<u>Interest</u>
2016	\$ 225,000	\$ 242,187	\$ 225,000	\$ 44,375	\$ 200,000	\$ 153,738	\$ 225,000	\$ 60,018
2017	250,000	235,438	225,000	39,875	200,000	147,737	175,000	109,219
2018	250,000	227,937	250,000	35,375	175,000	141,738	175,000	105,719
2019	275,000	217,938	250,000	29,750	175,000	136,487	175,000	100,469
2020	275,000	206,937	250,000	23,500	200,000	131,238	175,000	96,968
2021	275,000	195,938	275,000	17,250	200,000	125,237	175,000	93,469
2022	275,000	187,687	300,000	9,000	200,000	119,238	200,000	88,219
2023	600,000	176,688			200,000	113,237	200,000	82,219
2024	625,000	157,188			200,000	107,238	200,000	76,218
2025	650,000	136,875			200,000	101,237	200,000	72,219
2026	700,000	110,875			175,000	95,238	200,000	68,219
2027	725,000	86,375			175,000	89,550	200,000	64,219
2028	750,000	61,000			200,000	83,644	225,000	59,718
2029	775,000	31,000			200,000	76,644	225,000	54,375
2030					300,000	68,644	225,000	46,500
2031					325,000 ⁽¹⁾	56,644	225,000	38,625
2032					350,000 ⁽¹⁾	43,643	250,000 ⁽¹⁾	30,750
2033					350,000	29,644	250,000 ⁽¹⁾	23,250
2034					375,000	15,468	250,000 ⁽¹⁾	15,750
2035							275,000 ⁽¹⁾	8,250
2036								
	<u>6,650,000</u>	<u>2,274,063</u>	<u>1,775,000</u>	<u>199,125</u>	<u>4,400,000</u>	<u>1,836,244</u>	<u>4,225,000</u>	<u>1,294,393</u>
Less 2016 Payments	<u>225,000</u>	<u>242,187</u>	<u>225,000</u>	<u>44,375</u>	<u>200,000</u>	<u>153,738</u>	<u>-</u>	<u>-</u>
	\$ 6,425,000	\$ 2,031,876	\$ 1,550,000	\$ 154,750	\$ 4,200,000	\$ 1,682,506	\$ 4,225,000	\$ 1,294,393

¹ Mandatory redemption amounts.

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Total Waterworks System Revenue Debt and Coverage Ratio

	Total Principal	Total Interest	Total Debt Service	Coverage Ratio ¹
2016	\$ 650,000	\$ 440,300	\$ 1,090,300	1.99
2017	900,000	483,068	1,383,068	1.57
2018	850,000	514,269	1,364,269	1.59
2019	875,000	489,894	1,364,894	1.59
2020	900,000	462,144	1,362,144	1.59
2021	925,000	435,393	1,360,393	1.59
2022	950,000	409,394	1,359,394	1.59
2023	1,000,000	378,144	1,378,144	1.57
2024	1,025,000	346,645	1,371,645	1.58
2025	1,050,000	314,330	1,364,330	1.59
2026	1,075,000	278,332	1,353,332	1.60
2027	1,100,000	244,144	1,344,144	1.61
2028	1,150,000	208,863	1,358,863	1.59
2029	1,200,000	167,362	1,367,362	1.58
2030	525,000	123,019	648,019	3.34
2031	550,000	103,144	653,144	3.32
2032	575,000	82,268	657,268	3.30
2033	600,000	60,394	660,394	3.28
2034	625,000	38,718	663,718	3.26
2035	250,000	15,750	265,750	8.15
2036	<u>275,000</u>	<u>8,250</u>	<u>283,250</u>	7.65
	17,050,000	5,603,825	22,653,825	
Less 2016 Payments	<u>650,000</u>	<u>440,300</u>	<u>1,090,300</u>	
	\$ 16,400,000	\$ 5,163,525	\$ 21,563,525	

¹ Coverage based on 2015 net revenues of \$2,166,891.

Debt Ratios

Outstanding general obligation direct debt as a percentage of equalized value and on a per capita basis for the current year as of December 20, 2016, and for the past five years ended December 31 follows:

Year	Ratios of General Obligation Debt to <u>Equalized Valuation and Population</u>				
	Outstanding General Obligation Debt	Equalized Valuation	Percent of <u>Equalized Value</u>	<u>Population</u> ¹	Per <u>Capita</u>
2016	\$ 109,710,000 ²	\$ 5,699,272,300	1.92	47,160	\$ 2,326.34
2015	103,970,024	5,543,348,500	1.88	46,947	2,214.63
2014	84,685,021	5,350,627,100	1.58	46,766	1,810.82
2013	69,714,979	4,932,992,500	1.41	46,705	1,492.67
2012	60,204,990	4,963,918,700	1.21	46,320	1,299.76
2011	52,957,924	5,243,279,500	1.01	46,380	1,141.83

¹ Estimated by the Wisconsin Department of Administration.

² Unaudited (includes the Bonds; less 2016 payments).

Indirect Debt

The indirect general obligation debt of the City as of November 15, 2016 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of November 15, 2016 (Less: 2016 Sinking Funds)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Wauwatosa School District	\$ -	100.00%	\$ -
Milwaukee County	648,079,858	9.45	61,243,547
Milwaukee Metro Sewerage District ¹	875,401,480	9.64	84,388,703
Milwaukee Area Technical College District ²	105,945,000	7.61	8,062,415
			<u>\$ 153,694,664</u>

¹ The Sewerage District made Clean Water Fund Loan ("CWF Loan") draws of \$7,251,000 as of November 2, 2016, and expects to draw an additional approximately \$5,728,000 before year-end. The CWF Loans are supported by the full faith and credit of the Sewerage District.

² The district is anticipating the issuance of \$39.0 million in the next 12 months. The amount is subject to change.

Total Indirect Debt	\$	153,694,664
Indirect Debt Per Capita	\$	3,259
Indirect Debt as a % of Equalized Value		2.70%
Total Direct Debt	\$	109,710,000
Total Direct Debt Per Capita	\$	2,326
Total Direct Debt as a % of Equalized Value		1.92%
Total Direct and Indirect Debt	\$	263,404,664
Total Direct and Indirect Debt Per Capita	\$	5,585
Total Direct and Indirect Debt as a % of Equalized Value		4.62%

Short Term Debt

The City does not issue short-term debt for operational purposes.

Legal Debt Limit

The City has the power to incur indebtedness for City purposes specified by statute (Article 11, Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding five percent of the equalized value of taxable property in the City, as last determined by the State of Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes.

The City's unused borrowing capacity is as follows:

Equalized Value of Taxable Property in the City for 2016	\$	5,699,272,300
Total General Obligation Debt Outstanding as of December 20, 2016	\$	109,710,000
Legal Debt Capacity (5% of Equalized Value)	\$	284,963,615
Unused Margin of Indebtedness	\$	175,253,615
Unused Legal Debt Capacity		61.50%

No Default on City Indebtedness

The City has no record of default on any prior debt repayment obligations.

Future Financings

The City anticipates issuing general obligation debt in 2017. The amount and date are unknown at this time.

FINANCIAL INFORMATION

Annual Budgets

Development of the annual budget begins in May. Developmental budget requests are submitted to the City Administrator and Finance Director in early August. After review by the Mayor and City Administrator, the budget is finalized and submitted to the Budget Committee by the end of August. The Budget Committee completes its review by mid-October and recommends a proposed budget to the Common Council.

In November of each year the Common Council, after conducting public hearings on the budget proposals at which time any resident or taxpayer of the City has an opportunity to be heard, adopts a final budget for the succeeding year and levies taxes for proposed budget purposes. The amounts of taxes so levied, the amounts of the various appropriations and the purposes for such appropriations stated in the final budget (after any alterations made pursuant to the public hearing) may not be changed unless authorized by a vote of two-thirds of the entire membership of the Common Council. Notice of any changes made in the foregoing manner must be published within 10 days thereafter. Failure to give such notice precludes any changes in the budget.

Summaries of the Adopted 2016 General Fund Budget and 2017 General Fund Budget are shown below.

City of Wauwatosa General Fund Budgets

	2016 Adopted <u>Budget</u>	2017 Adopted <u>Budget</u>	Percent of 2017 Adopted <u>Budget Total</u>
REVENUES			
General Property Tax Levy	\$ 37,577,013	\$ 38,552,016	70.03%
Other Taxes	1,506,805	1,575,500	2.86
Special Charges	21,100	19,600	0.04
State Shared Revenues	3,083,849	2,895,483	5.26
State Grants and Aids	1,915,022	2,178,765	3.96
Federal Shared Revenues/Grants	210,988	169,788	0.31
Licenses & Permits	1,362,955	1,505,320	2.73
Fines, Forfeits & Penalties	1,215,000	1,359,901	2.47
Public Charges for Services	2,783,890	3,003,348	5.46
Intergovernmental Charges	1,615,551	1,563,308	2.84
Miscellaneous Revenue	601,890	737,590	1.34
Transfers from Other Funds & Use of Equity			
Transfer from Amortization Fund	400,000	452,000	0.82
Transfer from Water Utility	928,738	1,001,725	1.82
Transfer from T.I.F.	25,000	35,000	0.06
Appropriated Surplus Applied	<u>60,000</u>	<u>-</u>	<u>0.00</u>
TOTAL	<u>\$ 53,307,801</u>	<u>\$ 55,049,344</u>	<u>100.00%</u>
EXPENDITURES			
General Government	\$ 4,921,984	\$ 4,912,986	8.93%
Public Safety	29,705,197	30,950,198	56.22
Transportation – General	4,904,889	4,785,015	8.69
Sanitation	2,097,698	2,093,187	3.80
Health	1,499,869	1,466,993	2.67
Leisure Activities	389,457	464,863	0.84
Conservation & Development	1,917,532	1,899,511	3.45
Non-Departmental & General	988,579	1,000,514	1.82
Transfers to Other Funds & Equity Use:			
Amortization Fund	630,000	685,000	1.24
Debt Service Fund	4,205,767	4,634,105	8.42
Parks Reserve	1,108,093	1,147,871	2.09
Other Funds	850,000	932,000	1.69
Insurance Reserve Funds	<u>88,735</u>	<u>77,101</u>	<u>0.14</u>
TOTAL	<u>\$ 53,307,800</u>	<u>\$ 55,049,344</u>	<u>100.00%</u>

Source: City

Summary of Operations

Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Years Ended December 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUES:			
Taxes	\$ 34,505,008	\$ 33,660,827	\$ 33,466,592
Intergovernmental revenues	4,910,562	4,667,455	4,609,449
Licenses and permits	2,178,435	2,068,477	1,719,500
Penalties and forfeitures	1,031,425	994,421	1,080,323
Public improvement revenues	26,956	34,622	35,045
Public charges for services	3,007,983	2,496,843	3,039,890
Intergovernmental charges for services	1,581,449	1,596,756	1,568,660
Commercial revenues	<u>726,769</u>	<u>1,135,292</u>	<u>251,134</u>
Total Revenues	47,968,587	46,654,693	45,770,593
EXPENDITURES:			
Current			
General government	5,624,297	5,823,484	4,785,158
Protection of persons and property	28,998,448	28,361,225	29,143,209
Health and sanitation	3,413,231	3,627,241	3,741,837
Highway and transportation	4,562,105	4,920,058	5,383,042
Education and recreation	54,294	46,355	49,736
Conservation and development	1,570,493	1,523,209	1,406,508
Unclassified	407,231	383,261	392,257
Capital outlay	<u>180,269</u>	<u>281,180</u>	<u>156,122</u>
Total Expenditures	44,810,368	44,966,013	45,057,869
Excess of Revenues Over (Under) Expenditures	3,158,219	1,688,680	712,724
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Proceeds from sale of capital assets	-	26,572	-
Operating transfers in	884,940	944,360	902,692
Operating transfers out	<u>(3,347,408)</u>	<u>(1,799,854)</u>	<u>(1,574,650)</u>
Net change in fund balances	695,751	859,758	40,766
FUND BALANCES – BEGINNING OF YEAR	<u>19,925,991</u>	<u>19,066,233</u>	<u>19,025,467</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,621,742</u>	<u>\$ 19,925,991</u>	<u>\$ 19,066,233</u>
FUND BALANCES			
Nonspendable	\$ 2,071,864	\$ 5,608,760	\$ 5,621,848
Committed	\$ -	\$ -	\$ 242,849
Assigned	\$ 1,978,281	\$ 2,284,846	\$ 2,302,959
Unassigned	\$ 16,571,597	\$ 12,032,385	\$ 10,898,577

Source: The City's audited financial statements.

Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Years Ended December 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUES:			
Taxes	\$ 47,003,285	\$ 47,232,813	\$ 45,185,474
Intergovernmental revenues	8,326,309	8,879,865	9,137,594
Licenses and permits	2,178,436	2,068,477	1,719,500
Penalties and forfeitures	1,031,436	994,421	1,080,323
Public improvement revenues	505,954	687,535	405,240
Public charges for services	3,715,345	3,263,154	3,790,087
Intergovernmental charges for services	1,581,449	1,596,756	1,568,660
Commercial revenues	<u>2,058,879</u>	<u>1,362,185</u>	<u>527,909</u>
 Total Revenues	 66,401,091	 66,085,206	 63,414,787
EXPENDITURES:			
General government	5,624,297	5,823,484	4,785,158
Protection of persons and property	28,998,448	28,361,225	29,143,209
Health and sanitation	3,413,231	3,627,241	3,741,837
Highway and transportation	4,562,105	4,920,058	5,383,042
Education and recreation	3,748,216	3,746,824	4,166,067
Conservation and development	34,275,579	6,322,366	7,556,660
Unclassified	407,231	383,261	392,257
Debt service			
Principal	26,504,637	8,137,991	8,054,402
Interest	1,852,409	2,014,970	2,230,080
Capital outlay	<u>19,150,370</u>	<u>7,896,609</u>	<u>17,318,171</u>
 Total Expenditures	 128,536,523	 71,234,029	 82,770,883
 Excess of Revenues Over (Under) Expenditures	 (62,135,432)	 (5,148,823)	 (19,356,096)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	49,045,500	14,170,000	7,446,280
Premium on long term debt	960,273	149,888	308,530
Proceeds from sale of capital assets	-	26,572	-
Operating transfers in	35,159,856	9,536,964	20,182,405
Operating transfers out	<u>(32,439,382)</u>	<u>(7,575,856)</u>	<u>(18,302,131)</u>
 Net change in fund balances		 11,158,745	 (9,721,012)
 FUND BALANCES - BEGINNING OF YEAR	 <u>(9,409,185)</u>	 <u>37,720,519</u>	 <u>47,441,531</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 39,470,079</u>	 <u>\$ 48,879,264</u>	 <u>\$ 37,720,519</u>
FUND BALANCES			
Nonspendable	\$ 3,125,158	\$ 5,610,560	\$ 5,681,477
Restricted	\$ 12,617,348	\$ 27,811,038	\$ 17,596,944
Committed	\$ -	\$ -	\$ 242,849
Assigned	\$ 7,155,976	\$ 3,425,281	\$ 3,300,672
Unassigned	\$ 16,571,597	\$ 12,032,385	\$ 10,898,577

Source: The City's audited financial statements.

Annual Financial Statements

A copy of the City's audited financial statements for the fiscal year ended December 31, 2015, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by CliftonLarsonAllen LLP, Milwaukee, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there has been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This is the fourth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

Pension Plan

All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. The total retirement plan contributions (including both the City's and the employees' contributions) for the fiscal years ended December 31, 2014 and December 31, 2013 were \$4,770,997 and \$5,267,429 respectively. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$2,718,895.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2014, the total pension liability of the WRS was calculated as \$89.7 billion and the fiduciary net position of the WRS was calculated as \$92.2 billion, resulting in a net pension asset of \$2.5 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2015, the City reported an asset of \$6,958,029 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2014 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.28327583% of the aggregate WRS net pension asset as of December 31, 2014.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 5-A of the City's Financial Statements for the Year Ended December 31, 2015.

Other Post-Employment Benefits

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the City and have satisfied specified eligibility standards through a single-employer defined benefit plan. As of February 1, 2015, membership of the plan consisted of 450 active plan members and 130 retirees receiving benefits. Such benefits are no longer offered to employees hired on or after January 1, 2015, other than public safety employees.

Pension benefit calculations are required to be updated every two years and prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board. An actuarial study for the City was last completed by Milliman, Inc. in June 2015 with an actuarial valuation date of January 1, 2015.

The City is required to expense the estimated yearly cost of providing post-retirement benefits and such annual accrual expense is referred to as the "annual required contribution." As shown in the City's audited financial statements for Fiscal Year 2015, the annual required contribution for Fiscal Year 2015 was \$4,300,210. For Fiscal Year 2015, contributions to the plan totaled \$2,585,568, which was 60.13% of the annual required contribution. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

As of January 1, 2015, the actuarial accrued liability for benefits was \$47,952,213 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$47,952,213, and a funded ratio of actuarial value of assets to actuarial accrued liability of 0%.

For more detailed information, see Note 5-C of the City's Financial Statements for the Year Ended December 31, 2015.

LEGAL MATTERS

Pending Litigation

The City certifies that there is no pending litigation or threatened litigation, which would restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds or of any proceedings of the City taken with respect to the issuance and sale of the Bonds.

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. The City 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.

Levy Limits

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as

an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

Legal Matters

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is attached hereto as Appendix B "Proposed Form of Legal Opinion for the Bonds."

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

Tax Exemption

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

See Appendix B "Proposed Form of Legal Opinion for the Bonds".

Original Issue Discount

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Bond Premium

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

Not Designated As Qualified Tax-Exempt Obligations

The City will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Exemption From Securities Registration

Wisconsin Statutes, Section 551.201, provides that securities issued by a political subdivision of a state, including the Bonds, are exempt from registration with the Wisconsin Department of Financial Institutions Division of Securities.

Other Covenants of the City

No Arbitrage. The City covenants that no investment will be made which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

Compliance With Federal Tax Laws. The City represents and covenants that the Projects financed by the Bonds will not cause the Bonds to be "private activity bonds" and that it will comply with the provisions of the Internal Revenue Code of 1986, as amended, including the arbitrage rebate requirements of the Code, to the extent necessary to maintain the tax-exempt status of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

MISCELLANEOUS

Rating

The Bonds have been rated "Aaa" by Moody's Investors Service, Inc. ("Moody's").

Concurrently, Moody's maintains its "Aaa" rating on the City's previously issued long-term general obligation debt.

The rating, when issued, reflects only the view of Moody's, and an explanation of the significance of such rating may be obtained therefrom. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either upward or downward, or withdrawn entirely, by Moody's if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertaking described under the heading "Continuing Disclosure" neither the City nor the Underwriter undertake responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

Continuing Disclosure

Undertaking to Provide Continuing Disclosure. In order to assist an Underwriter which will reoffer the Bonds in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Resolution adopted by the Common Council to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Bonds to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the past five years there have been numerous rating changes reported by Moody's Investors Service, S&P Global Ratings and Fitch Ratings affecting municipal bond insurance companies, some of which had insured bonds previously issued by the City. Material event notices of these bond insurer rating changes were not filed by the City, but there was widespread knowledge of these changes in the municipal bond market. Except to the extent the preceding is deemed to be material, in the previous five years the City has not failed to comply in all material respects with any previous undertakings under the Rule. The City has reviewed its continuing disclosure compliance responsibilities to help ensure compliance in the future.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Underwriting

The Bonds were sold by competitive bidding conducted on December 6, 2016.

The award of the Bonds was made to Fifth Third Securities, Inc. (the "Underwriter"). The public reoffering prices or yields of the Bonds may be obtained from the successful Underwriter.

Financial Advisor

Hutchinson, Shockey, Erley & Co., Milwaukee, Wisconsin, is under contract with the City to provide financial advisory services to the City, as well as assistance with the competitive sale of the Bonds on December 6, 2016.

CERTIFICATES CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the Mayor and the Clerk of the City will deliver to the purchaser of the Bonds a certificate stating that, to the best of their knowledge, this Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Bonds, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which this Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made not misleading.

CITY OF WAUWATOSA

By */s/* Carla A. Ledesma
City Clerk

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APPENDIX A

**Audited Financial Statements
of the
City of Wauwatosa
For the Year Ended December 31, 2015**

**CITY OF WAUWATOSA,
WISCONSIN**



Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

CITY OF WAUWATOSA, WISCONSIN
Milwaukee County, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2015

Prepared by:

City of Wauwatosa, Wisconsin Finance Department
John Ruggini, Finance Director

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INTRODUCTORY SECTION



CITY OF WUWATOSA

Finance Department
7725 W. North Avenue
Wauwatosa, WI 53213

June 12, 2016

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, 2015 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, 2015 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 46,947 (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 wastewater treatment 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, 2014. This was the fourth 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 and fiscal staff in the Water Utility 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.

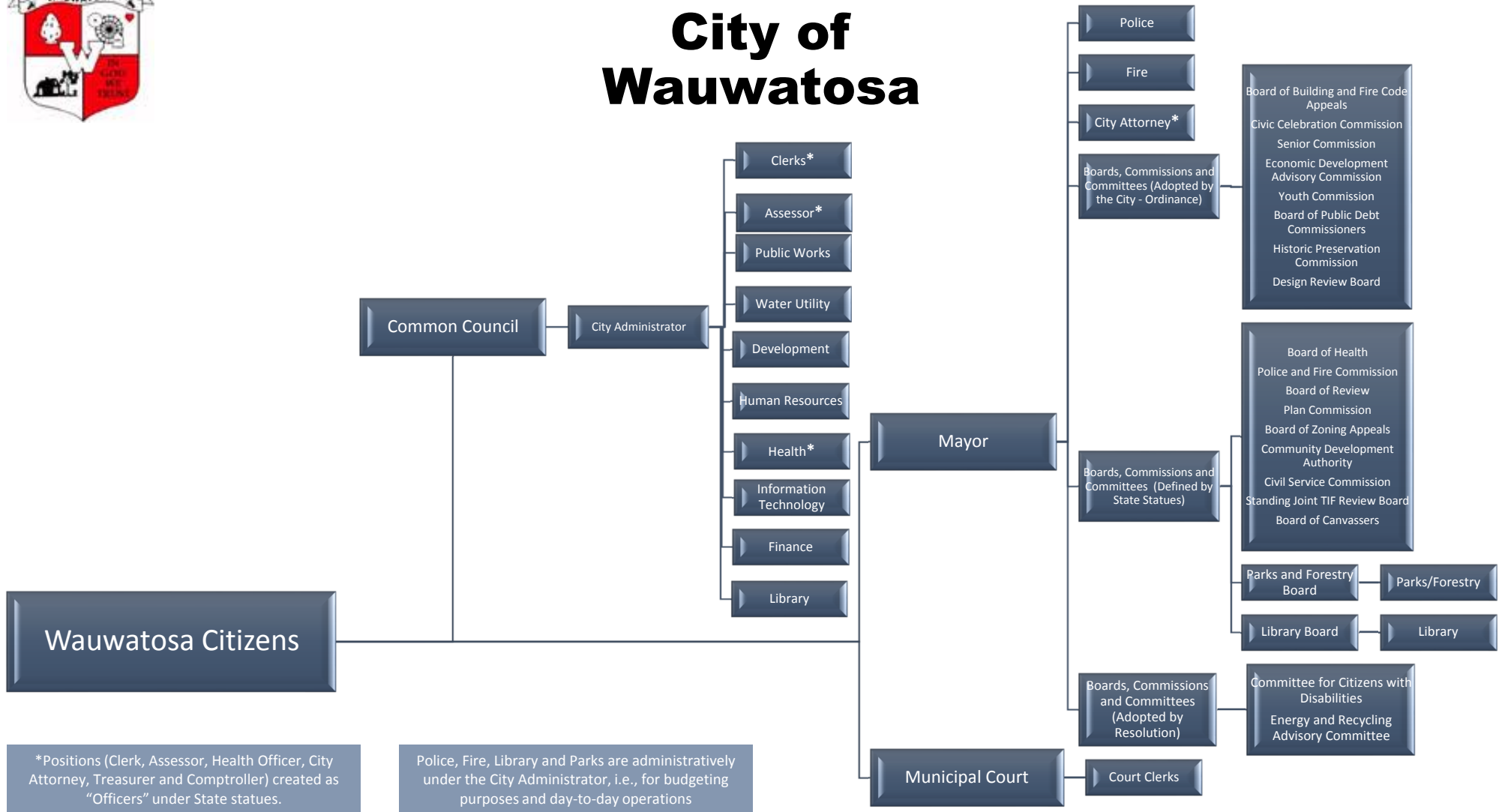
Respectfully submitted,

John Ruggini
Director of Finance

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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, 2015

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	Bobby Pantuso	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
Dennis McBride	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
Mary Murphy	Library Director
Jalal Ali	Information Systems Director
William Porter	Public Works Director
John Ruggini	Finance Director
Robert Ugaste	Fire Chief
Barry Weber	Police Chief
James Wojcehowicz	Water Superintendent

OFFICIALS ISSUING REPORT

John Ruggini	Finance Director
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Government Finance Officers Association

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**City of Wauwatosa
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

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, 2015, 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, Wisconsin as of December 31, 2015, 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.

Emphasis-of-Matter

As discussed in Note 7 to the financial statements, in 2015, the City of Wauwatosa, Wisconsin adopted new accounting guidance, GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. As a result of the implementation, the City of Wauwatosa, Wisconsin reported a restatement for the change in accounting principal. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 10 through 23 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 on page 93 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 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 was 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 is 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2016, 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 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 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 cursive script that reads "Clifton Larson Allen LLP".

Milwaukee, Wisconsin
July 12, 2016

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Management Discussion and Analysis

This section of the City of Wauwatosa's 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, 2015. 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 1-3 of this report.

Financial Highlights

- ◆ The assets of the City of Wauwatosa exceeded its liabilities by \$150,498,458 (net position) as of December 31, 2015.
- ◆ As of December 31, 2015, the City of Wauwatosa's governmental funds reported combined ending fund balances of \$39,470,079. Of this balance, \$16,571,597 is available for spending at the government's discretion (unassigned fund balance)
- ◆ At the end of the current fiscal year, \$16,571,597 of unassigned fund balance for the general fund is equal to 34% of general fund expenditures and transfers out.
- ◆ The City's net Other Post Employment Benefit (OPEB) obligation increased \$1,285,690 to \$22,818,829.
- ◆ Total governmental activities debt increased \$22,540,863 to \$79,191,296 while business-type debt increased \$1,202,820 to \$54,565,365. Governmental activities debt increased due to general obligation debt issued for Tax Increment District financing and infrastructure replacement as well as \$14,633,680 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 a 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 and liabilities and deferred inflows, 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 receivables 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, public safety, public works, health and sanitation, and culture and recreation. The business-type activities of the City of Wauwatosa include the Water Utility, Redevelopment Authority, Sanitary and Storm Water Management.

The government-wide financial statements include the activities of the City of Wauwatosa itself (known as the *primary government*). The Water Utility, although legally separate, functions for all practical purposes as a department of the City of Wauwatosa, and therefore has been included as an integral part of the primary government.

The Government-wide financial statements can be found on pages 24-25.

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 thirteen 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, Capital Projects General Obligation Debt Issue Fund, and the Tax Incremental Fund, which are considered to be major funds. Data from the other nine 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 26-30.

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). The City of Wauwatosa reports the health, dental and workers compensation as one fund for financial statement purposes. 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 31-34.

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 35-36.

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 37-92.

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 and statistical information can be found on pages 93-135.

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 exceeded liabilities and deferred inflows by \$150,498,458 at the close of 2015 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, 2015

	Governmental Activities		Busines Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets and deferred outflows of resources						
Other assets	\$ 109,776,293	\$ 113,015,488	\$ 12,236,605	\$ 19,950,956	\$ 122,012,898	\$ 132,966,444
Capital assets	99,453,728	88,942,837	138,706,568	123,840,649	238,160,296	212,783,486
Deferred outflows of resources	7,027,854	-	278,083	-	7,305,937	-
Total assets and deferred outflows of resources	<u>216,257,875</u>	<u>201,958,325</u>	<u>151,221,256</u>	<u>143,791,605</u>	<u>367,479,131</u>	<u>345,749,930</u>
Liabilities and deferred inflows of resources						
Current liabilities	\$ 10,324,754	\$ 9,547,164	\$ 3,804,047	\$ 3,044,420	\$ 14,128,801	\$ 12,591,584
Noncurrent liabilities	105,822,814	81,210,183	54,383,555	53,136,313	160,206,369	134,346,496
Deferred inflows of resources	42,645,503	45,344,487	-	-	42,645,503	45,344,487
Total liabilities and deferred inflows of resources	<u>158,793,071</u>	<u>136,101,834</u>	<u>58,187,602</u>	<u>56,180,733</u>	<u>216,980,673</u>	<u>192,282,567</u>
Net position						
Net investment in capital assets	\$ 66,023,354	\$ 57,512,246	\$ 87,876,117	\$ 79,309,166	\$ 153,899,471	\$ 136,821,412
Restricted	9,579,876	27,481,090	2,007,667	621,020	11,587,543	28,102,110
Unrestricted	(18,138,426)	(19,136,845)	3,149,870	7,680,686	(14,988,556)	(11,456,159)
Total net position	<u>57,464,804</u>	<u>65,856,491</u>	<u>93,033,654</u>	<u>87,610,872</u>	<u>150,498,458</u>	<u>153,467,363</u>

Change in Net Position

Net position of the City of Wauwatosa decreased by \$2,968,905 (-1.9%) in 2015 as the decrease in governmental net position offset the increase in the business-type net position. Net position of the City's governmental activities totaled \$57,464,804 as of December 31, 2015, a decrease of \$8,391,687. The City's unrestricted net position for governmental activities is negative due to development incentives, including Municipal Revenue Obligations, 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 \$93,033,654, an increase of \$5,422,782 (6.2%). Following is a summary of the changes in net position for the City of Wauwatosa.

Governmental Activities

Governmental activities for 2015 decreased the City's net position by \$8,391,687 as detailed above. 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 increased \$581,940 largely due to an increase in charges related to the protection of persons and property. Charges for ambulance services increased \$545,679 to \$1,479,393 due to a one-time write-off of bad debt in 2014.
- ◆ Property tax revenue decreased \$272,596. This was largely the result of closing Tax Increment District 3 in 2014 which resulted in a decrease of \$2,029,387 in property tax increment. This offset a 2.9% property tax levy increase which raised \$1,100,570 as well as increases in Tax Increment in Districts 6 and 7.
- ◆ Intergovernmental grants not restricted to specific programs as a result of an increase in exempt computer aid related to the TIF districts.
- ◆ Investment revenue decreased \$489,234 due in large part to the investment rate environment in 2013 which produced a significant reduction in the mark-to-market value.

As the City resets its portfolio value each year, this resulted in a significant swing in the other direction for 2014. The mark-to-market swing in 2015 was not as extreme.

Expenses

- ◆ General government decreased \$1,260,291. This is largely the result of a decrease in capital outlay that was reported in the general government function in the statement of activities.
- ◆ Protection of persons and property increased largely due to increases in wages and benefits which resulted in over \$600,000 of increased expenses, and capital outlay that was reported in the public safety function in the statement of activities
- ◆ Conservation and Development increased \$28,068,306 largely due to Tax Incremental District related expenditures. \$14,920,500 in Municipal Revenue Obligations were issued related to economic development projects. These obligations are treated as long-term debt although they are repaid through property taxes paid by the developer. In addition, \$8.9 million was paid to the overlapping taxing jurisdictions representing their share in the fund balance remaining when Tax Increment District 2 – the Research Park was closed. Finally, approximately \$3.7 million was expensed for developer improvements of non-City owned assets. These included parking structures in Tax Increment District 6 and 7

Figure 2
CHANGE IN NET POSITION- GOVERNMENTAL ACTIVITIES
For The Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 6,962,135	\$ 6,380,195	581,940
Operating grants	3,521,416	3,503,698	17,718
Capital grants/ contributions	4,802,639	4,528,057	274,582
General Revenues:			
Property taxes	45,480,360	45,752,956	(272,596)
Other taxes	1,552,948	1,875,735	(322,787)
Grants not restricted to specific programs	3,569,706	3,392,712	176,994
Investments	558,497	1,047,731	(489,234)
Gain -sales/disposal of capital assets	-	26,572	(26,572)
Total revenues	<u>\$ 66,447,701</u>	<u>\$ 66,507,656</u>	<u>(59,955)</u>
Expenses:			
General government	\$ 5,598,808	\$ 6,859,099	(1,260,291)
Protection of persons and property	30,656,837	29,206,942	1,449,895
Health and sanitation	3,410,386	3,631,064	(220,678)
Highway and transportation	8,265,216	7,504,667	760,549
Education and recreation	4,213,631	4,237,835	(24,204)
Conservation and development	34,709,930	6,641,624	28,068,306
Interest and fiscal charges	1,614,875	1,979,079	(364,204)
Total gov't activities expense	<u>\$ 88,469,683</u>	<u>\$ 60,060,310</u>	<u>28,409,373</u>
Increase (decrease) in net assets before transfers			
	\$ (22,021,982)	\$ 6,447,346	(28,469,328)
Net Transfers	(7,593)	838,623	(846,216)
Change in net position	<u>\$ (22,029,575)</u>	<u>\$ 7,285,969</u>	<u>(29,315,544)</u>
Net position- beginning	65,856,491	58,570,522	7,285,969
GASB 68 restatement	13,637,888	-	13,637,888
Net position- beginning, restated	<u>79,494,379</u>	<u>58,570,522</u>	<u>20,923,857</u>
Net position- ending	<u>\$ 57,464,804</u>	<u>\$ 65,856,491</u>	<u>(8,391,687)</u>

Business Activities

Business activities for 2015 increased the City's net position by \$5,422,782 as detailed above. 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 water, sanitary and storm rate increases necessary to fund increasing capital improvement costs associated with aging infrastructure. Water rates increased 1.5%, sanitary rates increased 9.9% and storm rates increased 16.0%.
- ◆ The \$935,412 increase in capital grants and contributions is largely the result of several Wisconsin Department of Transportation projects which improved Wauwatosa assets.

Expenses

- ◆ Water expenses decreased 4.9% largely due to a significant reduction in the amount spent on water main repairs as compared to 2014 when severe winter weather caused a record number of water main breaks which were repaired in part by private contractors.
- ◆ Sanitary expenses increased 14.2% as expenses charged by the Milwaukee Metropolitan Sewerage District to treat sanitary sewage rose \$259,717. An additional \$360,405 was spent on the private lateral pilot project and depreciation expense increased \$81,417.
- ◆ In 2015 a transfer of contributed capital from the Sanitary Reserve to the General Fund largely offset a transfer of contributed capital from the Tax Increment District Special Revenue Fund. In both cases the contributed capital was related to the transfer of the value of fixed assets each fund had paid for. In 2014, the contributed capital into the Business Type funds exceed the transfer out. As a result, transfers increased \$846,216 from 2014 to 2015.

Figure 3
CHANGE IN NET POSITION- BUSINESS ACTIVITIES
For The Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 19,580,952	\$ 18,606,929	974,023
Capital grants/ contributions	1,151,631	216,219	935,412
General Revenues:			
Investments	12,068	9,865	2,203
Total revenues	<u>\$ 20,744,651</u>	<u>\$ 18,833,013</u>	<u>1,911,638</u>
Expenses:			
Water Utility	\$ 6,731,221	\$ 7,075,139	(343,918)
Sanitary sewer	6,899,271	6,040,772	858,499
Storm water management	2,234,739	2,121,690	113,049
Total business activities expense	<u>\$ 15,865,231</u>	<u>\$ 15,237,601</u>	<u>627,630</u>
Increase (decrease) in net assets before transfers	\$ 4,879,420	\$ 3,595,412	1,284,008
Net Transfers	7,593	(838,623)	846,216
Change in net position	<u>\$ 4,887,013</u>	<u>\$ 2,756,789</u>	<u>2,130,224</u>
Net position- beginning	87,610,872	84,854,083	2,756,789
GASB 68 restatement	535,769	-	535,769
Net position- beginning, restated	<u>88,146,641</u>	<u>84,854,083</u>	<u>3,292,558</u>
Net position- ending	<u>\$ 93,033,654</u>	<u>\$ 87,610,872</u>	<u>5,422,782</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, 2015, the City of Wauwatosa's governmental funds reported combined ending balances of \$39,470,079 a decrease of \$9,409,185 from the prior year. This decrease is due to several factors described below and presented in Figure 4.

- The largest factor was the closure of Tax Increment District 2 – Research Park. As part of the closure, the remaining fund balance in that District which totaled \$13.01 million was distributed to the overlapping taxing entities with the City's portion being transferred

to other funds. This was offset in the TIF special revenue fund by unspent bond proceeds in districts 6 and 7 but still resulted in a \$11.9 million decrease.

- The General Fund balance increased \$695,751 to \$20,621,742. This was largely the result of a continued high level of building activity producing permit revenue surplus, salary savings due to vacancies in public safety and engineering. It is important to note that the non-spendable balance decreased from \$5.6 million to \$2.1 million as the internal advance to Tax Increment District Six in lieu was refinanced with long-term debt. This was refinanced in early 2015. This contributed to the increase in unassigned fund balance to \$16,571,597 of which \$7,798,020 is held in the Amortization Fund but considered unassigned.
- The \$354,248 of fund balance in the Debt Service fund represents bond premium that will be used for 2017 debt service. The \$1.9 million reduction in fund balance is the result of the retirement of the Covenant lawsuit settlement borrowing.
- The Parks Fund increased by \$145,664 due in part by \$95,000 in asset replacement costs which is budgeted annually so as to build up fund balance in order to cash finance the replacement of the Hart Park stadium turf in 2018 and track in 2028. The remainder was for projects not completed in 2015 but which will be completed in 2016
- The Capital Projects General Obligation Debt Issue fund balance decreased by \$399,665 due largely to the use of prior year bond proceeds which were in fund balance.
- The Redevelopment Reserve Fund is a newly created special revenue fund. The current year activity represents a transfer of fund balance from the closed Redevelopment Authority Enterprise Fund and a transfer in of the City's share of the fund balance remaining after Tax Increment District 2 was closed.

Figure 4
CHANGE IN GOVERNMENTAL FUND BALANCES

	General Fund	TIF	Debt Service	CP - General Obligation Debt Issue Fund	Community Development Block Grant	Park	Library	Redevelopment Authority Reserve Fund	Information Systems Equipment	Fleet Equipment	Public Works Building Improvement Reserve Fund	Total
Beginning year balance	\$ 19,925,991	\$ 18,711,898	\$ 2,212,545	\$ 6,888,322	\$ 73	\$ 784,886	\$ 192,330	\$ -	\$ 163,219	\$ -	\$ -	\$ 48,879,264
Current Year Activity	695,751	(11,884,234)	(1,858,297)	(399,665)	-	145,664	(1,306)	2,330,966	91,477	1,436,367	34,092	(9,409,185)
End of Year Balance	\$ 20,621,742	\$ 6,827,664	\$ 354,248	\$ 6,488,657	\$ 73	\$ 930,550	\$ 191,024	\$ 2,330,966	\$ 254,696	\$ 1,436,367	\$ 34,092	\$ 39,470,079
Non-spendable	\$ 2,071,864	\$ 2,419	\$ -	\$ 1,050,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,125,158
Restricted	-	6,825,245	354,248	5,437,782	73	-	-	-	-	-	-	12,617,348
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	1,978,281	-	-	-	-	930,550	191,024	2,330,966	254,696	1,436,367	34,092	7,155,976
Unassigned	16,571,597	-	-	-	-	-	-	-	-	-	-	16,571,597

Proprietary Funds

Revenue and Expenditure highlights related to Water, Sanitary and Storm water funds are discussed above. Internal Service Funds showed a decrease in net position of \$506,523. Fleet Maintenance has a \$521,409 decrease as the vehicle replacement transfer out exceeded the capitalization of new vehicles by approximately that much. In the Employee Insurance Funds, the increase in the Other Post-Employment Benefits expense of \$1,285,690 offset operating surpluses in the Health Insurance fund resulting in a \$551,012 loss. Surplus in the other internal service funds mitigated the total fund balance reduction.

The annual OPEB cost was \$3,871,258, of which, 66.79% was paid through retiree health claim payments. The unfunded actuarial accrued liability (UAAL) is \$47,952,213.

General Fund Budgetary Highlights

Differences between actual revenues and expenses and the final amended budget resulted in a positive revenue variance of \$1,028,107 (2.2% of total) and a positive expenditure variance of \$966,372 (2.1% of total). The following explains these variances:

Revenues

- ◆ Taxes increased \$341,258 over budget largely due to chargeback revenue from other jurisdiction as a result of successful property tax appeals by several corporations. In addition, less property tax levy was used in the Debt Fund resulting in more property tax levy being utilized in the General Fund.
- ◆ Intergovernmental revenues was down \$95,504 compared to budget as a state and federal grant which were awarded in 2015 were not yet received to reimburse expenses already incurred
- ◆ Licenses and permits was \$571,798 over budget due to a very strong construction year in which multiple large projects and increased construction overall drove revenue higher than budget. Building permit revenue exceeded \$1.5 million and was derived from \$151 million in construction value.
- ◆ Fines, penalties and forfeitures was \$117,565 under the original budget due largely to court penalties.
- ◆ Public charges for services was \$246,547 over budget largely due to ambulance fees performing better than expected. This is attributable to better than expected recovery of previously written-off debt through collections and income tax intercept.
- ◆ Commercial revenues were \$105,605 over budget due better than anticipated interest earnings and the repayment of loan the City made to a developer.

Expenditures

- ◆ General Government expenditures were \$47,391 over budget due largely to incurring reimbursable grant expenditures in the City Planning function but not yet receiving the revenue.
- ◆ Approximately \$227,000 of savings compared to the budget for the Protection of Persons and Property is due to vacancies related to higher-than-average retirements in

the police department. This, along with savings in Traffic Control, offset higher than budget salary costs in the Fire Department.

- ◆ The Health and Sanitation surplus of \$129,412 is largely due to vacancies as a result of turnover in the Health Department.
- ◆ Highway and transportation had a surplus of \$424,724 due largely to a surplus of approximately \$300,000 in Engineering salary and benefit saving due to vacancies.

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, 2015 increased \$25,376,810 to \$238,160,296 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 11.8% for governmental and 12.0% 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 2015 included the following:

- ◆ 17,930 linear feet of reconstructed and resurfaced streets.
- ◆ 57,786 linear feet of replaced or relined sanitary sewer mains
- ◆ 10,972 linear feet of replaced or relined storm sewer mains
- ◆ 11,449 linear feet of replaced water mains
- ◆ \$1,074,660 in public building upgrades including the remodel of the Fire Station 53 bathroom, replacement of the heating and cooling system in the Tosa Room at the Muellner Building in Hart Park and the construction of a new Skateboarding Park

Additional information on the City of Wauwatosa's capital assets can be found on pages 61-62.

Debt Administration

At the end of the current fiscal year, the City of Wauwatosa had total bonded debt outstanding of \$116,795,024. Of this amount \$103,970,024 is backed by the full faith and credit of the City. The City of Wauwatosa issued \$32,150,000 for street and sewer improvements as well as Tax Increment District projects, excluding refundings. 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 percent of its total equalized valuation. The current debt limitation for the City of Wauwatosa is \$277,167,425 of which the City has utilized 37.5% 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 \$12,825,000 and maintains a Aa2 rating from Moody's.

Additional information on the City of Wauwatosa's long-term debt can be found in note G on pages 66-72 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 \$5.5 billion in 2006 to \$5.54 billion in 2015 after reaching a pre-recession peak of \$5.8 in 2007.
- ◆ The unemployment rate for the City of Wauwatosa is currently 3.7% annually for 2015. This compares favorably to the state's average of 4.6% and Milwaukee County's average rate of 5.8%.
- ◆ The City maintains a 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 2016 fiscal year operating budget for the General Fund includes \$53,307,800 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.

No significant new programs were added to the 2016 operating budget given the current economic climate and revenue pressures. Accompanying the revenue challenges noted above will be the need to examine program expenditures and service levels for modifications.

Rate increases for sanitary and stormwater are planned for 2016 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, 2015**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 50,503,722	\$ 3,144,489	\$ 53,648,211
Receivables (net of allowance for uncollectible accounts)	48,572,309	4,513,276	53,085,585
Internal balances	1,921,497	(1,921,497)	-
Inventories	128,152	133,137	261,289
Prepaid items	1,062,559	7,598	1,070,157
Investment in Cities and Villages Mutual Insurance Company	893,039	-	893,039
Restricted assets			
Cash and investments	-	1,968,540	1,968,540
Net pension asset	6,695,015	263,013	6,958,028
Designated assets - cash and cash equivalents	-	3,371,108	3,371,108
Unamortized maintenance costs	-	754,257	754,257
Non-utility property	-	2,684	2,684
Capital assets, not being depreciated	24,793,025	657,872	25,450,897
Capital assets, being depreciated, net of accumulated depreciation	<u>74,660,703</u>	<u>138,048,696</u>	<u>212,709,399</u>
Total assets	<u>209,230,021</u>	<u>150,943,173</u>	<u>360,173,194</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to the pension	<u>7,027,854</u>	<u>278,083</u>	<u>7,305,937</u>
LIABILITIES			
Accounts payable and other current liabilities	10,099,649	1,981,032	12,080,681
Accrued interest payable	212,175	138,120	350,295
Deposits and unearned revenue	12,930	6,757	19,687
Liabilities payable from restricted assets	-	1,678,138	1,678,138
Noncurrent liabilities:			
Due within one year	7,328,741	4,232,961	11,561,702
Due in more than one year	75,675,244	50,150,594	125,825,838
Accrued net other postemployment benefits obligation	<u>22,818,829</u>	<u>-</u>	<u>22,818,829</u>
Total liabilities	<u>116,147,568</u>	<u>58,187,602</u>	<u>174,335,170</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year tax levy	<u>42,645,503</u>	<u>-</u>	<u>42,645,503</u>
NET POSITION			
Net investment in capital assets	66,023,354	87,876,117	153,899,471
Restricted for debt service	2,884,861	1,744,654	4,629,515
Restricted for pension	6,695,015	263,013	6,958,028
Unrestricted (deficit)	<u>(18,138,426)</u>	<u>3,149,870</u>	<u>(14,988,556)</u>
TOTAL NET POSITION	<u>\$ 57,464,804</u>	<u>\$ 93,033,654</u>	<u>\$ 150,498,458</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ 5,598,808	\$ 1,242,819	\$ 200,024	\$ -	\$ (4,155,965)	\$ -	\$ (4,155,965)
Protection of persons and property	30,656,837	4,809,301	1,725,948	34,522	(24,087,066)	-	(24,087,066)
Health and sanitation	3,410,386	144,120	265,042	-	(3,001,224)	-	(3,001,224)
Highway and transportation	8,265,216	213,159	212,131	3,672,207	(4,167,719)	-	(4,167,719)
Education and recreation	4,213,631	468,652	264,329	365,348	(3,115,302)	-	(3,115,302)
Conservation and development	34,709,930	84,084	853,942	730,562	(33,041,342)	-	(33,041,342)
Interest and fiscal charges	1,614,875	-	-	-	(1,614,875)	-	(1,614,875)
Total governmental activities	<u>88,469,683</u>	<u>6,962,135</u>	<u>3,521,416</u>	<u>4,802,639</u>	<u>(73,183,493)</u>	<u>-</u>	<u>(73,183,493)</u>
Business-type activities:							
Water Utility	6,731,221	7,629,639	-	1,151,631	-	2,050,049	2,050,049
Sanitary Sewer	6,899,271	8,039,368	-	-	-	1,140,097	1,140,097
Storm Water Management	2,234,739	3,911,945	-	-	-	1,677,206	1,677,206
Total business-type activities	<u>15,865,231</u>	<u>19,580,952</u>	<u>-</u>	<u>1,151,631</u>	<u>-</u>	<u>4,867,352</u>	<u>4,867,352</u>
Total	<u>\$ 104,334,914</u>	<u>\$ 26,543,087</u>	<u>\$ 3,521,416</u>	<u>\$ 5,954,270</u>	<u>(73,183,493)</u>	<u>4,867,352</u>	<u>(68,316,141)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					35,328,571	-	35,328,571
Property taxes, levied for debt service					3,882,321	-	3,882,321
Property taxes, levied for TIF					6,269,468	-	6,269,468
Other taxes					1,552,948	-	1,552,948
Intergovernmental revenues not restricted to specific programs					3,569,706	-	3,569,706
Investment income					558,497	12,068	570,565
Total general revenues					<u>51,161,511</u>	<u>12,068</u>	<u>51,173,579</u>
Transfers					<u>(7,593)</u>	<u>7,593</u>	<u>-</u>
Change in net position					<u>(22,029,575)</u>	<u>4,887,013</u>	<u>(17,142,562)</u>
NET POSITION - BEGINNING OF YEAR, AS RESTATED					<u>79,494,379</u>	<u>88,146,641</u>	<u>167,641,020</u>
NET POSITION - END OF YEAR					<u>\$ 57,464,804</u>	<u>\$ 93,033,654</u>	<u>\$ 150,498,458</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	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	
ASSETS						
Cash and investments	\$ 18,164,478	\$ 8,832,795	\$ 354,248	\$ 9,055,821	\$ 5,177,695	\$ 41,585,037
Taxes receivable	36,240,388	2,563,673	4,205,767	-	84,655	43,094,483
Delinquent personal property taxes	62,048	-	-	-	-	62,048
Special assessments receivable:						
Due in installments	365	-	-	-	396,740	397,105
Deferred	-	-	-	-	1,934	1,934
Accounts receivable, net	699,993	-	-	-	-	699,993
Accrued investment income receivable	125,160	-	-	-	-	125,160
Note receivable	3,200,000	-	-	-	-	3,200,000
Other accrued receivables	791,049	-	-	155,582	22,656	969,287
Due from other funds	1,753,537	-	-	-	-	1,753,537
Prepayments	9,265	2,419	-	1,050,875	-	1,062,559
Inventories	551	-	-	-	-	551
Advance to other funds	2,000,000	-	-	-	-	2,000,000
TOTAL ASSETS	\$ 63,046,834	\$ 11,398,887	\$ 4,560,015	\$ 10,262,278	\$ 5,683,680	\$ 94,951,694
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 4,196,362	\$ 7,550	\$ -	\$ 3,618,039	\$ 58,794	\$ 7,880,745
Accrued payroll	1,072,677	-	-	-	-	1,072,677
Unearned revenues	-	-	-	-	12,930	12,930
Due to other governments	-	-	-	-	-	-
Due to other funds	870,060	-	-	-	35,514	905,574
Advance from other funds	-	2,000,000	-	-	-	2,000,000
Total liabilities	6,139,099	2,007,550	-	3,618,039	107,238	11,871,926
DEFERRED INFLOWS OF RESOURCES						
Subsequent year tax levy	35,876,063	2,563,673	4,205,767	-	-	42,645,503
Special assessments	-	-	-	-	398,674	398,674
Other accounts receivable	409,930	-	-	155,582	-	565,512
	36,285,993	2,563,673	4,205,767	155,582	398,674	43,609,689
FUND BALANCES						
Nonspendable	2,071,864	2,419	-	1,050,875	-	3,125,158
Restricted	-	6,825,245	354,248	5,437,782	73	12,617,348
Assigned	1,978,281	-	-	-	5,177,695	7,155,976
Unassigned	16,571,597	-	-	-	-	16,571,597
Total fund balances	20,621,742	6,827,664	354,248	6,488,657	5,177,768	39,470,079
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 63,046,834	\$ 11,398,887	\$ 4,560,015	\$ 10,262,278	\$ 5,683,680	

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.	95,553,882
Long-term assets and deferred outflows are not related to the current period and, therefore, are not reported in the funds.	13,722,869
Internal service funds net position	(9,131,656)
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Special assessments	398,674
Other accounts receivable	565,512
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	(83,114,556)
	<u>\$ 57,464,804</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	General Fund	Special Revenue Fund Tax Incremental District Fund	Debt Service Fund	Capital Projects General Obligation Debt Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 34,505,008	\$ 6,269,468	\$ 3,882,321	\$ -	\$ 2,346,488	\$ 47,003,285
Intergovernmental revenues	4,910,552	2,439,499	-	135,678	840,580	8,326,309
Licenses and permits	2,178,435	-	-	-	-	2,178,435
Penalties and forfeitures	1,031,435	-	-	-	-	1,031,435
Public improvement revenues	26,956	-	-	-	478,998	505,954
Public charges for services	3,007,983	-	-	-	707,362	3,715,345
Intergovernmental charges for services	1,581,449	-	-	-	-	1,581,449
Commercial revenues	726,769	85,166	50,308	1,186,844	9,792	2,058,879
Total revenues	<u>47,968,587</u>	<u>8,794,133</u>	<u>3,932,629</u>	<u>1,322,522</u>	<u>4,383,220</u>	<u>66,401,091</u>
EXPENDITURES						
Current						
General government	5,624,297	-	-	-	-	5,624,297
Protection of persons and property	28,998,448	-	-	-	-	28,998,448
Health and sanitation	3,413,231	-	-	-	-	3,413,231
Highway and transportation	4,562,105	-	-	-	-	4,562,105
Education and recreation	54,294	-	-	-	3,693,922	3,748,216
Conservation and development	1,570,493	28,049,178	-	3,815,328	840,580	34,275,579
Unclassified	407,231	-	-	-	-	407,231
Debt service						
Principal	-	286,820	16,667,817	-	9,550,000	26,504,637
Interest and other fiscal charges	-	87,026	1,536,581	-	228,802	1,852,409
Capital outlay	180,269	-	-	18,550,206	419,895	19,150,370
Total expenditures	<u>44,810,368</u>	<u>28,423,024</u>	<u>18,204,398</u>	<u>22,365,534</u>	<u>14,733,199</u>	<u>128,536,523</u>
Excess of revenues over (under) expenditures	3,158,219	(19,628,891)	(14,271,769)	(21,043,012)	(10,349,979)	(62,135,432)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	34,595,500	7,825,000	6,625,000	-	49,045,500
Premium on long term debt	-	404,921	555,352	-	-	960,273
Transfers in	884,940	-	4,033,120	14,951,553	15,290,243	35,159,856
Transfers out	(3,347,408)	(27,255,764)	-	(933,206)	(903,004)	(32,439,382)
Net change in fund balances	695,751	(11,884,234)	(1,858,297)	(399,665)	4,037,260	(9,409,185)
FUND BALANCES - BEGINNING OF YEAR	<u>19,925,991</u>	<u>18,711,898</u>	<u>2,212,545</u>	<u>6,888,322</u>	<u>1,140,508</u>	<u>48,879,264</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,621,742</u>	<u>\$ 6,827,664</u>	<u>\$ 354,248</u>	<u>\$ 6,488,657</u>	<u>\$ 5,177,768</u>	<u>\$ 39,470,079</u>

The accompanying notes are an integral part of the 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
For the Year Ended December 31, 2015**

Net change in fund balances - total governmental funds \$ (9,409,185)

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. 19,150,370

Some items reported as capital outlay were not capitalized. (3,295,327)

Capital assets purchased 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 (560,022)

Depreciation is reported in the government-wide financial statements (4,358,315)

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 (\$49,045,500) were greater than the repayments (\$26,504,637). (22,540,863)

Governmental funds report debt premiums, discounts, as other financing sources (uses) or expenditures. However, in the statement of net assets, 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 (960,273)

Amortization of debt premium 119,203

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 46,610

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 decrease in accrued interest payable (\$118,331), the decrease in accrued vacation payable (\$59,044), and an increase in pension activity (\$84,981). 262,356

Some expenses in the governmental funds are recorded as a reduction in long-term liabilities in the statement of net assets. This amount represents payments on landfill closure obligation. 6,715

The net revenue (expense) of internal service funds is reported with governmental activities. (490,844)

Change in net assets of governmental activities \$ (22,029,575)

The accompanying notes are an integral part of the financial statements.

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 34,162,348	\$ 34,163,750	\$ 34,505,008	\$ 341,258
Intergovernmental revenues	4,970,031	5,006,056	4,910,552	(95,504)
Licenses and permits	1,341,070	1,606,637	2,178,435	571,798
Fines, penalties and forfeitures	1,269,000	1,149,000	1,031,435	(117,565)
Public improvement revenues	19,100	22,100	26,956	4,856
Public charges for services	3,007,846	2,761,436	3,007,983	246,547
Intergovernmental charges for services	1,575,462	1,610,337	1,581,449	(28,888)
Commercial revenues	596,000	621,164	726,769	105,605
Total revenues	46,940,857	46,940,480	47,968,587	1,028,107
EXPENDITURES				
General government	5,334,808	5,576,906	5,624,297	(47,391)
Protection of persons and property	29,515,695	29,445,117	28,998,448	446,669
Health and sanitation	3,636,366	3,542,643	3,413,231	129,412
Highway and transportation	4,904,372	4,986,829	4,562,105	424,724
Education and recreation	47,065	47,065	54,294	(7,229)
Conservation and development	1,513,704	1,622,815	1,570,493	52,322
Unclassified	524,158	427,865	407,231	20,634
Capital outlay	100,000	127,500	180,269	(52,769)
Total expenditures	45,576,168	45,776,740	44,810,368	966,372
Excess of revenues over (under) expenditures	1,364,689	1,163,740	3,158,219	1,994,479
OTHER FINANCING SOURCES (USES)				
Transfers in	1,461,447	1,043,432	884,940	(158,492)
Transfers out	(2,374,249)	(1,962,568)	(3,347,408)	(1,384,840)
Net change in fund balances	\$ 451,887	\$ 244,604	695,751	\$ 451,147
FUND BALANCES - BEGINNING OF YEAR			19,925,991	
FUND BALANCES - END OF YEAR			\$ 20,621,742	

The accompanying notes are an integral part of the 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
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,874,590	\$ 6,874,590	\$ 6,269,468	\$ (605,122)
Intergovernmental revenues	523,000	523,000	2,439,499	1,916,499
Commercial revenues	20,800	20,800	85,166	64,366
Total revenues	7,418,390	7,418,390	8,794,133	1,375,743
EXPENDITURES				
Conservation and development	13,150,400	13,150,400	28,049,178	(14,898,778)
Principal	355,000	355,000	286,820	68,180
Interest and other fiscal charges	-	-	87,026	(87,026)
Total expenditures	13,505,400	13,505,400	28,423,024	(14,917,624)
Excess of revenues over expenditures	(6,087,010)	(6,087,010)	(19,628,891)	(13,541,881)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	34,595,500	34,595,500
Premium on long-term debt	-	-	404,921	404,921
Transfers out	(13,653,125)	(13,653,125)	(27,255,764)	(13,602,639)
Net change in fund balance	\$ (19,740,135)	\$ (19,740,135)	(11,884,234)	\$ 7,855,901
FUND BALANCE - BEGINNING OF YEAR			18,711,898	
FUND BALANCE - END OF YEAR			\$ 6,827,664	

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Business-type Activities			Governmental	
	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water	Sanitary Sewer	Storm Water Management		
ASSETS					
CURRENT ASSETS					
Cash, cash equivalents and temporary investments	\$ -	\$ 1,403,635	\$ 1,740,854	\$ 3,144,489	\$ 8,918,685
Receivables, net	2,011,055	2,056,537	445,684	4,513,276	22,299
Due from other funds	403,336	382,719	129,999	916,054	-
Inventories	133,137	-	-	133,137	127,601
Restricted assets - special redemption fund - bond principal and interest fund	870,150	-	-	870,150	-
Prepayments	7,598	-	-	7,598	-
Total current assets	<u>3,425,276</u>	<u>3,842,891</u>	<u>2,316,537</u>	<u>9,584,704</u>	<u>9,068,585</u>
NONCURRENT ASSETS					
Restricted assets:					
Special redemption fund - reserve fund	1,098,390	-	-	1,098,390	-
Net pension asset	185,779	30,615	46,619	263,013	-
Designated cash - system improvement	-	2,824,367	546,741	3,371,108	-
Unamortized maintenance costs	754,257	-	-	754,257	-
Non-Utility property	2,684	-	-	2,684	-
Investment in Cities and Villages Mutual Insurance Company	-	-	-	-	893,039
Capital assets:					
Land	81,405	-	-	81,405	22,617
Buildings	789,794	-	-	789,794	1,465,337
Improvements other than buildings	57,123,783	70,961,475	53,871,832	181,957,090	-
Machinery and equipment	1,690,250	1,380,636	-	3,070,886	12,494,716
Construction in progress	576,467	-	-	576,467	32,351
Less: Accumulated depreciation	<u>(15,109,424)</u>	<u>(21,899,189)</u>	<u>(10,760,461)</u>	<u>(47,769,074)</u>	<u>(10,115,175)</u>
Total capital assets, net	<u>45,152,275</u>	<u>50,442,922</u>	<u>43,111,371</u>	<u>138,706,568</u>	<u>3,899,846</u>
Total noncurrent assets	<u>47,193,385</u>	<u>53,297,904</u>	<u>43,704,731</u>	<u>144,196,020</u>	<u>4,792,885</u>
Total assets	<u>50,618,661</u>	<u>57,140,795</u>	<u>46,021,268</u>	<u>153,780,724</u>	<u>13,861,470</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to the pension	196,424	32,369	49,290	278,083	-
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	1,103,802	734,274	-	1,838,076	1,146,227
Accrued payroll	63,302	-	-	63,302	-
Due to other funds	1,738,386	25,631	-	1,764,017	-
Customer deposits	6,757	-	-	6,757	-
Current portion of long-term debt	-	1,802,971	2,396,364	4,199,335	-
Current portion of refunding bond	23,455	3,867	6,304	33,626	-
Accrued interest payable	-	80,052	58,068	138,120	-
Other accrued liabilities	79,654	-	-	79,654	101,604
Liabilities payable from restricted assets:					
Accounts payable - construction account	594,206	210,046	-	804,252	-
Current portion of long-term debt	650,000	-	-	650,000	-
Accrued interest payable	223,886	-	-	223,886	-
Total current liabilities	<u>4,483,448</u>	<u>2,856,841</u>	<u>2,460,736</u>	<u>9,801,025</u>	<u>1,247,831</u>
NONCURRENT LIABILITIES					
Bonds payable	12,241,188	19,688,819	17,890,137	49,820,144	-
Refunding bond	230,502	38,001	61,947	330,450	-
Accrued net other postemployment benefits obligation	-	-	-	-	22,818,829
Total non-current liabilities	<u>12,471,690</u>	<u>19,726,820</u>	<u>17,952,084</u>	<u>50,150,594</u>	<u>22,818,829</u>
Total liabilities	<u>16,955,138</u>	<u>22,583,661</u>	<u>20,412,820</u>	<u>59,951,619</u>	<u>24,066,660</u>
NET POSITION					
Net Investment in capital assets	32,327,275	32,011,528	23,537,314	87,876,117	3,899,846
Restricted for debt service	1,744,654	-	-	1,744,654	-
Restricted for pension	185,779	30,615	46,619	263,013	-
Unrestricted	<u>(397,761)</u>	<u>2,547,360</u>	<u>2,073,805</u>	<u>4,223,404</u>	<u>(14,105,036)</u>
Total net position	<u>\$ 33,859,947</u>	<u>\$ 34,589,503</u>	<u>\$ 25,657,738</u>	<u>94,107,188</u>	<u>\$ (10,205,190)</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

(1,073,534)
\$ 93,033,654

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2015**

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Sanitary Sewer	Storm Water Management	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Charges for services and sales	\$ 7,261,888	\$ 8,039,368	\$ 3,911,945	\$ -	\$ 19,213,201	\$ 15,169,647
Other operating revenues	367,751	-	-	-	367,751	1,419,915
Total operating revenues	<u>7,629,639</u>	<u>8,039,368</u>	<u>3,911,945</u>	<u>-</u>	<u>19,580,952</u>	<u>16,589,562</u>
OPERATING EXPENSES						
Operation and maintenance	5,335,328	5,379,276	1,048,593	-	11,763,197	16,033,492
Depreciation	870,353	994,561	700,334	-	2,565,248	969,737
Taxes	85,314	-	-	-	85,314	-
Total operating expenses	<u>6,290,995</u>	<u>6,373,837</u>	<u>1,748,927</u>	<u>-</u>	<u>14,413,759</u>	<u>17,003,229</u>
Operating income (loss)	<u>1,338,644</u>	<u>1,665,531</u>	<u>2,163,018</u>	<u>-</u>	<u>5,167,193</u>	<u>(413,667)</u>
NON-OPERATING REVENUES (EXPENSES)						
Dividend income	-	-	-	-	-	60,908
Investment income	4,309	4,877	2,013	869	12,068	(63,739)
Gain on sale or trade of assets	-	-	-	-	-	25,821
Interest on long-term debt	(440,736)	(522,113)	(472,944)	-	(1,435,793)	-
Total non-operating revenues (expenses)	<u>(436,427)</u>	<u>(517,236)</u>	<u>(470,931)</u>	<u>869</u>	<u>(1,423,725)</u>	<u>22,990</u>
Income (loss) before capital contributions and transfers	902,217	1,148,295	1,692,087	869	3,743,468	(390,677)
CAPITAL CONTRIBUTIONS	2,955,773	107,152	140,905	-	3,203,830	560,022
TRANSFERS IN	-	-	-	-	-	450,000
TRANSFERS OUT	<u>(829,101)</u>	<u>(460,774)</u>	<u>-</u>	<u>(754,731)</u>	<u>(2,044,606)</u>	<u>(1,125,868)</u>
Change in net assets	3,028,889	794,673	1,832,992	(753,862)	4,902,692	(506,523)
NET POSITION - BEGINNING OF YEAR - RESTATED	<u>30,831,058</u>	<u>33,794,830</u>	<u>23,824,746</u>	<u>753,862</u>		<u>(9,698,667)</u>
NET POSITION - END OF YEAR	<u>\$ 33,859,947</u>	<u>\$ 34,589,503</u>	<u>\$ 25,657,738</u>	<u>\$ -</u>		<u>\$ (10,205,190)</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.

Change in net position of business-type activities

(15,679)
\$ 4,887,013

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015**

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Sanitary Sewer	Storm Water Management	Nonmajor Enterprise Fund	Total	Internal
					Enterprise Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 7,666,342	\$ 8,102,468	\$ 3,933,034	\$ -	\$ 19,701,844	\$ 1,417,391
Payments from other funds	-	-	-	-	-	15,249,572
Payments to suppliers	(3,136,150)	(5,024,253)	(636,768)	-	(8,797,171)	(12,598,822)
Payments to employees	(1,319,699)	(169,761)	(412,770)	-	(1,902,230)	(1,904,447)
Transferred from (to) other funds	-	-	-	(753,862)	(753,862)	-
Net cash provided by operating activities	<u>3,210,493</u>	<u>2,908,454</u>	<u>2,883,496</u>	<u>(753,862)</u>	<u>8,248,581</u>	<u>2,163,694</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal paid on noncapital debt	(22,602)	(3,726)	(6,073)	-	(32,401)	-
Interest paid on noncapital debt	(11,828)	(1,908)	(3,110)	-	(16,846)	-
Payments from other funds	31,848	4,573	(4,788)	-	31,633	450,000
Payments to other funds	4,685	(477,968)	-	-	(473,283)	(1,125,868)
Net cash provided by (used in) noncapital financing activities	<u>2,103</u>	<u>(479,029)</u>	<u>(13,971)</u>	<u>-</u>	<u>(490,897)</u>	<u>(675,868)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from long-term debt	-	4,075,000	1,775,000	-	5,850,000	-
Premium from issuance of long-term debt	-	97,438	42,405	-	139,843	-
Acquisition and construction of capital assets	(4,482,516)	(3,804,812)	(6,103,227)	-	(14,390,555)	-
Proceeds from the sale of property, plant and equipment	35,084	-	-	-	35,084	41,921
Grant funds received	-	-	-	-	-	-
Principal paid on capital debt	(625,000)	(1,685,604)	(2,304,175)	-	(4,614,779)	-
Interest paid on capital debt	(448,295)	(549,568)	(498,343)	-	(1,496,206)	-
Net cash provided by (used in) capital and related financing activities	<u>(5,520,727)</u>	<u>(1,867,546)</u>	<u>(7,088,340)</u>	<u>-</u>	<u>(14,476,613)</u>	<u>41,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	4,309	4,877	2,013	-	11,199	68,636
Net cash provided by investing activities	<u>4,309</u>	<u>4,877</u>	<u>2,013</u>	<u>-</u>	<u>11,199</u>	<u>68,636</u>
Net increase (decrease) in cash and cash equivalents	(2,303,822)	566,756	(4,216,802)	(753,862)	(6,707,730)	1,598,383
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,272,362</u>	<u>3,661,246</u>	<u>6,504,397</u>	<u>753,862</u>	<u>15,191,867</u>	<u>7,320,302</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,968,540</u>	<u>\$ 4,228,002</u>	<u>\$ 2,287,595</u>	<u>\$ -</u>	<u>\$ 8,484,137</u>	<u>\$ 8,918,685</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Concluded)
For the Year Ended December 31, 2015**

	Business-type Activities Enterprise Funds				Total Enterprise Funds	Governmental Activities Internal Service Funds
	Water	Sanitary Sewer	Storm Water Management	Nonmajor Enterprise Fund		
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 1,338,644	\$ 1,665,531	\$ 2,163,018	\$ -	\$ 5,167,193	\$ (413,667)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	870,353	994,561	700,334	-	2,565,248	969,737
Depreciation charged to other accounts	66,836	-	-	-	66,836	-
Amortization of maintenance costs	122,200	-	-	-	122,200	-
Transferred from (to) other funds	-	-	-	(753,862)	(753,862)	-
(Increase) Decrease:						
Accounts receivable	36,453	63,100	21,089	-	120,642	77,401
Due from other funds	-	-	-	-	-	-
Inventories	(6,717)	-	-	-	(6,717)	(3,590)
Prepaid items	102	-	-	-	102	-
Unamortized maintenance	169,503	-	-	-	169,503	-
Pension asset	120,063	19,786	30,128	-	169,977	-
Deferred outflows of resources	(123,829)	(20,406)	(31,073)	-	(175,308)	-
Increase (Decrease):						
Accounts payable	621,114	185,882	-	-	806,996	237,356
Accrued payroll	3,380	-	-	-	3,380	-
Customer deposits	250	-	-	-	250	-
Other accrued liabilities	(7,859)	-	-	-	(7,859)	1,296,457
Total adjustments	<u>1,871,849</u>	<u>1,242,923</u>	<u>720,478</u>	<u>(753,862)</u>	<u>3,081,388</u>	<u>2,577,361</u>
Net cash provided by operating activities	<u>\$ 3,210,493</u>	<u>\$ 2,908,454</u>	<u>\$ 2,883,496</u>	<u>\$ (753,862)</u>	<u>\$ 8,248,581</u>	<u>\$ 2,163,694</u>
Noncash investing, capital and financing activities						
Capital additions contributed						
City of Wauwatosa	\$ 2,955,773	\$ 107,152	\$ 140,905	\$ -	\$ 3,203,830	\$ 195,669
Sanitary Sewer	-	-	-	-	-	-
Developers	-	-	-	-	-	-
	<u>\$ 2,955,773</u>	<u>\$ 107,152</u>	<u>\$ 140,905</u>	<u>\$ -</u>	<u>\$ 3,203,830</u>	<u>\$ 195,669</u>
Reconciliation of cash and cash equivalents to the statement of net assets - proprietary funds						
Unrestricted cash and cash equivalents	\$ -	\$ 1,403,635	\$ 1,740,854	\$ -	\$ 3,144,489	\$ 8,918,685
Restricted cash and cash equivalents						
Special redemption funds						
Bond reserve fund	1,098,390	-	-	-	1,098,390	-
Bond principal and interest fund	870,150	-	-	-	870,150	-
Designated cash - system improvement	-	2,824,367	546,741	-	3,371,108	-
Cash and cash equivalents end of year	<u>\$ 1,968,540</u>	<u>\$ 4,228,002</u>	<u>\$ 2,287,595</u>	<u>\$ -</u>	<u>\$ 8,484,137</u>	<u>\$ 8,918,685</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	Private Purpose Trust Funds	Agency Funds
	Total	Total
ASSETS		
Cash and investments	\$ 208,352	\$ 61,426,158
Taxes receivable	-	29,078,338
	208,352	90,504,496
LIABILITIES		
Special deposits	-	103,900
Due to other taxing units	-	90,400,596
	-	\$ 90,504,496
NET POSITION - RESTRICTED	\$ 208,352	

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2015**

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions	\$ 3,050
Investment income	<u>50</u>
Total additions	3,100
DEDUCTIONS	
Changes in net assets	<u>(1,933)</u>
NET POSITION - BEGINNING OF YEAR	<u>210,285</u>
NET POSITION - END OF YEAR	<u>\$ 208,352</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 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 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, 2015**

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, 2015**

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

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

Redevelopment Authority Lease Revenue Bond Fund

Fleet Equipment

Information Systems Equipment

Public Works Building Improvement Reserve Fund

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Nonmajor Enterprise Funds

Redevelopment Authority Reserve Fund – Prior to 2015, this fund was used to account for funds set aside for the construction of a parking lot and other redevelopment activities in a specific area of the City. During 2015, the balance of this fund was transferred to the Redevelopment Authority Reserve Special Revenue Fund.

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, Employee 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* 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, 2015**

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 post employment 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, 2015**

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 the incurrence of qualifying expenditures. 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, 2015**

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, which mature in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, 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 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	March 31, 2016
Third installment due	May 31, 2016
Personal property taxes in full	January 31, 2016
Tax deed - 2015 delinquent real estate taxes	October 2018

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 governmental fund financial statements, advances to other funds are offset equally by 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, 2015**

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. 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, 2015**

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.

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 have been used in the subsequent year through use by active employees. As such, the ending balance has been classified as due within one year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. *Compensated Absences* (continued)

Accumulated vacation liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments. 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 are 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.

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Claims and Judgments

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

10. 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.

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Equity Classifications (continued)

Fund Statements (continued)

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.

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 1994, the City adopted Resolution #94-319 creating "City of Wauwatosa Tax Incremental District No. 2" 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 Wisconsin Statutes. Project costs are estimated at \$10 million and have been financed from 1995 and 1997 debt issues. 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.

In 2004, the City adopted Resolution #04-182 which amended the project plan for the City of Wauwatosa Tax Incremental District No. 2. The additional project costs are estimated at \$27.6 million and include the purchase and leasing of approximately 23.5 acres of land, construction of a four story parking structure, site preparation, and a second mortgage loan to the developer. The project costs have been financed by a \$24.5 million 2004 debt issue and other available funds.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Other Policies - Tax Incremental Districts (continued)

In 2007, the City adopted Resolution #07-96 which amended the project plan for the City of Wauwatosa Tax Incremental District No. 2. The additional project costs are estimated at \$3.5 million to be financed by the developer. The resolution included the issuance of a municipal revenue obligation to repay the developer from TIF proceeds, through the dissolution date. Should the TIF close before the project costs are repaid, the City is not liable for any additional payments.

In 2015, the City adopted Resolution #R-15-123 authorizing the termination of TID #2

3. 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 \$1,950,000. 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 has amended Tax Incremental District No. 5 through adoption of Resolution #R13-32 and #15-198.
4. 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 \$12,000,000. 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. The
5. 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 OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Other Policies - Tax Incremental Districts (continued)

6. 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.
7. 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..
8. 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.
9. 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 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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Other Policies - New Accounting Pronouncements

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

1. The Government Accounting Standards Board (GASB) issued Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 in June of 2012. This Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to defined benefit contribution plans. The Statement has been adopted by the City as of December 31, 2015 with no impact of the financial statements.
2. The GASB issued Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68 in November of 2013. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net position liability. The Statement has been adopted by the City as of December 31, 2015 with no impact of the financial statements.

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

1. Statement No. 72 – Fair Value Measurement and Application will be adopted as a part of the City's financial statements as of December 31, 2016.
2. Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GABS 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 will be adopted as a part of the City's financial statements as of December 31, 2017.
3. Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans will be adopted as a part of the City's financial statements as of December 31, 2017.
4. 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.
5. Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments will be adopted as a part of the City's financial statements as of December 31, 2016
6. Statement No. 77 – Tax Abatement Disclosures will be adopted as a part of the City's financial statements as of December 31, 2016.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Other Policies - New Accounting Pronouncements (continued)

7. Statement No.78 – Pensions Provided through Certain Multiple-Employer Defined Pension Plans will be adopted as a part of the City’s financial statements as of December 31, 2016.
8. Statement No. 79 – Certain External Investment Pools and Pool Participants will be adopted as a part of the City’s financial statements as of December 31, 2016.
9. Statement No. 80 – Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14 will be adopted as a part of the City’s financial statements as of December 31, 2017.
10. Statement No. 81 – Irrevocable Split-Interest Agreements - will be adopted as a part of the City’s financial statements as of December 31, 2017.
11. Statement No. 82 – Pension Issues – an amendment of GASB No. 67, No. 68, and No. 73 will be adopted as a part of the City’s financial statements as of December 31, 2017.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

**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	\$ 79,191,296
Bond Premium	1,563,555
Compensated absences	2,003,383
Accrued interest payable	212,175
Landfill postclosure liability	<u>144,147</u>
 Combined Adjustment for Long-Term Liabilities	 <u><u>\$ 83,114,556</u></u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 \$200,572. Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$772,267. Expenditures are monitored by management at the department level for all funds.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Petty cash	\$ 25,500	\$ 25,500
Deposits		
Demand deposits	55,647,184	57,032,347
Certificates of deposit	<u>7,756,417</u>	<u>7,756,417</u>
Total deposits	<u>63,403,601</u>	<u>64,788,764</u>
Investments		
U.S. Agency Securities	7,427,579	7,427,579
Municipal Securities	7,768,547	7,768,547
Corporate Securities	2,505,456	2,505,456
Investment pools:		
Local Government Investment Pool (LGIP)	<u>39,491,686</u>	<u>39,491,686</u>
Total investments	<u>57,193,268</u>	<u>57,193,268</u>
Total cash and investments	<u>\$ 120,622,369</u>	<u>\$ 122,007,532</u>
Reconciliation to the Statement of Net Position:		
Unrestricted cash and investments	\$ 53,648,211	
Restricted cash and investments	1,968,540	
Designated cash and investments	3,371,108	
Fiduciary Funds:		
Private purpose trust funds	208,352	
Agency funds	<u>61,426,158</u>	
Total cash and investments	<u>\$ 120,622,369</u>	

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015, 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, 2015, \$10,175,548 of the City's bank balance of \$64,788,764 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, 2015, \$10,989,542 of the City's investment balance of \$57,193,268 was exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015 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	\$ 39,491,686	Unrated
U.S. Agency Securities	7,427,579	AAA
Municipal Securities	1,020,777	AAA
Municipal Securities	4,998,847	AA
Municipal Securities	571,287	A
Municipal Securities	1,177,636	Unrated
Corporate Securities	<u>2,505,456</u>	AA
Total fair value of investments subject to credit risk	<u>\$ 57,193,268</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, 2015 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	\$ 7,427,579	38.5
Municipal Securities	7,768,547	18.1
Local Government Investment Pool	39,491,686	3.0
Corporate Securities	2,505,456	11.4

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk

As of December 31, 2015, the City's investment portfolio did not hold investments from individual issuers which comprised over 5% of their investment balances.

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, 2015, an allowance for uncollectible accounts has been established for ambulance billings of \$394,549.

On July 1, 2015, the City entered into a promissory note agreement with the Milwaukee Area Domestic Animal Control Commission (MADACC) to provide \$3,200,000. The note has stated annual interest rate of 1.5%. Principal and interest are to be repaid in one lump sum payment on August 31, 2016. As of December 31, 2015, the outstanding principal on the note is \$3,200,000.

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	\$ -	\$ 42,645,503	\$ 42,645,503
Special assessments	398,674	-	398,674
Other accounts receivable	565,512	-	565,512
	<u>\$ 964,186</u>	<u>\$ 42,645,503</u>	<u>\$ 43,609,689</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Restricted Assets

Following is a list of restricted assets at December 31, 2015:

Governmental activities	
Pension Asset	<u>\$ 6,695,015</u>
Business-type activities	
Cash and investments	
Special Redemption Funds	
Bond Reserve Fund	\$ 1,098,390
Bond Principal and Interest Fund	<u>870,150</u>
Total Special Redemption Funds	<u>1,968,540</u>
Pension Asset	<u>\$ 263,013</u>
Total business-type activities	<u>\$ 2,231,553</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 23,439,778	\$ 587,713	\$ -	\$ 24,027,491
Construction in progress	444,930	761,747	441,143	765,534
Total capital assets not being depreciated	<u>23,884,708</u>	<u>1,349,460</u>	<u>441,143</u>	<u>24,793,025</u>
Capital assets being depreciated				
Buildings	24,066,555	1,183,392	-	25,249,947
Improvements	6,148,399	743,155	-	6,891,554
Machinery and equipment	20,437,601	756,531	745,839	20,448,293
Infrastructure	74,422,394	12,269,440	1,588,817	85,103,017
Total capital assets being depreciated	<u>125,074,949</u>	<u>14,952,518</u>	<u>2,334,656</u>	<u>137,692,811</u>
Less: accumulated depreciation for				
Buildings	11,272,094	543,813	-	11,815,907
Improvements	1,668,489	348,265	-	2,016,754
Machinery and Equipment	12,329,842	1,466,692	723,937	13,072,597
Infrastructure	34,746,395	2,969,282	1,588,827	36,126,850
Total accumulated depreciation	<u>60,016,820</u>	<u>5,328,052</u>	<u>2,312,764</u>	<u>63,032,108</u>
Capital assets being depreciated, net of depreciation	<u>65,058,129</u>	<u>9,624,466</u>	<u>21,892</u>	<u>74,660,703</u>
Total capital assets, net of depreciation	<u>\$ 88,942,837</u>	<u>\$ 10,973,926</u>	<u>\$ 463,035</u>	<u>\$ 99,453,728</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 37,244
Protection of persons and property	793,689
Health and sanitation	8,488
Highway and transportation, which includes the depreciation of infrastructure	2,987,135
Education and recreation	531,759
Depreciation expense-allocated with Internal Service Fund	<u>969,737</u>
Total governmental activities depreciation expense	<u>\$ 5,328,052</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 81,405	\$ -	\$ -	\$ 81,405
Construction in progress	<u>3,472,999</u>	<u>-</u>	<u>2,896,532</u>	<u>576,467</u>
Total capital assets not being depreciated	<u>3,554,404</u>	<u>-</u>	<u>2,896,532</u>	<u>657,872</u>
Capital assets being depreciated				
Buildings	789,794	-	-	789,794
Machinery & equipment	2,750,333	320,553	-	3,070,886
Improvements other than buildings	<u>163,460,909</u>	<u>20,109,062</u>	<u>1,612,884</u>	<u>181,957,087</u>
Total capital assets being depreciated	<u>167,001,036</u>	<u>20,429,615</u>	<u>1,612,884</u>	<u>185,817,767</u>
Less: accumulated depreciation for				
Buildings	554,914	25,273	-	580,187
Machinery & equipment	2,199,293	125,696	-	2,324,989
Improvements other than buildings	<u>43,960,584</u>	<u>2,481,112</u>	<u>1,577,801</u>	<u>44,863,895</u>
Total accumulated depreciation	<u>46,714,791</u>	<u>2,632,081</u>	<u>1,577,801</u>	<u>47,769,071</u>
Capital assets being depreciated, net of depreciation	<u>120,286,245</u>	<u>17,797,534</u>	<u>35,083</u>	<u>138,048,696</u>
Total capital assets, net of depreciation	<u>\$ 123,840,649</u>	<u>\$ 17,797,534</u>	<u>\$ 2,931,615</u>	<u>\$ 138,706,568</u>

Depreciation expense was charged to functions as follows:

Business-type activities	
Water Utility	
Depreciation	\$ 870,353
Depreciation charged to Water Utility operation and maintenance expenses	15,771
Depreciation charged to Sanitary Sewer expenses	<u>51,062</u>
	937,186
Sanitary Sewer	994,561
Storm Water Management	<u>700,334</u>
Total business-type activities depreciation expense	<u>\$ 2,632,081</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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	\$ 1,718,023
General Fund	Special Assessments	25,861
General Fund	Community Development Block Grant	9,653
		<u>1,753,537</u>
Proprietary Funds		
Sanitary Sewer	Water Utility	20,363
Sanitary Sewer	General Fund	362,356
Storm Water Management	General Fund	129,999
Water Utility	General Fund	377,705
Water Utility	Sanitary Sewer	25,631
		<u>916,054</u>
Total interfund receivables		<u><u>\$ 2,669,591</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 \$5,576,000 to the Special Revenue Fund - Tax Incremental District No. 6 in 2012. This advance earns interest at 3.0%. The advance was issued to provide interim financing until the District obtains external long term financing. During the fiscal year ending December 31, 2015, the General Fund was repaid \$5,576,000. The remaining outstanding balance as of December 31, 2015 was \$0.

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, 2015 was \$2,000,000.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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	Tax Increment Districts	\$ 36,041
	Water Utility	829,101
	Sanitary Sewer	19,798
		<u>884,940</u>
Debt Service Fund	General Fund	532,000
	Tax Increment Districts	3,077,114
	Nonmajor Governmental	424,006
		<u>4,033,120</u>
Capital Projects Fund - General Obligation Debt Issued	Tax Increment Districts	12,787,569
	General Fund	1,244,010
	Nonmajor Governmental	478,998
	Internal Service Funds	-
	Sanitary Storm	440,976
	<u>14,951,553</u>	
Nonmajor Governmental Funds	General Fund	1,196,398
	Tax Increment Districts	11,355,040
	Capital Projects Fund - General Obligation Debt Issued	933,206
	Nonmajor Governmental Funds	-
	Nonmajor Business Type Funds	754,731
	Internal Service Funds	1,050,868
	<u>15,290,243</u>	
Internal Service Funds	General Fund	375,000
	Internal Service Funds	75,000
		<u>450,000</u>
		<u>\$ 35,609,856</u>
Reconciliation of transfers in/(out):		
Governmental funds transfers in		35,159,856
Governmental funds transfers out		(32,439,382)
Internal service funds transfers in		450,000
Internal service funds transfers out		(1,125,868)
Governmental fund transfers in from business-type activities		2,044,606
Capital contributions reported as transfers on the statement of activities		(2,052,199)
Governmental activities transfers in (out) from business-type activities		<u>\$ (7,593)</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

F. Interfund Receivables/Payables and Transfers (continued)

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, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds and notes payable					
General obligation debt					
Promissory notes and bonds	\$ 44,772,476	\$ 34,125,000	\$ 16,667,817	\$ 62,229,659	\$ 5,217,039
Bond Premium	722,485	960,273	119,203	1,563,555	-
Total general obligation debt	<u>45,494,961</u>	<u>35,085,273</u>	<u>16,787,020</u>	<u>63,793,214</u>	<u>5,217,039</u>
Redevelopment lease revenue bond	9,550,000	-	9,550,000	-	-
Municipal revenue obligation	<u>2,327,957</u>	<u>14,920,500</u>	<u>286,820</u>	<u>16,961,637</u>	<u>-</u>
Total bonds and notes payable	<u>57,372,918</u>	<u>50,005,773</u>	<u>26,623,840</u>	<u>80,754,851</u>	<u>5,217,039</u>
Other Liabilities					
Accrued unused vacation	2,153,264	2,531,824	2,580,101	2,104,987	2,104,987
Landfill postclosure liability	150,862	-	6,715	144,147	6,715
Total other liabilities	<u>2,304,126</u>	<u>2,531,824</u>	<u>2,586,816</u>	<u>2,249,134</u>	<u>2,111,702</u>
Total governmental activities long-term liabilities	<u>\$ 59,677,044</u>	<u>\$ 52,537,597</u>	<u>\$ 29,210,656</u>	<u>\$ 83,003,985</u>	<u>\$ 7,328,741</u>
Business-type activities					
Bonds and notes payable					
General obligation debt	\$ 39,912,545	\$ 5,850,000	\$ 4,022,180	\$ 41,740,365	\$ 4,232,961
Revenue bonds	13,450,000	-	625,000	12,825,000	650,000
Unamortized bond premium	<u>398,768</u>	<u>139,843</u>	<u>70,421</u>	<u>468,190</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 53,761,313</u>	<u>\$ 5,989,843</u>	<u>\$ 4,717,601</u>	<u>\$ 55,033,555</u>	<u>\$ 4,882,961</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 12/31/15</u>
Promissory notes	04/01/06	12/01/15	3.625 - 4.000	1,803,000	\$ 220,100
	05/01/08	12/01/17	3.000 - 3.500	1,906,000	614,500
	11/29/11	11/01/21	2.000 - 2.500	1,772,190	1,403,762
	08/21/12	06/01/22	0.350 - 2.250	6,675,000	5,225,000
	08/20/13	06/01/23	2.000 - 3.000	3,440,000	2,275,000
	12/02/14	12/01/24	1.000 - 3.000	7,430,000	6,490,000
	12/02/14	12/01/24	2.000 - 3.000	5,240,000	5,025,000
	04/01/15	10/01/35	3.000 - 5.000	6,200,000	6,200,000
	12/01/15	12/01/30	2.000 - 4.000	20,525,000	20,525,000
	12/01/15	12/01/30	2.250 - 3.650	7,400,000	7,400,000
				<u>55,378,362</u>	
Refunding bonds	08/03/10	03/01/24	3.000 - 4.000	7,933,387	5,590,923
	08/20/13	12/01/18	3.000	3,315,000	1,260,374
				<u>6,851,297</u>	
Total general obligation debt					<u>\$ 62,229,659</u>

Municipal Revenue Obligation

On August 15, 2007 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. 5 project costs as described in the project plan. The Developer completed eligible costs of \$1,800,000 and became eligible for repayment in 2009. 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. 5. The outstanding balance as of December 31, 2015 was \$541,137.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

Governmental Activities Debt (continued)

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 of \$4,500,000 and became eligible for repayment 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, 2015 was \$4,500,000.

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 of \$1,994,000 and became eligible for repayment 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, 2015 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 of \$4,500,000 and became eligible for repayment 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, 2015 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 of \$3,926,500 and became eligible for repayment 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, 2015 was \$3,926,500.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 12/31/15
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	\$ 6,650,000
Series 2011	11/29/11	2.000 - 3.000	1/1/13-22	1/1&7/1	2,400,000	1,775,000
Series 2013	11/19/13	1.750 - 4.125	1/1/15-34	1/1&7/1	4,575,000	<u>4,400,000</u>
						12,825,000
General Obligation						
Refunding Bonds	08/03/10	1.750 - 5.000	3/1/11-24	3/1&9/1	360,359	<u>253,957</u>
Total Water Utility						<u>13,078,957</u>
SANITARY SEWER						
Promissory Notes						
Series 2007	04/15/07	4.000	12/1/08-16	6/1&12/1	1,043,018	201,150
Series 2008	05/01/08	3.000 - 3.500	12/1/09-17	6/1&12/1	1,141,000	368,000
Series 2011	11/29/11	2.000 - 2.500	11/1/12-21	5/1&11/1	3,560,487	2,820,183
Series 2012	08/21/12	0.350 - 2.250	6/1/13-22	6/1&12/1	1,825,000	1,425,000
Series 2013	08/20/13	2.000 - 3.000	6/1/14-23	6/1&12/1	2,250,000	1,975,000
Series 2013	08/20/13	3.000	12/1/14-18	6/1&12/1	660,340	391,428
Series 2013	11/19/13	2.500 - 4.250	11/1/14-33	5/1&11/1	7,700,000	7,550,000
Series 2014	12/02/14	1.000 - 3.000	12/1/15-24	6/1&12/1	2,750,000	2,450,000
Series 2015	12/01/15	2.000 - 4.000	12/1/16-30	6/1&12/1	4,075,000	<u>4,075,000</u>
						21,255,761
General Obligation						
Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	59,409	<u>41,868</u>
Total Sanitary Sewer						<u>21,297,629</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 12/31/15
STORM WATER MAINTENANCE						
Promissory Notes						
Series 2007	04/15/07	4.000	12/1/08-16	6/1&12/1	1,314,600	253,183
Series 2008	05/01/08	3.000 - 3.500	12/1/09-17	6/1&12/1	3,153,000	1,017,000
Series 2011	11/29/11	2.000 - 2.500	11/1/12-21	5/1&11/1	7,167,323	5,676,520
Series 2012	08/21/12	0.350 - 2.250	6/1/13-22	6/1&12/1	3,900,000	3,300,000
Series 2013	08/20/13	2.000 - 3.000	6/1/14-23	6/1&12/1	560,000	450,000
Series 2013	08/20/13	3.000	12/1/14-18	6/1&12/1	528,380	313,825
Series 2013	11/19/13	2.500 - 4.250	11/1/14-33	5/1&11/1	1,775,000	1,625,000
Series 2014	12/02/14	1.000 - 3.000	12/1/15-24	6/1&12/1	6,190,000	5,710,000
Series 2015	12/01/15	2.000 - 4.000	12/1/16-30	6/1&12/1	1,775,000	<u>1,775,000</u>
						20,120,528
General Obligation						
Refunding Bonds	08/03/10	1.750 - 5.000	3/1/11-24	3/1&9/1	96,845	<u>68,251</u>
Total Storm Water Maintenance						<u>20,188,779</u>
Total business-type activities debt						<u>\$54,565,365</u>

The Water Utility has \$12,825,000 in Waterworks System Revenue Bonds outstanding at December 31, 2015. 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.

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, 2015**

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
2016	\$ 5,217,039	\$ 1,798,549	\$ 4,882,961	\$ 1,546,151
2017	5,409,408	1,565,360	5,015,593	1,424,263
2018	5,152,534	1,433,236	4,762,466	1,300,356
2019	5,695,363	1,308,887	4,779,638	1,192,973
2020	5,168,835	1,177,160	4,856,165	1,074,107
2021-2025	24,286,480	3,756,324	19,143,542	3,544,390
2026-2030	8,975,000	1,203,431	7,500,000	1,517,984
2031-2035	2,325,000	184,516	3,625,000	320,953
Totals	\$ 62,229,659	\$ 12,427,463	\$ 54,565,365	\$ 11,921,177

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, 2015, was \$277,167,425. Total general obligation debt outstanding at year end was \$103,970,024.

Current Refunding

On December 1, 2015, the City issued \$26,375,000 in General Obligation Corporate Purpose Bonds. \$7,825,000 of the proceeds of the bonds were used to retire the remaining \$7,825,000 balance of the 2010 General Obligation Refunding Bonds. The debt service requirement on the old debt balance totaled \$9,780,269. The debt service requirements on the new debt balance totaled \$9,734,875. The economic gain on the refunding using a 2.5% effective interest rate was \$69,317.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

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 \$144,177 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, 2015**

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, 2015 includes the following:

Governmental Activities

Net investment in capital assets	
Nondepreciated	\$ 24,793,025
Depreciated	74,660,703
Less: related debt excluding unspent bond proceeds	<u>(33,430,374)</u>
Total net investment in capital assets	66,023,354
Restricted for debt service	2,884,861
Restricted for pension	6,695,015
Unrestricted	<u>(18,138,426)</u>
Total governmental activities net position	<u><u>\$ 57,464,804</u></u>

Business-type Activities

Net investment in capital assets	
Land	\$ 81,405
Construction in progress	576,467
Other capital assets, net of accumulated depreciation	138,048,696
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(50,830,451)</u>
Total net investment in capital assets	87,876,117
Restricted net position	
Restricted for debt service	1,744,654
Restricted for pension	263,013
Unrestricted	<u>3,149,870</u>
Total business-type activities net position	<u><u>\$ 93,033,654</u></u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015 include the following:

Nonspendable

Major Funds

General Fund -

Prepayments and inventories	\$ 9,816
Non-current receivables	<u>2,062,048</u>

2,071,864

Special Revenue Fund - Tax Incremental District - Prepayments	<u>2,419</u>
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Capital Projects Fund - General Obligation Debt Issue Fund - Prepayments	<u>1,050,875</u>
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Total non-spendable fund balance	<u>3,125,158</u>
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Restricted

Major Funds

Special Revenue Fund - Tax Incremental District - debt service	6,825,245
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Debt Service Fund	354,248
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Capital Projects Fund - General Obligation Debt Issue Fund	5,437,782
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Nonmajor Funds

Community Development Block Grant	<u>73</u>
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Total restricted fund balance	<u>12,617,348</u>
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Assigned

Major Funds

General Fund

Subsequent year's expenditures	772,267
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Capital improvements	1,202,572
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Parks	<u>3,442</u>
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1,978,281

Nonmajor Funds

Special Revenue Fund - Parks Fund	930,550
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Special Revenue Fund - Library Fund	191,024
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Special Revenue Fund - Redevelopment Authority Reserve Fund	2,330,966
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Capital Projects Fund - Informations Systems Equipment	254,696
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Capital Projects Fund - Informations Fleet Equipment	1,436,367
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Capital Projects Fund - Public Works Building Improvement Reserve Fund	<u>34,092</u>
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Total assigned fund balance	<u>7,155,976</u>
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Unassigned

Major Funds - General Fund	<u>16,571,597</u>
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Total governmental fund balance	<u>\$ 39,470,079</u>
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**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 - DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

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

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension 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>
2005	2.6%	7.0%
2006	0.8%	3.0%
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%

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 \$2,718,895 in contributions from the employer.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the City reported a liability (asset) of (\$6,958,029) for its proportional share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City'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, 2014, the Authority's proportion was .28327583%, which was a decrease of .00726982% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$2,774,603.

At December 31, 2015, 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	\$ 1,008,698	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	3,369,414	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	193,566	-
Employer contributions subsequent to the measurement date	2,734,259	-
	<u>\$ 7,305,937</u>	<u>\$ -</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

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

\$2,734,259 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 897,095	\$ -
2017	897,095	-
2018	897,095	-
2019	897,095	-
2020	897,095	-
Thereafter	86,203	-

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21.0%
International Equities	5.7%	23.0%
Fixed Income	1.7%	36.0%
Inflation Sensitive Assets	2.3%	20.0%
Real Estate	4.2%	7.0%
Private Equity/Debt	6.9%	7.0%
Multi-Asset	3.9%	(20.0%)

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 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend 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, 2015**

NOTE 5 - 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 percent, 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 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate <u>(6.20%)</u>	Current Discount Rate <u>(7.20%)</u>	1% Increase to Discount Rate <u>(8.20%)</u>
The City's proportionate share of the net pension liability (asset)	\$19,629,799	(\$6,958,029)	(\$27,956,021)

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

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, 2015. 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 1987, the City issued \$1,990,827 taxable General Obligation Refunding Bonds to provide financing of the City's 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, 2015**

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, 2015. CVMIC continues to pay dividends that are used to pay the City's insurance premiums.

Complete financial statements for the year ended December 31, 2015 for the CVMIC can be obtained from the CVMIC administrative office at 9898 W. Bluemound Road, Wauwatosa, WI 53226-4319.

As of December 31, 2015, the City of Wauwatosa, Wisconsin's has a Mutual Membership Percentage of 2.974%. The share would result in the City receiving \$893,039 upon dissolution of CVMIC.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - OTHER INFORMATION (continued)

B. Risk Management (continued)

Self-Insured General and Auto Liability (continued)

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, 2015, the Risk Management General Liability Fund had net position of \$2,028,614 which includes the City's Investment in CVMIC of \$893,039.

Changes in the claim liability amounts for the years ended December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims - Beginning of Year	\$ 56,130	\$ 141,016
Current year claims and changes in estimates	254,972	-
Claim payments	<u>1,541</u>	<u>84,886</u>
Unpaid claims - End of Year	<u>\$ 309,561</u>	<u>\$ 56,130</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - OTHER INFORMATION (continued)

B. Risk Management (continued)

Self-Insured Medical Care Coverage Plan

The City maintains a self-insured medical care coverage 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 post employment 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 \$510,120 reported in the Internal Service Fund at December 31, 2015, 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, 2015 and 2014 were as follows:

		Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2014	\$	518,555	\$ 6,711,530	\$ 6,754,883	\$ 475,202
2015		475,202	6,518,332	6,483,414	510,120

The net position (deficit) of the fund is reported as unrestricted and is comprised of the following components:

Employee dental insurance	139,147
Employee health insurance	3,922,849
Other employee insurance	756,865
Other post employment obligation	<u>(22,818,829)</u>
Total	<u>\$ (17,999,968)</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - OTHER INFORMATION (continued)

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 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 percent 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 2014, City and plan members receiving benefits paid approximately \$2,550,000 toward medical claims and administrative expenses for retirees. This represents 10.07% of total covered payroll for the year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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)	\$	4,300,210
Interest on Net OPEB Obligation		658,806
Adjustment to ARC		<u>(1,087,758)</u>
Annual OPEB Cost		3,871,258
Contribution made		<u>(2,585,568)</u>
Increase in net OPEB Obligation		1,285,690
Net OPEB obligation- beginning of year		<u>21,533,139</u>
Net OPEB obligation - end of year	<u>\$</u>	<u>22,818,829</u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 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>
12/31/2013	\$ 5,461,251	36.01%	20,688,683
12/31/2014	3,821,514	77.90%	21,533,139
12/31/2015	3,871,258	66.79%	22,818,829

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, 2015**

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, 2014.

The actuarial accrued liability for benefits was \$47,952,213 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$47,952,213. The covered payroll (annual payroll of active employees covered by the plan) was \$25,310,901 and the ratio of the UAAL to the covered payroll was 189.45 percent.

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 percent based on the City's projected short-term investment rate of return. The healthcare cost trends rate is 5.5 percent initially, and reduced by decrements to the ultimate rate of 4.4 percent after 67 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, 2015**

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 \$63,400 in 2015. Rental income from rental of the water towers reported in other water revenues amounted to \$221,127.

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

2016	\$	234,540
2017		245,014
2018		255,958
2019		267,395
2020		279,347
Thereafter		<u>13,267,079</u>
		<u>\$ 14,549,333</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, 2015 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.

On April 24, 2007 the City entered into a Developer agreement which included a Municipal Revenue Obligation to reimburse eligible project costs incurred by the developer. This obligation is payable solely from a portion of the Tax Incremental District No. 2 increment as defined by the developer agreement. The TIF closed during 2015, and as such, the City is not liable for any additional payments. Costs are reported as project costs in the year paid. Total costs that could be reimbursed amount to \$3,500,000. 2009 was the first year in which the City made a payment under this agreement. The amount the City paid in 2015 was \$860,112. Cumulative payments made through 2015 are \$3,151,144.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 - OTHER INFORMATION (continued)

F. Subsequent Events

On June 21, 2016, the City issued \$4,225,000 of Waterworks System Revenue Bonds, Series 2016A. The proceeds are to be used for capital projects related to the City's water infrastructure.

Management evaluated subsequent events through July 12, 2016, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2015, but prior to July 12, 2016 that provided additional evidence about conditions that existed at December 31, 2015, have been recognized in the financial statements for the year ending December 31, 2015. Events or transactions that provided evidence about conditions that did not exist at December 31, 2015 but arose before the financial statements were available to be issued have not yet been recognized in the financial statements for the year ended December 31, 2015.

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 5, 6, 7, 8, 9, 10 AND 11

A. Plan Summaries

The City has eight Tax Incremental Districts. Tax Incremental District No. 2 was created on January 1, 1995, and its dissolution date was May 5, 2015. There have been three amendments to Tax Incremental District No. 2, occurring on April 15, 1997, April 20, 2004, and in April, 2007. These amendments did not affect the dissolution date of January 1, 2022. 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.

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, 2015**

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 3, 5, 6, 7, 8, 9, 10 AND 11 (continued)

C. Interfund Advances

The General fund advanced \$5,576,000 to the Special Revenue Fund - Tax Incremental District No. 6 in 2012. This advance earns interest at 3.0%. The advance was issued to provide interim financing until the District obtains external long term financing. During the fiscal year ending December 31, 2015, the General Fund was repaid \$5,576,000. The remaining outstanding balance as of December 31, 2015 was \$0.

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, 2015 was \$2,000,000.

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>
2016	\$ 263,536	\$ 470,290	\$ 733,826
2017	539,766	355,785	895,551
2018	568,458	342,739	911,197
2019	599,610	329,245	928,856
2020	624,610	315,005	939,615
2021-2025	3,350,842	1,284,115	4,634,957
2026-2030	3,525,000	686,431	4,211,431
2031-2035	2,325,000	184,516	2,509,516
	<u>\$ 11,796,822</u>	<u>\$ 3,968,126</u>	<u>\$ 15,764,949</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 5, 6, 7, 8, 9, 10 AND 11 (continued)

D. Long-term Debt (continued)

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>
2016	\$ 675,000	\$ 368,013	\$ 1,043,013
2017	950,000	355,888	1,305,888
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
2021-2025	6,965,000	957,875	7,922,875
2026-2030	2,450,000	233,750	2,683,750
	<u>\$ 14,515,000</u>	<u>\$ 2,855,813</u>	<u>\$ 17,370,813</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>
2016	\$ -	\$ 10,563	\$ 10,563
2017	-	10,563	10,563
2018	25,000	10,563	35,563
2019	50,000	10,063	60,063
2020	50,000	9,063	59,063
2021-2025	300,000	26,188	326,188
	<u>\$ 425,000</u>	<u>\$ 77,000</u>	<u>\$ 502,000</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 5, 6, 7, 8, 9, 10 AND 11 (continued)

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 7 - RESTATEMENT

The City adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68 as of January 1, 2015. The standard revises and establishes new financial reporting requirements for most governments that provide their employees with benefits. As a result, the City's beginning of the year net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Net position, December 31, 2014, as previously reported	\$ 65,856,491	\$ 87,610,872	
Adjustment to recognize the beginning balance of Net Pension Asset and Deferred Outflow of Resources	<u>13,637,888</u>	<u>535,769</u>	
Net position, January 1, 2015, as restated	<u>\$ 79,494,379</u>	<u>\$ 88,146,641</u>	
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>
Net position, December 31, 2014, as previously reported	\$ 30,452,621	\$ 33,732,462	\$ 23,729,782
Adjustment to recognize the beginning balance of Net Pension Asset and Deferred Outflow of Resources	<u>378,437</u>	<u>62,368</u>	<u>94,964</u>
Net position, January 1, 2015, as restated	<u>\$ 30,831,058</u>	<u>\$ 33,794,830</u>	<u>\$ 23,824,746</u>

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
RETIREE HEALTH AND LIFE INSURANCE
For the Year Ended December 31, 2015**

Year Ending	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
12/31/2010	10/1/2010	-	52,326,127	52,326,127	0.00%	25,443,611	205.66%
12/31/2012	12/31/2012	-	62,372,743	62,372,743	0.00%	26,256,123	237.56%
12/31/2014	12/31/2014	-	47,952,213	47,952,213	0.00%	25,310,901	189.45%

**CITY OF WAUWATOSA, WISCONSIN
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
December 31, 2015**

	<u>2015</u>
City's proportion of the net pension liability (asset)	0.28327583%
City's proportionate share of the net pension liability (asset)	\$ (6,958,029)
City's covered employee payroll	\$ 28,350,192
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

**CITY OF WAUWATOSA, WISCONSIN
Schedule of the City's Contributions
Wisconsin Retirement System
December 31, 2015**

	<u>2015</u>
Contractually required contributions	\$ 2,718,895
Contributions in relation to the contractually required contributions	\$ 2,718,895
Contribution deficiency (excess)	\$ -
City's covered - employee payroll	\$ 28,350,192
Contributions as a percentage of covered - employee payroll	9.59%

**CITY OF WAUWTOSA, WISCONSIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015**

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 not changes in the assumptions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 32,710,945	\$ 32,710,945	\$ 32,837,916	\$ 126,971
Prior year's omitted taxes	-	-	8,167	8,167
Hotel/motel room tax	930,000	930,000	1,000,210	70,210
Payments in lieu of taxes	421,403	422,805	409,814	(12,991)
Interest on taxes	100,000	100,000	88,147	(11,853)
Property tax chargebacks	-	-	160,754	160,754
	<u>34,162,348</u>	<u>34,163,750</u>	<u>34,505,008</u>	<u>341,258</u>
INTERGOVERNMENTAL				
State shared taxes	4,522,377	4,522,377	4,519,733	(2,644)
Federal grants	249,654	280,679	221,968	(58,711)
State grants	198,000	203,000	168,851	(34,149)
	<u>4,970,031</u>	<u>5,006,056</u>	<u>4,910,552</u>	<u>(95,504)</u>
LICENSES AND PERMITS				
Licenses	263,085	280,682	296,559	15,877
Permits	1,077,985	1,325,955	1,881,876	555,921
	<u>1,341,070</u>	<u>1,606,637</u>	<u>2,178,435</u>	<u>571,798</u>
FINES, PENALTIES AND FORFEITURES				
Court penalties and costs	660,000	600,000	495,418	(104,582)
Parking violations	540,000	480,000	480,888	888
Other penalties and fees	69,000	69,000	55,129	(13,871)
	<u>1,269,000</u>	<u>1,149,000</u>	<u>1,031,435</u>	<u>(117,565)</u>
PUBLIC IMPROVEMENT REVENUES				
Special assessments	19,100	22,100	26,956	4,856
PUBLIC CHARGES FOR SERVICES				
General government	684,585	686,550	708,296	21,746
Public safety	2,085,159	1,870,859	2,071,201	200,342
Health and social services	21,920	25,471	17,992	(7,479)
Streets and related facilities	56,850	89,956	100,153	10,197
Sanitation	159,332	88,600	110,341	21,741
	<u>3,007,846</u>	<u>2,761,436</u>	<u>3,007,983</u>	<u>246,547</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
County				
Paramedics	100,000	100,000	72,612	(27,388)
Fire protection service	1,300,000	1,335,043	1,335,043	-
Local departments	175,462	175,294	173,794	(1,500)
	<u>1,575,462</u>	<u>1,610,337</u>	<u>1,581,449</u>	<u>(28,888)</u>
COMMERCIAL REVENUES				
Interest	432,000	432,000	477,470	45,470
Rentals	10,000	10,100	9,305	(795)
Other miscellaneous revenue	154,000	179,064	239,994	60,930
	<u>596,000</u>	<u>621,164</u>	<u>726,769</u>	<u>105,605</u>
TOTAL REVENUES	<u>\$ 46,940,857</u>	<u>\$ 46,940,480</u>	<u>\$ 47,968,587</u>	<u>\$ 1,028,107</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
GENERAL GOVERNMENT				
Common council	\$ 122,854	\$ 124,554	\$ 125,076	\$ (522)
Board of public works	-	-	-	-
Youth commission	2,791	2,791	2,442	349
Historic preservation commission	1,020	1,020	500	520
Municipal court	329,076	314,311	287,757	26,554
Mayor	138,440	142,435	129,205	13,230
Administrator	399,302	468,474	367,250	101,224
Clerk	374,893	391,858	387,710	4,148
Elections	186,264	179,464	151,905	27,559
Human resources	638,682	639,742	591,313	48,429
Comptroller	537,415	537,415	524,972	12,443
Assessor	659,050	682,093	662,610	19,483
Purchasing	127,055	122,719	110,658	12,061
Treasurer	355,419	355,419	375,958	(20,539)
Attorney	1,077,423	1,165,128	1,256,338	(91,210)
City Planning	382,003	439,787	634,467	(194,680)
Senior commission	3,121	5,602	3,173	2,429
Return of property taxes	-	4,094	12,963	(8,869)
	<u>5,334,808</u>	<u>5,576,906</u>	<u>5,624,297</u>	<u>(47,391)</u>
PROTECTION OF PERSONS AND PROPERTY				
Police department	14,991,678	14,881,507	14,443,605	437,902
Police station	280,887	304,565	256,522	48,043
Police reserves	13,100	13,100	13,184	(84)
Crossing guards	242,927	242,927	251,786	(8,859)
Fire department	12,598,522	12,580,263	12,710,450	(130,187)
Fire equipment reserve	20,000	47,429	20,986	26,443
Safety and building	818,458	818,631	819,706	(1,075)
Sealer of weights and measures	11,600	11,600	11,600	-
Traffic control and regulation	435,313	435,313	353,119	82,194
Property maintenance program	103,210	109,782	117,490	(7,708)
	<u>29,515,695</u>	<u>29,445,117</u>	<u>28,998,448</u>	<u>446,669</u>
HEALTH AND SANITATION				
Solid waste management	2,142,295	2,048,391	2,063,070	(14,679)
Health care services	1,494,071	1,494,252	1,350,161	144,091
	<u>3,636,366</u>	<u>3,542,643</u>	<u>3,413,231</u>	<u>129,412</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND (Concluded)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
HIGHWAY AND TRANSPORTATION				
Engineering	\$ 961,341	\$ 1,015,874	\$ 667,502	\$ 348,372
Public works operations management	479,341	439,362	371,598	67,764
Roadway maintenance	2,401,956	2,419,561	2,404,102	15,459
Electrical services	984,491	1,026,478	966,648	59,830
Public works facilities outside	77,243	85,554	152,255	(66,701)
	<u>4,904,372</u>	<u>4,986,829</u>	<u>4,562,105</u>	<u>424,724</u>
EDUCATION AND RECREATION				
Fourth of July celebration	47,065	47,065	54,294	(7,229)
	<u>47,065</u>	<u>47,065</u>	<u>54,294</u>	<u>(7,229)</u>
CONSERVATION AND DEVELOPMENT				
Forestry	1,311,896	1,358,602	1,368,295	(9,693)
Economic development	201,808	264,213	202,198	62,015
	<u>1,513,704</u>	<u>1,622,815</u>	<u>1,570,493</u>	<u>52,322</u>
UNCLASSIFIED				
Visit Milwaukee	335,285	335,285	335,285	-
Write-off of uncollectible receivables	15,000	15,000	17,477	(2,477)
Milwaukee Area Domestic Animal Control Commission	53,000	53,000	53,579	(579)
Unclassified payroll	33,500	3,110	890	2,220
Other	87,373	21,470	-	21,470
	<u>524,158</u>	<u>427,865</u>	<u>407,231</u>	<u>20,634</u>
CAPITAL OUTLAY				
Intergovernmental expenditures	100,000	127,500	180,269	(52,769)
	<u>\$ 45,576,168</u>	<u>\$ 45,776,740</u>	<u>\$ 44,810,368</u>	<u>\$ 966,372</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Special Revenue Funds					Capital Projects				Totals
	Special Assessments	Community Development Block Grant	Parks	Public Library	Redevelopment Reserve Fund	Information Systems Equipment	Fleet Equipment	Redevelopment Authority Lease Revenue Bond Fund	Public Works Building Improvement Reserve Fund	
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ 930,550	\$ 191,024	\$ 2,330,966	\$ 254,696	\$ 1,436,367	\$ -	\$ 34,092	\$ 5,177,695
Taxes receivable	84,655	-	-	-	-	-	-	-	-	84,655
Special assessments receivable:										
Due in installments	396,740	-	-	-	-	-	-	-	-	396,740
Deferred	1,934	-	-	-	-	-	-	-	-	1,934
Other accrued receivables	-	22,656	-	-	-	-	-	-	-	22,656
TOTAL ASSETS	\$ 483,329	\$ 22,656	\$ 930,550	\$ 191,024	\$ 2,330,966	\$ 254,696	\$ 1,436,367	\$ -	\$ 34,092	\$ 5,683,680
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 58,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,794
Due to other funds	25,861	9,653	-	-	-	-	-	-	-	35,514
Unearned revenue	-	12,930	-	-	-	-	-	-	-	12,930
Total liabilities	84,655	22,583	-	-	-	-	-	-	-	107,238
DEFERRED INFLOWS OF RESOURCES										
Subsequent year tax levy	-	-	-	-	-	-	-	-	-	-
Special Assessments	398,674	-	-	-	-	-	-	-	-	398,674
Total Deferred Inflows	398,674	-	-	-	-	-	-	-	-	398,674
FUND BALANCES										
Restricted	-	73	-	-	-	-	-	-	-	73
Assigned	-	-	930,550	191,024	2,330,966	254,696	1,436,367	-	34,092	5,177,695
Total fund balances	-	73	930,550	191,024	2,330,966	254,696	1,436,367	-	34,092	5,177,768
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 483,329	\$ 22,656	\$ 930,550	\$ 191,024	\$ 2,330,966	\$ 254,696	\$ 1,436,367	\$ -	\$ 34,092	\$ 5,683,680

CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Special Revenue Funds					Capital Projects				Totals
	Special	Community	Parks	Public	Redevelopment	Information	Fleet	Redevelopment	Public Works	
	Assessments	Development Block Grant		Library	Reserve Fund	Systems Equipment		Equipment	Authority Lease Revenue Bond Fund	
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ 2,329,901	\$ -	\$ 16,587	\$ -	\$ -	\$ -	\$ 2,346,488
Intergovernmental revenues	-	840,580	-	-	-	-	-	-	-	840,580
Public improvement revenues	478,998	-	-	-	-	-	-	-	-	478,998
Public charges for services	-	-	324,411	382,951	-	-	-	-	-	707,362
Commercial revenues	-	-	6,384	3,408	-	-	-	-	-	9,792
Total revenues	<u>478,998</u>	<u>840,580</u>	<u>330,795</u>	<u>2,716,260</u>	<u>-</u>	<u>16,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,383,220</u>
EXPENDITURES										
Current:										
Education and recreation	-	-	976,356	2,717,566	-	-	-	-	-	3,693,922
Conservation and development	-	840,580	-	-	-	-	-	-	-	840,580
Operation and maintenance	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	9,550,000	-	9,550,000
Interest	-	-	-	-	-	-	-	228,802	-	228,802
Capital Outlay	-	-	-	-	-	30,150	389,745	-	-	419,895
Total expenditures	<u>-</u>	<u>840,580</u>	<u>976,356</u>	<u>2,717,566</u>	<u>-</u>	<u>30,150</u>	<u>389,745</u>	<u>9,778,802</u>	<u>-</u>	<u>14,733,199</u>
Excess of revenues over (under) expenditures	<u>478,998</u>	<u>-</u>	<u>(645,561)</u>	<u>(1,306)</u>	<u>-</u>	<u>(13,563)</u>	<u>(389,745)</u>	<u>(9,778,802)</u>	<u>-</u>	<u>(10,349,979)</u>
OTHER FINANCING SOURCES (USES)										
Premium on debt	-	-	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	1,156,043	-	2,330,966	105,040	1,885,300	9,778,802	34,092	15,290,243
Transfers out	(478,998)	-	(364,818)	-	-	-	(59,188)	-	-	(903,004)
Net change in fund balances	-	-	145,664	(1,306)	2,330,966	91,477	1,436,367	-	34,092	4,037,260
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>73</u>	<u>784,886</u>	<u>192,330</u>	<u>-</u>	<u>163,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,508</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 930,550</u>	<u>\$ 191,024</u>	<u>\$ 2,330,966</u>	<u>\$ 254,696</u>	<u>\$ 1,436,367</u>	<u>\$ -</u>	<u>\$ 34,092</u>	<u>\$ 5,177,768</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND SPECIAL ASSESSMENTS FUND
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public improvement revenues	\$ 659,050	\$ 659,050	\$ 478,998	\$ (180,052)
Total revenues	659,050	659,050	478,998	(180,052)
 OTHER FINANCING SOURCES (USES)				
Transfers out	(659,050)	(659,050)	(478,998)	180,052
 Net change in fund balance	\$ -	\$ -	-	\$ -
 FUND BALANCE - BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			\$ -	

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 891,326	\$ 891,326	\$ 840,580	\$ (50,746)
Total revenues	<u>891,326</u>	<u>891,326</u>	<u>840,580</u>	<u>(50,746)</u>
EXPENDITURES				
Conservation and development	891,326	891,326	840,580	50,746
Total expenditures	<u>891,326</u>	<u>891,326</u>	<u>840,580</u>	<u>50,746</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - BEGINNING OF YEAR			<u>73</u>	
FUND BALANCE - END OF YEAR			<u>\$ 73</u>	

**CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND PARKS FUND
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 265,000	\$ 265,000	\$ 324,411	\$ 59,411
Commercial revenues	76,370	76,370	6,384	(69,986)
Total revenues	341,370	341,370	330,795	(10,575)
EXPENDITURES				
Education and recreation	1,110,834	1,110,834	976,356	134,478
Capital outlay	8,066	8,066	-	8,066
Total expenditures	1,118,900	1,118,900	976,356	142,544
Excess of revenues over (under) expenditures	(777,530)	(777,530)	(645,561)	131,969
OTHER FINANCING SOURCES (USES)				
Transfers in	1,047,544	1,047,544	1,156,043	108,499
Transfers out	(270,014)	(270,014)	(364,818)	(94,804)
Net change in fund balance	\$ -	\$ -	145,664	\$ 145,664
FUND BALANCE - BEGINNING OF YEAR			784,886	
FUND BALANCE - END OF YEAR			\$ 930,550	

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND PUBLIC LIBRARY FUND
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,371,111	\$ 2,371,111	\$ 2,329,901	\$ (41,210)
Public charges for services	138,200	138,200	382,951	244,751
Commercial revenues	246,471	246,471	3,408	(243,063)
Total revenues	2,755,782	2,755,782	2,716,260	(39,522)
EXPENDITURES				
Education and recreation	2,755,782	2,755,782	2,717,566	38,216
Total expenditures	2,755,782	2,755,782	2,717,566	38,216
Net change in fund balance	\$ -	\$ -	(1,306)	\$ (1,306)
FUND BALANCE - BEGINNING OF YEAR			192,330	
FUND BALANCE - END OF YEAR			\$ 191,024	

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 3,968,080	\$ 3,968,080	\$ 3,882,321	\$ (85,759)
Commercial revenues	<u>85,222</u>	<u>85,222</u>	<u>50,308</u>	<u>(34,914)</u>
Total revenues	<u>4,053,302</u>	<u>4,053,302</u>	<u>3,932,629</u>	<u>(120,673)</u>
 EXPENDITURES				
Debt service				
Principal	3,787,795	3,787,795	16,667,817	(12,880,022)
Interest and other fiscal charges	<u>1,232,811</u>	<u>1,232,811</u>	<u>1,536,581</u>	<u>(303,770)</u>
Total expenditures	<u>5,020,606</u>	<u>5,020,606</u>	<u>18,204,398</u>	<u>(13,183,792)</u>
 Excess of revenues over expenditures	(967,304)	(967,304)	(14,271,769)	(13,304,465)
 OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	7,825,000	7,825,000
Premium on long-term debt	-	-	555,352	555,352
Transfers in	<u>875,304</u>	<u>875,304</u>	<u>4,033,120</u>	<u>3,157,816</u>
 Net change in fund balance	<u>\$ (92,000)</u>	<u>\$ (92,000)</u>	(1,858,297)	<u>\$ (1,766,297)</u>
 FUND BALANCE - BEGINNING OF YEAR			<u>2,212,545</u>	
 FUND BALANCE - END OF YEAR			<u>\$ 354,248</u>	

The accompanying notes are an integral part of the financial statements.

**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, 2015**

	<u>TID NO. 2</u>	<u>TID NO. 5</u>	<u>TID NO. 6</u>	<u>TID NO. 7</u>	<u>TID NO. 8</u>	<u>TID NO. 9</u>	<u>TID NO. 10</u>	<u>TID NO. 11</u>	<u>TOTAL</u>
PROJECT COSTS									
Capital Expenditures	\$ 276,017	\$ 1,294	\$ 2,738,176	\$ 10,638,430	\$ 412,613	\$ 414,305	\$ 16,499	\$ 109,738	\$ 14,607,072
Administration	-	-	9,383	6,403	8,951	2,437	1,730	7,138	36,042
Interest and Fiscal Charges	228,802	-	90,619	169,947	-	-	-	-	489,368
Professional Services	5,120	-	-	-	-	-	-	-	5,120
Debt Issuance Costs	-	-	-	-	-	-	-	-	-
Developers Grants/Incentive	860,113	-	4,500,000	2,000,000	-	1,994,000	4,500,000	3,926,500	17,780,613
Distribution to other taxing jurisdictions	13,019,086	-	-	-	-	-	-	-	13,019,086
Total Costs	<u>14,389,138</u>	<u>1,294</u>	<u>7,338,178</u>	<u>12,814,780</u>	<u>421,564</u>	<u>2,410,742</u>	<u>4,518,229</u>	<u>4,043,376</u>	<u>45,937,301</u>
PROJECT REVENUES									
Tax Increments	4,818,795	286,820	584,433	579,420	-	-	-	-	6,269,468
Investment Income	18,660	224	405	4,052	3,019	3	-	-	26,363
Premium on long-term debt	-	-	262,622	132,152	-	10,147	-	-	404,921
Grants	-	-	1,155,357	395,169	-	-	-	-	1,550,526
Exempt Computer Aid	1,270,780	13,362	-	-	-	-	-	-	1,284,142
Developer Fees	-	-	18,803	-	-	10,000	10,000	20,000	58,803
Sale of Land	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-
Total Revenues	<u>6,108,235</u>	<u>300,406</u>	<u>2,021,620</u>	<u>1,110,793</u>	<u>3,019</u>	<u>20,150</u>	<u>10,000</u>	<u>20,000</u>	<u>9,594,223</u>
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2015	<u>\$ (8,280,903)</u>	<u>\$ 299,112</u>	<u>\$ (5,316,558)</u>	<u>\$ (11,703,987)</u>	<u>\$ (418,545)</u>	<u>\$ (2,390,592)</u>	<u>\$ (4,508,229)</u>	<u>\$ (4,023,376)</u>	<u>\$ (36,343,078)</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
 HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
 AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
 From Date of Creation Through December 31, 2015**

	<u>TID NO. 2</u>	<u>TID NO. 5</u>	<u>TID NO. 6</u>	<u>TID NO. 7</u>	<u>TID NO. 8</u>	<u>TID NO. 9</u>	<u>TID NO. 10</u>	<u>TID NO. 11</u>	<u>TOTAL</u>
PROJECT COSTS									
Capital Expenditures	\$ 17,971,019	\$ 13,135	\$ 16,006,502	\$ 10,906,765	\$ 712,703	\$ 419,755	\$ 23,969	\$ 109,738	\$ 46,163,586
Administration	725,555	-	9,383	6,403	8,951	2,437	2,230	16,447	771,406
Interest and Fiscal Charges	17,898,201	-	519,161	169,947	-	-	-	-	18,587,309
Professional Services	5,120	-	-	-	-	-	-	-	5,120
Debt Issuance Costs	681,414	-	-	-	-	-	-	-	681,414
Developers Grants/Incentive	18,151,144	1,800,000	4,500,000	2,000,000	1,500,000	1,994,000	4,500,000	3,926,500	38,371,644
Distribution to other taxing jurisdictions	13,019,086	-	-	-	-	-	-	-	13,019,086
Total Costs	<u>68,451,539</u>	<u>1,813,135</u>	<u>21,035,046</u>	<u>13,083,115</u>	<u>2,221,654</u>	<u>2,416,192</u>	<u>4,526,199</u>	<u>4,052,685</u>	<u>117,599,565</u>
PROJECT REVENUES									
Tax Increments	52,147,681	1,263,260	1,230,499	579,420	-	-	-	-	55,220,860
Investment Income	3,526,106	839	3,573	4,436	3,204	3	-	-	3,538,161
Premium on long-term debt	-	-	263,126	173,736	-	10,147	-	-	-
Grants	-	-	5,408,646	395,169	-	-	-	-	-
Exempt Computer Aid	10,098,044	70,354	-	-	-	-	-	-	10,168,398
Developer Fees	-	5,000	33,803	15,000	-	10,000	10,000	20,000	93,803
Sale of Land	2,637,347	-	-	-	-	-	-	-	2,637,347
Distribution from terminated TID	-	-	-	-	2,725,777	-	-	-	2,725,777
Miscellaneous Revenue	42,361	-	-	-	-	-	-	-	42,361
Total Revenues	<u>68,451,539</u>	<u>1,339,453</u>	<u>6,939,647</u>	<u>1,167,761</u>	<u>2,728,981</u>	<u>20,150</u>	<u>10,000</u>	<u>20,000</u>	<u>80,677,531</u>
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2015	<u>\$ -</u>	<u>\$ (473,682)</u>	<u>\$ (14,095,399)</u>	<u>\$ (11,915,354)</u>	<u>\$ 507,327</u>	<u>\$ (2,396,042)</u>	<u>\$ (4,516,199)</u>	<u>\$ (4,032,685)</u>	<u>\$ (36,922,034)</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 TAX INCREMENTAL DISTRICTS
SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year ended December 31, 2015**

	<u>TID NO. 2</u>	<u>TID NO. 5</u>	<u>TID NO. 6</u>	<u>TID NO. 7</u>	<u>TID NO. 8</u>	<u>TID NO. 9</u>	<u>TID NO. 10</u>	<u>TID NO. 11</u>	<u>Total</u>
SOURCES OF FUNDS									
Tax Increments	\$ 4,818,795	\$ 286,820	\$ 584,433	579,420	\$ -	\$ -	\$ -	\$ -	\$ 6,269,468
Investment Income	18,660	224	405	4,052	3,019	3	-	-	26,363
Long-Term Debt Issued	-	-	9,800,000	9,450,000	-	425,000	-	-	19,675,000
Premium on Long-Term Debt	-	-	262,622	132,152	-	10,147	-	-	404,921
Municipal Revenue Obligations	-	-	4,500,000	0	-	1,994,000	4,500,000	3,926,500	14,920,500
Grants	-	-	1,155,357	395,169	-	-	-	-	1,550,526
Exempt Computer Aid	1,270,780	13,362	-	-	-	-	-	-	1,284,142
Developer Fees	-	-	18,803	-	-	10,000	10,000	20,000	58,803
Sale of Land	-	-	-	-	-	-	-	-	-
Distribution from terminated TID	-	-	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-
Total Sources	<u>6,108,235</u>	<u>300,406</u>	<u>16,321,620</u>	<u>10,560,793</u>	<u>3,019</u>	<u>2,439,150</u>	<u>4,510,000</u>	<u>3,946,500</u>	<u>44,189,723</u>
USES OF FUNDS									
Capital Expenditures	276,017	1,294	2,738,176	10,638,430	412,613	414,305	16,499	109,738	14,607,072
Administration	-	-	9,383	6,403	8,951	2,437	1,730	7,138	36,042
Interest on Long-Term Debt	228,802	-	90,619	169,947	-	-	-	-	489,368
Principal on Long-Term Debt	9,550,000	-	186,075	165,000	-	-	-	-	9,901,075
Principal on Municipal Revenue Obligation	-	286,820	-	-	-	-	-	-	286,820
Developers Grants/Incentive	860,113	-	4,500,000	2,000,000	0	1,994,000	4,500,000	3,926,500	17,780,613
Professional Services	5,120	-	-	-	-	-	-	-	5,120
Debt Issuance Costs	-	-	-	-	-	-	-	-	-
Distribution to other taxing jurisdictions	13,019,086	-	-	-	-	-	-	-	13,019,086
Total Uses	<u>23,939,138</u>	<u>288,114</u>	<u>7,524,253</u>	<u>12,979,780</u>	<u>421,564</u>	<u>2,410,742</u>	<u>4,518,229</u>	<u>4,043,376</u>	<u>56,125,196</u>
Net change in fund balance	(17,830,903)	12,292	8,797,367	(2,418,987)	(418,545)	28,408	(8,229)	(96,876)	(11,935,473)
BEGINNING FUND BALANCE	<u>17,830,903</u>	<u>55,163</u>	<u>(6,595,944)</u>	<u>5,018,633</u>	<u>2,425,872</u>	<u>(5,450)</u>	<u>(7,970)</u>	<u>(9,309)</u>	<u>18,711,898</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 67,455</u>	<u>\$ 2,201,423</u>	<u>\$ 2,599,646</u>	<u>\$ 2,007,327</u>	<u>\$ 22,958</u>	<u>\$ (16,199)</u>	<u>\$ (106,185)</u>	<u>\$ 6,776,425</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

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.

Fund balance reported in the funds noted above related to these TIF activities is as follows:

Tax Incremental District Special Revenue Fund	\$ 6,827,664
Deficit fund balance reported in the General Obligation Debt Issue Capital Projects Fund for TID 7 expenditures not yet reimbursed	(50,000)
Deficit fund balance reported in the General Obligation Debt Issue Capital Projects Fund for TID 11 expenditures not yet reimbursed	(1,239)
	<u>\$ 6,776,425</u>

CITY OF WAUWATOSA, WISCONSIN
COMBINING SCHEDULE TAX INCREMENTAL DISTRICTS
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2015

	TID NO. 2	TID NO. 5	TID NO. 6	TID NO. 7	TID NO. 8	TID NO. 9	TID NO. 10	TID NO. 11	TOTAL
SOURCES OF FUNDS									
Tax Increments	\$ 52,147,681	\$ 1,263,260	\$ 1,230,499	\$ 579,420	\$ -	\$ -	\$ -	\$ -	\$ 55,220,860
Investment Income	3,526,106	839	3,573	4,436	3,204	3	-	-	3,538,161
Long-Term Debt Issued	44,835,000	-	12,003,815	14,680,000	-	425,000	-	-	71,943,815
Municipal Revenue Obligations Issued	-	1,800,000	4,500,000	-	1,500,000	1,994,000	4,500,000	3,926,500	18,220,500
Premium on long-term debt	-	-	263,126	173,736	-	10,147	-	-	447,009
Grants	-	-	5,408,646	395,169	-	-	-	-	5,803,815
Exempt Computer Aid	10,098,044	70,354	-	-	-	-	-	-	10,168,398
Developer Fees	-	5,000	33,803	15,000	-	10,000	10,000	20,000	93,803
Sale of Land	2,637,347	-	-	-	-	-	-	-	2,637,347
Distribution from terminated TID	-	-	-	-	2,725,777	-	-	-	2,725,777
Miscellaneous Revenues	42,361	-	-	-	-	-	-	-	42,361
Total Sources	<u>113,286,539</u>	<u>3,139,453</u>	<u>23,443,462</u>	<u>15,847,761</u>	<u>4,228,981</u>	<u>2,439,150</u>	<u>4,510,000</u>	<u>3,946,500</u>	<u>170,841,846</u>
USES OF FUNDS									
Capital Expenditures	17,971,019	13,135	16,006,502	10,906,765	712,703	419,755	23,969	109,738	46,163,586
Administration	725,555	-	9,383	6,403	8,951	2,437	2,230	16,447	771,406
Interest on Long-Term Debt	17,898,201	-	519,161	169,947	-	-	-	-	18,587,309
Principal on Long-Term Debt	44,835,000	-	206,993	165,000	-	-	-	-	45,206,993
Principal on Municipal Revenue Obligation	-	1,258,863	-	-	-	-	-	-	1,258,863
Developers Grants/Incentive	18,151,144	1,800,000	4,500,000	2,000,000	1,500,000	1,994,000	4,500,000	3,926,500	38,371,644
Professional Services	5,120	-	-	-	-	-	-	-	5,120
Debt Issuance Costs	681,414	-	-	-	-	-	-	-	681,414
Distribution to other taxing jurisdictions	13,019,086	-	-	-	-	-	-	-	13,019,086
Total Uses	<u>113,286,539</u>	<u>3,071,998</u>	<u>21,242,039</u>	<u>13,248,115</u>	<u>2,221,654</u>	<u>2,416,192</u>	<u>4,526,199</u>	<u>4,052,685</u>	<u>164,065,421</u>
Net change in fund balance	-	67,455	2,201,423	2,599,646	2,007,327	22,958	(16,199)	(106,185)	6,776,425
BEGINNING FUND BALANCE	-	-	-	-	-	-	-	-	-
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 67,455</u>	<u>\$ 2,201,423</u>	<u>\$ 2,599,646</u>	<u>\$ 2,007,327</u>	<u>\$ 22,958</u>	<u>\$ (16,199)</u>	<u>\$ (106,185)</u>	<u>\$ 6,776,425</u>
RECONCILIATION OF RECOVERABLE COSTS									
Fund balance	\$ -	\$ 67,455	\$ 2,201,423	\$ 2,599,646	\$ 2,007,327	\$ 22,958	\$ (16,199)	\$ (106,185)	\$ 6,776,425
Principal balance of outstanding long-term debt	-	-	(11,796,822)	(14,515,000)	-	(425,000)	-	-	(26,736,822)
Principal balance of municipal revenue obligation	-	(541,137)	(4,500,000)	-	(1,500,000)	(1,994,000)	(4,500,000)	(3,926,500)	(16,961,637)
NET COST RECOVERABLE THROUGH TIF	<u>\$ -</u>	<u>\$ (473,682)</u>	<u>\$ (14,095,399)</u>	<u>\$ (11,915,354)</u>	<u>\$ 507,327</u>	<u>\$ (2,396,042)</u>	<u>\$ (4,516,199)</u>	<u>\$ (4,032,685)</u>	<u>\$ (36,922,034)</u>
INCREMENTS - DECEMBER 31, 2015	<u>\$ -</u>	<u>\$ (473,682)</u>	<u>\$ (14,095,399)</u>	<u>\$ (11,915,354)</u>	<u>\$ 507,327</u>	<u>\$ (2,396,042)</u>	<u>\$ (4,516,199)</u>	<u>\$ (4,032,685)</u>	<u>\$ (36,922,034)</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 STATEMENT OF NET POSITION
PROPRIETARY FUND - INTERNAL SERVICE FUNDS
DECEMBER 31, 2015**

	Fleet Maintenance	Public Works Building	Risk Management General Liability	Employee Insurance	Information Systems	Municipal Building Complex	Total Internal Service Funds
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 437,085	\$ 197,526	\$ 1,445,136	\$ 5,633,615	\$ 790,744	\$ 414,579	\$ 8,918,685
Receivables, net	12,191	10,108	-	-	-	-	22,299
Inventories	127,601	-	-	-	-	-	127,601
Total current assets	<u>576,877</u>	<u>207,634</u>	<u>1,445,136</u>	<u>5,633,615</u>	<u>790,744</u>	<u>414,579</u>	<u>9,068,585</u>
NONCURRENT ASSETS							
Investment in Cities and Villages Mutual Insurance Company	-	-	893,039	-	-	-	893,039
Capital assets:							
Land	-	22,617	-	-	-	-	22,617
Buildings	-	1,465,337	-	-	-	-	1,465,337
Machinery and equipment	11,566,841	20,371	-	-	907,504	-	12,494,716
Construction in Progress	32,351	-	-	-	-	-	32,351
Less: Accumulated depreciation	<u>(8,380,320)</u>	<u>(1,277,486)</u>	<u>-</u>	<u>-</u>	<u>(457,369)</u>	<u>-</u>	<u>(10,115,175)</u>
Total capital assets, net	<u>3,218,872</u>	<u>230,839</u>	<u>-</u>	<u>-</u>	<u>450,135</u>	<u>-</u>	<u>3,899,846</u>
Total assets	<u>3,795,749</u>	<u>438,473</u>	<u>2,338,175</u>	<u>5,633,615</u>	<u>1,240,879</u>	<u>414,579</u>	<u>13,861,470</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	1,292	-	309,561	814,754	-	20,620	1,146,227
Accrued liabilities	35,719	15,610	-	-	36,721	13,554	101,604
Total current liabilities	<u>37,011</u>	<u>15,610</u>	<u>309,561</u>	<u>814,754</u>	<u>36,721</u>	<u>34,174</u>	<u>1,247,831</u>
NONCURRENT LIABILITIES							
Accrued net other postemployment benefits obligation	-	-	-	22,818,829	-	-	22,818,829
Total liabilities	<u>37,011</u>	<u>15,610</u>	<u>309,561</u>	<u>23,633,583</u>	<u>36,721</u>	<u>34,174</u>	<u>24,066,660</u>
NET POSITION							
Net investment in capital assets	3,218,872	230,839	-	-	450,135	-	3,899,846
Unrestricted	539,866	192,024	2,028,614	(17,999,968)	754,023	380,405	(14,105,036)
Total net position	<u>\$ 3,758,738</u>	<u>\$ 422,863</u>	<u>\$ 2,028,614</u>	<u>\$ (17,999,968)</u>	<u>\$ 1,204,158</u>	<u>\$ 380,405</u>	<u>\$ (10,205,190)</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015**

	Fleet Maintenance	Public Works Building	Risk Management		Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Employee Insurance			
OPERATING REVENUES							
Charges for services and sales	\$ 2,921,842	\$ 612,230	\$ 444,615	\$ 8,979,574	\$ 1,375,744	\$ 835,642	\$ 15,169,647
Other operating revenues	-	(55)	-	1,417,372	74	2,524	1,419,915
Total operating revenues	<u>2,921,842</u>	<u>612,175</u>	<u>444,615</u>	<u>10,396,946</u>	<u>1,375,818</u>	<u>838,166</u>	<u>16,589,562</u>
OPERATING EXPENSES							
Operation and maintenance	2,090,393	541,231	528,008	10,879,672	1,182,427	811,761	16,033,492
Depreciation	839,839	22,073	-	-	107,825	-	969,737
Total operating expenses	<u>2,930,232</u>	<u>563,304</u>	<u>528,008</u>	<u>10,879,672</u>	<u>1,290,252</u>	<u>811,761</u>	<u>17,003,229</u>
Operating income (loss)	<u>(8,390)</u>	<u>48,871</u>	<u>(83,393)</u>	<u>(482,726)</u>	<u>85,566</u>	<u>26,405</u>	<u>(413,667)</u>
NON-OPERATING REVENUES (EXPENSES)							
Dividend income	-	-	60,908	-	-	-	60,908
Investment income	-	-	(70,453)	6,714	-	-	(63,739)
Gain on sale or trade of assets	25,821	-	-	-	-	-	25,821
Total Non-operating revenues (expenses)	<u>25,821</u>	<u>-</u>	<u>(9,545)</u>	<u>6,714</u>	<u>-</u>	<u>-</u>	<u>22,990</u>
Income (loss) before transfers	17,431	48,871	(92,938)	(476,012)	85,566	26,405	(390,677)
CAPITAL CONTRIBUTIONS	372,898	35,494	-	-	151,630	-	560,022
TRANSFERS IN	-	-	300,000	-	150,000	-	450,000
TRANSFERS OUT	<u>(911,738)</u>	<u>(34,090)</u>	<u>-</u>	<u>(75,000)</u>	<u>(105,040)</u>	<u>-</u>	<u>(1,125,868)</u>
Change in net assets	(521,409)	50,275	207,062	(551,012)	282,156	26,405	(506,523)
NET POSITION - BEGINNING OF YEAR	<u>4,280,147</u>	<u>372,588</u>	<u>1,821,552</u>	<u>(17,448,956)</u>	<u>922,002</u>	<u>354,000</u>	<u>(9,698,667)</u>
NET POSITION - END OF YEAR	<u>\$ 3,758,738</u>	<u>\$ 422,863</u>	<u>\$ 2,028,614</u>	<u>\$ (17,999,968)</u>	<u>\$ 1,204,158</u>	<u>\$ 380,405</u>	<u>\$ (10,205,190)</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015**

	Fleet Maintenance	Public Works Building	Risk Management		Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Employee Insurance			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ -	\$ (55)	\$ -	\$ 1,417,372	\$ 74	\$ -	\$ 1,417,391
Receipts from other funds	2,940,123	605,852	444,615	9,045,072	1,375,744	838,166	15,249,572
Payments to suppliers	(1,345,203)	(274,401)	(257,991)	(9,472,019)	(597,226)	(651,982)	(12,598,822)
Payments to employees	(756,144)	(266,439)	(16,586)	(157,432)	(570,245)	(137,601)	(1,904,447)
Payments to other funds	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>838,776</u>	<u>64,957</u>	<u>170,038</u>	<u>832,993</u>	<u>208,347</u>	<u>48,583</u>	<u>2,163,694</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	-	-	300,000	-	150,000	-	450,000
Transfers to other funds	(911,738)	(34,090)	-	(75,000)	(105,040)	-	(1,125,868)
Net cash provided by (used in) noncapital financing activities	<u>(911,738)</u>	<u>(34,090)</u>	<u>300,000</u>	<u>(75,000)</u>	<u>44,960</u>	<u>-</u>	<u>(675,868)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of property, plant, and equipment	41,921	-	-	-	-	-	41,921
Acquisition and construction of capital assets	-	-	-	-	-	-	-
Disposal of capital assets	-	-	-	-	-	-	-
Net cash provided by capital and related financing activities	<u>41,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends received	-	-	61,922	6,714	-	-	68,636
Net increase (decrease) in cash and cash equivalents	(31,041)	30,867	531,960	764,707	253,307	48,583	1,598,383
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>468,126</u>	<u>166,659</u>	<u>913,176</u>	<u>4,868,908</u>	<u>537,437</u>	<u>365,996</u>	<u>7,320,302</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 437,085</u>	<u>\$ 197,526</u>	<u>\$ 1,445,136</u>	<u>\$ 5,633,615</u>	<u>\$ 790,744</u>	<u>\$ 414,579</u>	<u>\$ 8,918,685</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (8,390)	\$ 48,871	\$ (83,393)	\$ (482,726)	\$ 85,566	\$ 26,405	\$ (413,667)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation expense	839,839	22,073	-	-	107,825	-	969,737
(Increase) decrease:							
Accounts receivable - other	18,281	(6,378)	-	65,498	-	-	77,401
Inventories	(3,590)	-	-	-	-	-	(3,590)
Accounts payable	(179)	-	253,431	(35,469)	(975)	20,548	237,356
Accrued liabilities	(7,185)	391	-	1,285,690	15,931	1,630	1,296,457
Total adjustments	<u>847,166</u>	<u>16,086</u>	<u>253,431</u>	<u>1,315,719</u>	<u>122,781</u>	<u>22,178</u>	<u>2,577,361</u>
Net cash provided by (used in) operating activities	<u>\$ 838,776</u>	<u>\$ 64,957</u>	<u>\$ 170,038</u>	<u>\$ 832,993</u>	<u>\$ 208,347</u>	<u>\$ 48,583</u>	<u>\$ 2,163,694</u>
Non-cash capital and related financing activities:							
Capital assets contributed by City of Wauwatosa	\$ -	\$ 44,039	\$ -	\$ -	\$ 151,630	\$ -	\$ 195,669

**CITY OF WAUWATOSA, WISCONSIN
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	Private Purpose Trust Funds					Agency Funds		
	Firemen's Special Endowment Fund	Bachman Flag Account	Land Conservation Account	Automated License Plate Reader	Total	Special Deposits	Subsequent Year's Tax Roll Collections	Total
ASSETS								
Cash and investments	\$ 10,399	\$ 8,248	\$ 187,796	\$ 1,909	\$ 208,352	\$ 103,900	\$ 61,322,258	\$ 61,426,158
Interest receivable	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	29,078,338	29,078,338
Total assets	<u>10,399</u>	<u>8,248</u>	<u>187,796</u>	<u>1,909</u>	<u>208,352</u>	<u>\$ 103,900</u>	<u>\$ 90,400,596</u>	<u>\$ 90,504,496</u>
LIABILITIES								
Special deposits	-	-	-	-	-	\$ 103,900	\$ -	\$ 103,900
Due to other taxing units	-	-	-	-	-	-	90,400,596	90,400,596
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 103,900</u>	<u>\$ 90,400,596</u>	<u>\$ 90,504,496</u>
NET POSITION - RESTRICTED	<u>\$ 10,399</u>	<u>\$ 8,248</u>	<u>\$ 187,796</u>	<u>\$ 1,909</u>	<u>\$ 208,352</u>			

**CITY OF WAUWATOSA, WISCONSIN
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2015**

	Private Purpose Trust Funds				
	Firemen's Special Endowment Fund	Bachman Flag Account	Land Conservation Account	Automated License Plate Reader	Total
ADDITIONS					
Contributions	\$ -	\$ 125	\$ -	\$ 2,925	\$ 3,050
Investment income	50	-	-	-	50
Total additions	<u>50</u>	<u>125</u>	<u>-</u>	<u>2,925</u>	<u>3,100</u>
DEDUCTIONS	<u>1,002</u>	<u>2,259</u>	<u>-</u>	<u>1,772</u>	<u>5,033</u>
Changes in net assets	(952)	(2,134)	-	1,153	(1,933)
NET POSITION - BEGINNING OF YEAR	<u>11,351</u>	<u>10,382</u>	<u>187,796</u>	<u>756</u>	<u>210,285</u>
NET POSITION - END OF YEAR	<u>\$ 10,399</u>	<u>\$ 8,248</u>	<u>\$ 187,796</u>	<u>\$ 1,909</u>	<u>\$ 208,352</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF CHANGES IN AGENCY FUNDS
For the Year Ended December 31, 2015

	<u>12/31/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2015</u>
PROPERTY TAX AGENCY FUND				
ASSETS				
Cash and investments	\$ 59,601,505	\$ 61,426,158	\$ 59,601,505	\$ 61,426,158
Taxes receivable	25,510,586	29,078,338	25,510,586	29,078,338
Total assets	<u>85,112,091</u>	<u>90,504,496</u>	<u>85,112,091</u>	<u>90,504,496</u>
LIABILITIES				
Special deposits	111,535	103,900	111,535	103,900
Due to other taxing jurisdictions	<u>85,000,556</u>	<u>90,400,596</u>	<u>85,000,556</u>	<u>90,400,596</u>
Total liabilities	<u>\$ 85,112,091</u>	<u>\$ 90,504,496</u>	<u>\$ 85,112,091</u>	<u>\$ 90,504,496</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 and the activities it performs.

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City of Wauwatosa
Net Position By Component

For the fiscal years ended December 31, 2006 through 2015

	Fiscal Year			2012 (2)
	2015	2014	2013	
Governmental activities:				
Net investment in capital assets	\$ 66,023,354	57,512,246	64,419,399	58,712,117
Restricted	9,579,876	27,481,090	17,395,491	24,825,826
Unrestricted	<u>(18,138,426)</u>	<u>(19,136,845)</u>	<u>(23,244,368)</u>	<u>(18,849,361)</u>
Total governmental activities net position	<u>57,464,804</u>	<u>65,856,491</u>	<u>58,570,522</u>	<u>64,688,582</u>
Business-type activities:				
Net investment in capital assets	\$ 87,876,117	79,309,166	71,559,243	72,641,361
Restricted	2,007,667	621,020	440,543	425,000
Unrestricted	<u>3,149,870</u>	<u>7,680,686</u>	<u>12,854,297</u>	<u>4,938,581</u>
Total business-type activities net position	<u>93,033,654</u>	<u>87,610,872</u>	<u>84,854,083</u>	<u>78,004,942</u>
Primary government:				
Net investment in capital assets (2)	\$ 153,899,471	136,821,412	135,978,642	129,296,985
Restricted	11,587,543	28,102,110	17,836,034	25,250,826
Unrestricted (2)	<u>(14,988,556)</u>	<u>(11,456,159)</u>	<u>(10,390,071)</u>	<u>(11,854,287)</u>
Total primary government net position	<u>150,498,458</u>	<u>153,467,363</u>	<u>143,424,605</u>	<u>142,693,524</u>

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
56,698,267	55,833,774	54,994,906	52,707,214	49,291,155	49,751,825
27,398,789	22,180,773	18,796,636	14,790,723	13,687,516	10,914,533
<u>(20,138,732)</u>	<u>(11,643,367)</u>	<u>(10,865,485)</u>	<u>(7,168,151)</u>	<u>(5,214,359)</u>	<u>(7,594,973)</u>
<u>63,958,324</u>	<u>66,371,180</u>	<u>62,926,057</u>	<u>60,329,786</u>	<u>57,764,312</u>	<u>53,071,385</u>
68,606,064	67,042,774	61,123,517	59,015,709	56,744,295	54,965,753
415,318	499,147	1,061,941	1,849,354	1,809,234	1,886,005
<u>7,514,749</u>	<u>5,521,858</u>	<u>9,059,578</u>	<u>8,186,638</u>	<u>6,029,981</u>	<u>5,054,359</u>
<u>76,536,131</u>	<u>73,063,779</u>	<u>71,245,036</u>	<u>69,051,701</u>	<u>64,583,510</u>	<u>61,906,117</u>
123,247,838	120,820,055	114,061,930	109,666,430	106,035,450	104,717,578
27,814,107	22,679,920	19,858,577	16,640,077	15,496,750	12,800,538
<u>(10,567,490)</u>	<u>(4,065,016)</u>	<u>250,586</u>	<u>3,074,980</u>	<u>815,622</u>	<u>(2,540,614)</u>
<u>140,494,455</u>	<u>139,434,959</u>	<u>134,171,093</u>	<u>129,381,487</u>	<u>122,347,822</u>	<u>114,977,502</u>

City of Wauwatosa
Changes In Net Position

For the fiscal years ended December 31, 2006 through 2015

(accrual basis of accounting)

	Fiscal Year		
	2015	2014	2013
Expenses:			
Governmental activities:			
General government	\$ 5,598,808	6,859,099	5,232,823
Protection of persons and property	30,656,837	29,206,942	32,035,870
Health and sanitation	3,410,386	3,631,064	3,919,856
Highway and transportation	8,265,216	7,504,667	8,679,402
Education and recreation	4,213,631	4,237,835	4,816,367
Conservation and development	34,709,930	6,641,624	8,915,617
Unclassified	-	-	392,257
Interest and Fiscal Charges	1,614,875	1,979,079	1,891,502
Total gov't activities expenses	<u>88,469,683</u>	<u>60,060,310</u>	<u>65,883,694</u>
Business-type activities:			
Water utility	\$ 6,731,221	7,075,139	6,262,927
Redevelopment Authority	-	-	-
Sanitary Sewer	6,899,271	6,040,772	5,412,934
Storm Water Management	2,234,739	2,121,690	2,111,893
	<u>15,865,231</u>	<u>15,237,601</u>	<u>13,787,754</u>
Total primary government expenses	<u>\$ 104,334,914</u>	<u>75,297,911</u>	<u>79,671,448</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 1,242,819	1,220,034	1,216,109
Protection of persons and property	4,809,301	4,150,664	4,261,916
Health and sanitation	144,120	191,998	191,010
Highway and transportation	213,159	249,716	256,095
Education and recreation	468,652	520,639	500,162
Conservation and development	84,084	47,144	40,593
Operating grants and contributions	3,521,416	3,503,698	4,122,070
Capital grants and contributions	4,802,639	4,528,057	4,552,526
Total governmental activities	<u>15,286,190</u>	<u>14,411,950</u>	<u>15,140,481</u>

Table 2

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
4,944,296	13,209,633	4,683,203	4,786,054	4,820,311	5,605,673	5,570,891
31,971,250	32,870,560	32,247,555	31,173,278	30,340,469	27,324,781	26,592,214
4,894,825	4,223,730	4,237,761	4,104,118	4,708,113	5,360,682	4,229,590
7,436,831	7,977,042	8,468,588	7,700,286	7,602,439	6,912,646	6,195,579
4,211,093	4,145,124	4,012,813	3,898,894	3,831,659	3,256,975	3,372,497
3,100,189	3,179,740	2,285,173	3,857,241	1,913,106	2,266,060	1,766,401
390,931	360,293	420,455	648,106	435,769	427,633	333,252
2,071,819	2,312,246	2,509,908	2,537,079	2,455,668	2,647,209	2,537,077
<u>59,021,234</u>	<u>68,278,368</u>	<u>58,865,456</u>	<u>58,705,056</u>	<u>56,107,534</u>	<u>53,801,659</u>	<u>50,597,501</u>
6,100,282	5,887,434	5,828,672	5,625,115	5,546,938	5,542,699	5,502,456
-	-	3,317	-	12,344	4,186	-
6,431,091	5,870,586	6,029,407	5,934,834	5,021,754	3,714,836	3,642,357
1,856,232	1,655,386	1,810,140	1,728,061	1,727,242	1,707,081	1,421,758
<u>14,387,605</u>	<u>13,413,406</u>	<u>13,671,536</u>	<u>13,288,010</u>	<u>12,308,278</u>	<u>10,968,802</u>	<u>10,566,571</u>
<u>73,408,839</u>	<u>81,691,774</u>	<u>72,536,992</u>	<u>71,993,066</u>	<u>68,415,812</u>	<u>64,770,461</u>	<u>61,164,072</u>
1,058,006	1,010,335	982,315	914,713	1,052,309	824,262	796,996
3,714,073	4,105,038	3,714,901	3,837,375	3,497,907	3,607,072	2,544,463
196,401	198,065	216,741	201,988	185,781	214,303	215,482
183,568	169,087	154,650	118,582	180,722	130,636	157,930
567,066	512,083	472,861	417,328	405,655	633,397	616,646
	24,916	25,751	33,605	14,382	35,592	13,408
	5,564,088	4,338,426	3,284,733	3,928,199	3,126,145	2,661,542
	2,669,078	2,687,568	3,827,135	4,359,808	4,684,465	6,181,170
<u>5,719,114</u>	<u>14,252,690</u>	<u>12,593,213</u>	<u>12,635,459</u>	<u>13,624,763</u>	<u>13,255,872</u>	<u>13,187,637</u>

City of Wauwatosa

Changes In Net Assets

For the fiscal years ended December 31, 2006 through 2015

(accrual basis of accounting)

	Fiscal Year		
	2015	2014	2013
Business-type activities:			
Charges for services:			
Water utility	\$ 7,629,639	7,232,570	7,078,366
Redevelopment Authority	-	-	-
Sanitary Sewer	8,039,368	8,001,660	7,146,181
Storm Water Management	3,911,945	3,372,699	2,879,393
Operating Grants and Contributions	-	-	-
Capital grants and contributions	1,151,631	216,219	225,813
Total business-type activities	<u>20,732,583</u>	<u>18,823,148</u>	<u>17,329,753</u>
Total primary government	<u>\$ 36,018,773</u>	<u>33,235,098</u>	<u>32,470,234</u>
Net (Expense)/Revenue			
Governmental activities	\$ (73,183,493)	(45,648,360)	(50,743,213)
Business-type activities	<u>4,867,352</u>	<u>3,585,547</u>	<u>3,541,999</u>
Total primary Government net (expense)/revenue	<u>\$ (68,316,141)</u>	<u>(42,062,813)</u>	<u>(47,201,214)</u>
General Revenues and Other Changes in Net Assets:			
Governmental activities			
Taxes:			
Property taxes, levied for general purposes	\$ 35,328,571	34,522,989	34,255,378
Property taxes, levied for debt service	3,882,321	3,493,931	2,776,684
Property taxes, levied for TIF	6,269,468	7,736,036	6,678,903
Other taxes	1,552,948	1,875,735	1,474,509
Intergovernmental revenues not restricted to specific programs	3,569,706	3,392,712	2,617,256
Investment Income	558,497	1,047,731	104,428
Miscellaneous	-	-	-
Gain on sale of capital assets	-	26,572	-
Transfers	(7,593)	838,623	(3,282,005)
Total governmental activities	<u>51,153,918</u>	<u>52,934,329</u>	<u>44,625,153</u>

(continued)

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
6,688,096	6,646,997	6,268,519	6,334,242	6,387,918	6,513,857	5,965,097
-	-	-	3,328	-	40,320	429
6,564,362	6,407,642	6,373,824	5,663,700	5,653,414	4,658,173	3,797,977
2,366,304	2,364,806	2,384,661	2,410,239	1,810,003	2,000,205	1,857,315
-	-	-	-	-	-	-
581,927	511,431	49,669	378,068	2,022,978	64,315	888,583
<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>13,276,870</u>	<u>12,509,401</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>	<u>26,532,742</u>	<u>25,697,038</u>
(53,302,120)	(54,025,678)	(46,272,243)	(46,069,597)	(42,482,771)	(40,545,787)	(37,409,864)
<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>2,308,068</u>	<u>1,942,830</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>	<u>(38,237,719)</u>	<u>(35,467,034)</u>
34,395,125	34,155,124	33,577,938	33,607,934	32,731,385	31,941,799	30,316,018
2,160,000	2,400,000	2,250,000	1,920,000	1,775,000	2,125,000	2,760,000
5,725,282	5,958,764	6,287,764	5,766,889	4,510,048	3,978,988	2,598,962
1,494,813	5,693,842	1,457,467	1,254,858	1,399,482	1,187,410	1,204,030
2,631,507	3,049,643	4,314,271	4,831,001	2,620,623	2,422,741	2,572,354
1,073,904	1,266,017	1,786,277	1,887,512	2,829,099	3,651,881	2,203,888
-	-	-	-	-	-	-
74,449	-	410,965	42,771	84,934	22,637	10,695
-	(910,568)	(367,316)	(645,097)	(731,608)	(91,742)	(2,445,974)
<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>	<u>45,238,714</u>	<u>39,219,973</u>

City of Wauwatosa

Changes In Net Assets

For the fiscal years ended December 31, 2006 through 2015

(accrual basis of accounting)

	Fiscal Year		
	2015	2014	2013
General Revenues and Other Changes in Net Assets:			
Business-type activities			
Investment Income	\$ 12,068	9,865	25,137
Miscellaneous	-	-	-
Transfers	7,593	(838,623)	3,282,005
Total business-type activities	<u>19,661</u>	<u>(828,758)</u>	<u>3,307,142</u>
Total primary government	\$ <u>51,173,579</u>	<u>52,105,571</u>	<u>47,932,295</u>
Change in Net Position			
Governmental activities	\$ (22,029,575)	7,285,969	(6,118,060)
Business-type activities	<u>4,887,013</u>	<u>2,756,789</u>	<u>6,849,141</u>
Total primary government	\$ <u>(17,142,562)</u>	<u>10,042,758</u>	<u>731,081</u>

(concluded)

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
41,857	44,314	46,290	46,671	170,548	277,583	241,338
-	-	-	-	-	-	-
<u>(326,467)</u>	<u>910,568</u>	<u>367,316</u>	<u>645,097</u>	<u>731,608</u>	<u>91,742</u>	<u>2,445,974</u>
<u>(284,610)</u>	<u>954,882</u>	<u>413,606</u>	<u>691,768</u>	<u>902,156</u>	<u>369,325</u>	<u>2,687,312</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>	<u>45,608,039</u>	<u>41,907,285</u>
(5,747,040)	(2,412,856)	3,445,123	2,596,271	2,736,192	4,692,927	1,810,109
<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>2,677,393</u>	<u>4,630,142</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>	<u>7,370,320</u>	<u>6,440,251</u>

City of Wauwatosa

Fund Balances, Governmental Funds

For the fiscal years ended December 31, 2006 through 2015

(modified accrual basis of accounting)

	Fiscal Year		
	2015	2014	2013
General Fund:			
Reserved	\$ -	-	-
Unreserved	-	-	-
Nonspendable	2,071,864	5,608,760	5,621,848
Restricted	-	-	-
Committed	-	-	242,849
Assigned	1,978,281	2,284,846	2,302,959
Unassigned	16,571,597	12,032,385	10,898,577
Total general fund	<u>20,621,742</u>	<u>19,925,991</u>	<u>19,066,233</u>
All Other Governmental Funds:			
Reserved	\$ -	-	-
Unreserved	-	-	-
Nonspendable	1,053,294	1,800	59,629
Restricted	12,617,348	27,811,038	17,596,944
Committed	-	-	-
Assigned	5,177,695	1,140,435	997,713
Unassigned	-	-	-
Total all other governmental funds	<u>18,848,337</u>	<u>28,953,273</u>	<u>18,654,286</u>
Total all governmental funds	\$ <u><u>39,470,079</u></u>	<u><u>48,879,264</u></u>	<u><u>37,720,519</u></u>

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

Table 3

2012	2011 (1)	2010	2009	2008	2007	2006
-	-	1,814,809	1,546,856	1,581,084	8,679,723	6,316,034
-	-	16,624,027	16,589,302	16,390,848	8,150,675	10,558,579
334,387	348,886	-	-	-	-	-
-	-	-	-	-	-	-
500,000	982,506	-	-	-	-	-
2,351,424	1,400,393	-	-	-	-	-
15,839,656	16,928,646	-	-	-	-	-
<u>19,025,467</u>	<u>19,660,431</u>	<u>18,438,836</u>	<u>18,136,158</u>	<u>17,971,932</u>	<u>16,830,398</u>	<u>16,874,613</u>
-	-	975,000	975,000	975,000	975,000	11,028,975
-	-	26,089,860	29,976,196	22,239,754	20,376,722	6,340,927
2,059,629	13,139	-	-	-	-	-
24,885,738	30,401,900	-	-	-	-	-
-	-	-	-	-	-	-
1,470,697	1,255,163	-	-	-	-	-
-	-	-	-	-	-	-
<u>28,416,064</u>	<u>31,670,202</u>	<u>27,064,860</u>	<u>30,951,196</u>	<u>23,214,754</u>	<u>21,351,722</u>	<u>17,369,902</u>
<u>47,441,531</u>	<u>51,330,633</u>	<u>45,503,696</u>	<u>49,087,354</u>	<u>41,186,686</u>	<u>38,182,120</u>	<u>34,244,515</u>

City of Wauwatosa

Change in Fund Balances, Governmental Funds

For the fiscal years ended December 31, 2006 through 2015

	Fiscal Year		
	2015	2014	2013
Revenues:			
Taxes	\$ 47,003,285	47,232,813	45,185,474
Intergovernmental revenues	8,326,309	8,879,865	9,137,594
Licenses & permits	2,178,435	2,068,477	1,719,500
Penalties and forfeitures	1,031,435	994,421	1,080,323
Public improvement revenues	505,954	687,535	405,240
Public charges for services	3,715,345	3,263,154	3,790,087
Intergovernmental charges for services	1,581,449	1,596,756	1,568,660
Commercial revenues	2,058,879	1,362,185	527,909
Total revenues	<u>66,401,091</u>	<u>66,085,206</u>	<u>63,414,787</u>
Expenditures:			
Current			
General government	\$ 5,624,297	5,823,484	4,785,158
Protection of persons and property	28,998,448	28,361,225	29,143,209
Health and sanitation	3,413,231	3,627,241	3,741,837
Highway and transportation	4,562,105	4,920,058	5,383,042
Education and recreation	3,748,216	3,746,824	4,166,067
Conservation and development	34,275,579	6,322,366	7,556,660
Unclassified	407,231	383,261	392,257
Debt service			
Principal	26,504,637	8,137,991	8,054,402 (1)
Interest	1,852,409	2,014,970	2,230,080
Debt issuance expense	-	-	-
Capital Outlay	<u>19,150,370</u>	<u>7,896,609</u>	<u>17,318,171</u>
Total gov't activities expenses	<u>128,536,523</u>	<u>71,234,029</u>	<u>82,770,883</u>

Table 4

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
43,775,220	48,207,730	43,675,616	42,656,274	40,524,683	39,377,016	36,977,673
6,764,477	8,382,093	8,593,458	8,346,790	8,567,342	7,160,003	8,073,476
1,371,438	1,482,632	1,135,721	1,104,681	1,140,206	1,351,915	1,293,073
1,024,231	1,015,512	1,120,205	1,093,594	977,022	925,052	867,028
466,471	526,828	684,410	1,088,206	769,365	724,677	1,254,273
3,483,608	3,688,378	3,473,280	3,055,245	2,962,299	2,888,172	1,846,806
1,475,747	1,610,098	1,595,644	1,763,668	1,562,790	1,699,302	1,903,274
1,487,329	1,680,596	1,914,743	2,132,804	3,191,646	4,711,875	2,467,606
<u>59,848,521</u>	<u>66,593,867</u>	<u>62,193,077</u>	<u>61,241,262</u>	<u>59,695,353</u>	<u>58,838,012</u>	<u>54,683,209</u>
4,607,161	13,103,386	4,401,405	4,542,169	4,555,979	5,590,029	5,315,360
29,282,911	30,104,871	28,766,507	28,876,223	28,419,544	27,297,865	26,135,266
3,950,891	4,103,163	4,058,902	3,989,204	4,598,362	5,398,979	4,224,835
4,809,421	5,449,165	5,402,913	5,167,097	5,219,087	4,770,220	4,239,093
3,689,289	3,629,583	3,584,513	3,591,437	3,555,635	3,143,836	2,668,224
2,993,522	3,389,417	2,980,363	3,981,671	2,936,635	2,272,273	2,888,021
390,931	360,293	420,455	648,106	435,769	427,633	333,252
11,518,306	5,359,445	4,634,380	3,939,768	3,476,076	10,861,201	3,007,483
2,086,725	2,379,499	2,870,692	2,452,794	2,445,805	2,643,916	2,770,643
-	-	-	-	-	-	-
<u>9,357,602</u>	<u>4,089,973</u>	<u>9,472,649</u>	<u>11,281,959</u>	<u>6,437,889</u>	<u>3,146,717</u>	<u>3,671,167</u>
<u>72,686,759</u>	<u>71,968,795</u>	<u>66,592,779</u>	<u>68,470,428</u>	<u>62,080,781</u>	<u>65,552,669</u>	<u>55,253,344</u>

City of Wauwatosa

Change in Fund Balances, Governmental Funds

For the fiscal years ended December 31, 2006 through 2015

	Fiscal Year		
	2015	2014	2013
Excess of Revenues over (under) Expenditures	\$ (62,135,432)	(5,148,823)	(19,356,096)
Other financing sources (uses)			
Long-term debt issued	\$ 49,045,500	14,170,000	7,446,280
Premium on long-term debt	960,273	149,888	308,530
Current refunding of long term debt	-	-	(2,707,520)
Proceeds from sale of capital assets	-	26,572	-
Transfers in	35,159,856	9,536,964	20,182,405
Transfers out	(32,439,382)	(7,575,856)	(18,302,131)
Total other financing sources (uses)	<u>52,726,247</u>	<u>16,307,568</u>	<u>6,927,564</u>
<u>Net change in fund balance</u>	<u>\$ (9,409,185)</u>	<u>11,158,745</u>	<u>(12,428,532)</u>
Capitalized expenditures	\$ 15,855,043	6,775,678	9,753,817
<u>Debt service as a percentage of non-capital expenditures</u>	25.17%	15.75%	14.09%

(concluded)

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
(12,838,238)	(5,374,928)	(4,399,702)	(7,229,166)	(2,385,428)	(6,714,657)	(570,135)
6,675,000	6,372,190	18,133,387	14,700,000	4,306,000	7,342,382	1,803,000
248,000	234,038					
-	-	(19,175,689)	-	-	-	-
74,449	-	425,482	42,771	79,787	2,637,347	-
15,023,200	12,483,444	11,890,805	7,912,142	7,827,888	15,401,771	8,675,727
<u>(13,071,513)</u>	<u>(7,887,807)</u>	<u>(10,457,941)</u>	<u>(7,525,079)</u>	<u>(7,315,472)</u>	<u>(14,729,238)</u>	<u>(8,343,228)</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>10,652,262</u>	<u>2,135,499</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>	<u>3,937,605</u>	<u>1,565,364</u>
5,854,961	2,339,212	7,549,893	10,976,034	6,073,284	2,498,031	1,384,436
20.36%	11.11%	12.71%	11.12%	10.57%	21.42%	10.73%

City of Wauwatosa

Table 5

Assessed Value and Actual Value of Taxable Property

For the fiscal years ended December 31, 2006 through 2015

Tax Year	Budget Year	Residential	Commercial	Manufacturing	Personal Property	Total Taxable Assessed Value	Assessed Tax Rate
2015	2016	3,244,068,000	1,782,642,900	129,851,900	202,611,400	5,359,174,200	\$7.62
2014	2015	3,231,530,000	1,700,414,000	132,990,100	203,486,800	5,268,420,900	\$7.79
2013	2014	3,225,257,800	1,660,469,500	142,537,700	219,465,500	5,247,730,500	\$7.69
2012	2013	3,557,809,100	1,532,562,600	150,624,700	236,029,380	5,477,025,780	\$7.13
2011	2012	3,575,341,500	1,521,180,400	143,264,800	229,286,590	5,469,073,290	\$7.00
2010	2011	3,583,232,400	1,570,482,500	147,382,000	239,912,490	5,541,009,390	\$6.92
2009	2010	3,594,851,900	1,660,614,300	85,771,400	218,861,610	5,560,099,210	\$6.79
2008	2009	3,598,965,200	1,659,249,900	92,603,100	226,997,540	5,577,815,740	\$6.69
2007	2008	3,594,385,500	1,610,133,900	89,371,500	213,868,460	5,507,759,360	\$6.52
2006	2007	3,579,597,700	1,612,629,300	99,780,800	202,953,520	5,494,961,320	\$6.43

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
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
2007	2008	5,772,851,800	225,101,600	5,547,750,200	96.42%	\$6.22
2006	2007	5,504,957,000	197,982,800	5,306,974,200	99.82%	\$6.42

City of Wauwatosa

Table 6

Direct and Overlapping Property Tax Rates

For the fiscal years ended December 31, 2006 through 2015

(Per \$1,000 of Assessed Valuation)

Fiscal 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
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
2007	5.80	0.33	0.39	-	6.52	1.34	4.08	6.05	1.86	0.18
2006	5.74	0.40	0.29	-	6.43	1.30	3.93	5.67	1.77	0.18

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

City of Wauwatosa
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 7

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mayfair Property Inc. (Mayfair Mall)	422,104,200	1	7.88%	294,315,960	1	5.36%
Burleigh Mayfair LLC (Mayfair Collection Retail Stores)	59,435,400	2	1.11%			0.00%
Bell Marquette I LLC (formerly, GE Healthcare)	55,951,600	3	1.04%	71,784,400	4	1.31%
Wheaton Fransiscan Services (formerly Covenant Healthcare)	38,432,700	4	0.72%	113,797,710	2	2.07%
H-D Capitol Drive LLC	36,579,900	5	0.68%	86,301,200	3	1.57%
J.C. Penney Properties Inc. (formerly J.C. Penney Company)	28,265,900	6	0.53%	22,702,170	7	0.41%
Bonstores Realty One LLC	28,147,300	7	0.53%	25,442,610	6	0.46%
Innovation Partners LLC	26,979,000	8	0.50%	19,605,900	10	0.36%
Briggs & Stratton Corp.	25,899,100	9	0.48%	26,910,000	5	0.49%
North Mayfair 8	24,360,000	10	0.45%			0.00%
Riggs & Company				20,720,000	8	0.38%
Chestnut Street Properties I LLC				20,405,100	9	0.37%
Harley Davidson Inc.						
Roundy's Foods (Jondex)						
Hillside Realty Co.						
Decade Properties Inc.						
Prime Care Health Plan						
Mayfair Woods LLC						
Total	\$ 746,155,100		13.92%	701,985,050		12.78%

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)
2015	40,058,445	18,707,886	46.70%	21,319,711	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%
2007	34,506,385	13,349,557	38.69%	21,137,517	34,487,073	99.94%
2006	34,066,299	15,820,787	46.44%	18,230,490	34,051,276	99.96%

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, 2006 through 2015**

Fiscal Year		Total General Bonded Debt (1)	Ratio of Net General Bonded Debt to Equalized Value	Net General Bonded Debt Per Capita
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
2007		31,406,550	0.54%	683.79
2006		52,873,116	0.96%	1,146.42
2005		32,180,293	0.63%	694.86

Notes (1) Includes General Obligation Sewer and Storm Debt

(2) Includes Bond Anticipation Notes

City of Wauwatosa

Table 10

Ratios of Outstanding Debt by Type

For the fiscal years ended December 31, 2006 through 2015

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			
2015	\$ 62,229,659	1,563,555	-	16,961,637	13,078,957	21,297,629	20,188,779	135,320,216	N/A (2)	2,882.40
2014	\$ 44,772,476	722,485	9,550,000	2,327,957	13,726,559	18,911,959	20,724,027	110,735,463	3.25%	2,367.86
2013	35,583,870	677,939	12,050,000	2,984,556	14,173,522	17,503,268	16,329,319	99,302,474	2.99%	2,126.16
2012	35,362,686	441,563	14,425,000	1,438,862	10,045,058	8,838,662	15,683,584	86,235,415	2.70%	1,861.73
2011	31,552,382	232,549	22,900,000	1,617,472	12,891,168	8,001,108	13,063,266	90,257,945	2.95%	1,946.05
2010	28,274,115	-	25,075,000	1,707,994	11,960,359	5,334,385	6,967,118	79,318,971	2.66%	1,709.61
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
2007	19,443,638	-	29,700,000	-	6,135,719	6,026,920	5,535,273	66,841,550	2.29%	1,455.29
2006	20,877,559	-	32,000,000	-	6,895,146	5,850,313	4,852,539	70,475,557	2.48%	1,528.09

- Notes
- (1) Calculated from per capita income times the estimated population for each relative date
 - (2) 2015 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, 2006 through 2015

Legalized Debt Margin Calculation for Fiscal Year 2014

Equalized valuation	\$ 5,543,348,500
Legal debt limit (5% of equalized valuation)	277,167,425
Less: Long-term debt	<u>105,533,579</u>
Legal debt margin	<u><u>\$ 171,633,846</u></u>

	Fiscal Year										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 277,167,425	267,531,355	\$ 246,649,625	248,195,935	262,163,975	273,121,815	280,506,140	282,260,960	288,642,590	275,247,850	256,933,690
Total net debt applicable to limit	105,533,579	85,407,506	70,392,918	60,646,553	53,190,473	40,935,977	46,385,746	57,375,022	31,406,550	52,873,116	32,180,293
Legal Debt Margin	<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>	<u>257,236,040</u>	<u>222,374,734</u>	<u>224,753,397</u>
Total net debt applicable to limit as a percentage of debt limit	<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>	<u>10.88%</u>	<u>19.21%</u>	<u>12.52%</u>

City of Wauwatosa

Table 12

Direct and Overlapping Governmental Activities Debt

As of December 31, 2015

<u>Governmental Unit</u>	<u>Governmental Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
City of Wauwatosa	\$ 80,754,851 ¹	100.00%	\$ 80,754,851
Milwaukee County	599,397,169	9.70%	58,141,525
Wauwatosa School District	-	100.00%	-
Milwaukee Metro Sewerage District	868,150,480	9.88%	85,773,267
Milwaukee Area Technical College District	82,520,000	7.78%	6,420,056
Total Overlapping	<u>1,550,067,649</u>		<u>150,334,849</u>
 Total Direct and Overlapping Debt	 <u>\$ 1,630,822,500</u>		 <u>\$ 231,089,700</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, 2006 through 2015

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	468,826	893,826	1.5737
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
2007	6,704,849	4,686,027	2,018,822	745,000	295,466	1,040,466	1.9403
2006	6,142,207	4,596,907	1,545,300	725,000	326,974	1,051,974	1.4690

City of Wauwatosa

Table 14

Demographic and Economic Statistics

For the fiscal years ended December 31, 2006 through 2015

Fiscal Year	Population	Total Personal Income (in millions)	Per Capita Personal Income (1)			Unemployment Rates		
			City of Wauwatosa	Milwaukee County	State of Wisconsin	City of Wauwatosa	Milwaukee County	State of Wisconsin
2015	46,947	-	(2)	(2)	(2)	3.7%	5.8%	4.6%
2014	46,766	3,410	72,919	45,984	56,330	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	3,189	68,857	44,458	49,900	5.4%	8.6%	7.0%
2011	46,380	3,062	66,022	42,830	49,279	5.7%	9.3%	7.8%
2010	46,396	2,977	64,160	41,932	48,377	6.6%	9.6%	8.3%
2009	45,800	2,822	61,619	41,704	47,024	6.7%	9.6%	8.7%
2008	45,880	2,923	63,718	43,557	49,092	3.8%	5.7%	4.9%
2007	45,930	2,913	63,414	43,390	49,056	3.7%	5.7%	4.8%
2006	46,120	2,838	61,544	42,296	48,107	3.7%	5.6%	4.7%

Notes (1) Per Capita Personal Income Data from Wisconsin Department of Revenue, State Taxes & Aids by Municipality and County.

Per Capital Personal Income is the WAGI per tax return

(2) 2015 estimated per capita income not yet available from Wisconsin Department of Revenue

City of Wauwatosa
Principal Employers
Current Year and Nine Years Ago

Employer	2015			2006		
	Number of Employees	Rank	Percentage (1) of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Milwaukee Regional Medical Center	16,000	1		10,600	1	
Bell Marquette I LLC, (formerly, GE Medical Systems, Inc.)	1,400	2				
Briggs & Stratton Corp.	1,265	3		2,700	2	
Harley Davidson Inc	850	4		1,464	3	
Wauwatosa Unified School District	800	5		887	4	
J.C. Penney Company	630	6		615	5	
St. Camillus Health System	550	7				
Lutheran Home of the Aging, Inc	500	8		492	7	
UnitedHealth Care (formerly, Prime Care Health Plan)	465	9		581	6	
City of Wauwatosa	438	10		461	8	
Grede Foundries Liberty Div.				264	9	
Bostik Findley				168	10	
Total	22,898		N/A	18,232		N/A

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

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City of Wauwatosa

City Government Employees by Function/Program (1)

For the fiscal years ended December 31, 2006 through 2015

(full time equivalents)

Function/Program	Fiscal Year		
	2015	2014 (2)	2013
General Government			
Courts/City Clerk/Elections	8.25	8.77	8.32
Mayor/Administration	5.15	5.32	5.32
Human Resources	4.50	4.50	4.50
Information Systems	6.00	6.00	5.60
Finance	9.88	9.88	9.56
Assessor	5.57	5.57	5.57
Attorney	3.00	3.00	3.00
Public Safety			
Police Department	118.54	119.54	119.39
Fire Department	103.00	105.00	106.00
Public Works			
Operations	39.41	41.00	42.44
Engineering	20.42	18.92	16.92
Traffic Electrical Maint.	6.28	6.28	6.37
Parks/Forestry	19.30	19.14	19.14
Fleet Maintenance	9.00	9.00	9.44
Municipal Complex	3.00	3.00 (4)	3.00
Economic Development	12.50	12.60 (3)	12.50
Planning			
Building			
Economic Development			
Health	12.63	12.86	13.75
Library	26.55	26.55	26.55
Water	20.38	20.38	20.38
TOTAL	<u>433.36</u>	<u>437.31</u>	<u>437.75</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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
8.15	8.30	8.30	8.80	8.80	8.80	8.80
5.21	5.21	5.21	4.76	4.41	4.28	3.53
4.50	4.50	4.50	4.50	4.50	4.50	3.50
5.60	5.60	5.60	5.60	5.60	5.60	5.60
9.83	10.80	10.80	11.10	11.40	11.40	11.40
5.57	5.57	5.64	5.50	5.50	5.50	5.50
3.00	3.00	3.00	3.00	3.00	3.00	3.00
121.51	121.54	123.43	123.16	122.16	120.16	117.80
106.00	109.00	109.00	112.00	115.00	115.00	115.00
39.94	41.77	41.77	41.77	41.77	43.77	43.99
16.92	16.70	17.70	19.65	17.65	17.65	17.80
6.37	6.98	6.98	6.98	7.01	7.76	6.77
19.14	19.30	19.40	20.40	20.40	20.40	18.92
9.44	9.98	9.98	9.98	9.98	9.78	9.68
3.00						
13.08						
	3.05	3.05	3.15	3.15	3.15	3.20
	12.13	12.13	12.13	12.01	12.01	11.91
	2.05	1.55	1.00	N/A	N/A	N/A
12.93	13.53	13.23	13.23	15.70	15.70	15.70
26.55	26.42	26.42	26.14	26.54	26.54	26.71
20.88	20.80	20.80	20.80	20.80	20.80	20.80
<u>437.62</u>	<u>446.23</u>	<u>448.49</u>	<u>453.65</u>	<u>455.38</u>	<u>455.80</u>	<u>449.61</u>

City of Wauwatosa

Operating Indicators by Function/Program

For the fiscal years ended December 31, 2006 through 2015

Function/Program	Fiscal Year		
	2015	2014	2013
Public Safety:			
Police:			
Calls for service	36,012	35,945	31,807
Arrests	2,123	2,371	2,164
Index Crimes	1,768	1,686	1,776
Fire:			
EMS responses	4,607	4,481	4,470
Fire inspections (1)	2,972	3,846	5,148
Public Works:			
Paving (feet)	9,860	15,344	19,610
Solid waste	29,326	28,113	29,762
Recycling - single stream	10,349	4,625	5,669
Sewers cleaned (feet)	243,915	307,944	302,524
Asphalt patched (tons)	1,104	861	830
Crack filler used (gallons)	N/A	N/A	4,180
Trees Pruned	1,812	2,338	1,882
Library			
Circulation	810,671 (2)	799,300	837,105
User Visits	360,810 (3)	385,627	406,315
Water Utility			
Number of customers	15,514	15,515	15,513
Gallons sold (thousands)	1,372,700	1,325,223	1,390,683
Hydrants flushed	628	492	1,230
Health:			
Births	633	627	599
Health Referrals	1,391	1,459	1,059

(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

2012	2011	2010	2009	2008	2007	2006
33,788	29,456	30,515	31,401	31,775	32,600	30,920
2,431	2,540	2,707	2,665	2,382	2,770	2,757
2,090	2,014	2,014	1,982	1,965	2,228	2,131
4,359	4,127	3,476	3,475	3,573	3,558	3,459
N/A	1,315	1,246	1,414	1,600	1,553	1,524
6,785	8,780	6,414	5,692	15,708	12,920	7,025
27,601	25,833	27,530	28,056	30,418	30,171	30,672
5,453	5,451	5,486	5,312	5,637	2,747	3,506
511,020	486,814	367,572	306,407	385,841	336,900	319,500
673	656	728	1,245	1,076	945	1,723
N/A	N/A	5,637	5,562	4,074	6,083	5,728
1,578	1,046	1,396	1,225	1,035	1,974	3,707
869,049	890,926	896,659	894,678	845,703	778,534	794,161
430,388	449,964	449,617	458,369	413,233	332,358	344,822
15,507	15,502	15,505	15,507	15,510	15,519	15,515
1,564,276	1,541,665	1,459,089	1,533,466	1,546,078	1,645,244	1,673,507
1,171	1,256	1,278	1,265	904	905	1,179
621	573	602	647	595	567	558
1,169	1,028	1,122	1,397	1,077	1,086	1,084

City of Wauwatosa

Capital Asset Statistics by Function/Program

For the fiscal years ended December 31, 2006 through 2015

Function/Program	Fiscal Year		
	2015	2014	2013
Public Safety			
Fire stations	3	3	3
Fire apparatus	6	6	6
Ambulances	4	4	4
Public Works			
Streets (miles) (1)	159.39	159.46	159.59
Street signs	11800	11800	11800
Street lights	6050	6050	6050
Traffic signals (intersections) (2)	41	40	39
Parks and Recreation			
Number of parks	2	2	2
Acreage of parks	57.69	57.69	57.69
Water Utility			
Miles of water main	203.37	202.69	202.51
Number of hydrants	2192	2166.00	2163
Storage capacity (millions of gallons)	10.2	10.20	10.2

Notes (1) Miles do not include: US 45, US 18, 5th 100, 5th 181, 5th 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

2012	2011	2010	2009	2008	2007	2006
3	3	3	3	3	3	3
6	7	7	7	7	7	7
4	6	6	6	6	6	6
158.61	158.56	158.56	158.56	158.78	158.85	159.28
11800	11800	11800	11800	11800	11800	11800
6050	6050	6050	6050	6050	6050	6050
39	39	39	39	39	39	38
2	2	2	2	2	2	2
57.69	57.69	57.69	57.69	57.69	57.69	57.69
200.67	200.11	198.88	198.38	198.15	198.14	198.03
2122	2119	2098	2093	2087	2087	2084
10.2	10.2	10.2	10.2	10.2	10.2	10.2

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APPENDIX B

**PROPOSED FORM OF LEGAL OPINION
FOR THE BONDS**

411 East Wisconsin Avenue
Suite 2350
Milwaukee, Wisconsin 53202-4426
414.277.5000
Fax 414.271.3552
www.quarles.com

Attorneys at Law in
Chicago
Indianapolis
Madison
Milwaukee
Naples
Phoenix
Scottsdale
Tampa
Tucson
Washington, D.C.

December 20, 2016

Re: City of Wauwatosa, Wisconsin ("Issuer")
\$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B,
dated December 20, 2016 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on December 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$ 970,000	4.00 %
2018	775,000	4.00
2019	450,000	4.00
2020	700,000	4.00
2021	675,000	4.00
2022	1,280,000	3.00
2023	930,000	3.00
2024	1,180,000	3.00
2025	1,930,000	4.00
2026	1,955,000	3.00
2027	385,000	3.00
2028	385,000	3.00
2029	385,000	3.125
2030	390,000	3.25
2031	390,000	3.50
2032	335,000	3.50
2034	990,000	3.625
2036	1,085,000	3.75

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2017.

The Bonds maturing on December 1, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2026 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

The Bonds maturing in the years 2034 and 2036 are subject to mandatory redemption by lot as provided in the resolution awarding the sale of the Bonds at the redemption price of par plus accrued interest to the date of redemption and without premium.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights

and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

APPENDIX C

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE
FOR THE BONDS**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Wauwatosa, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$15,190,000 General Obligation Corporate Purpose Bonds, Series 2016B, dated December 20, 2016 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on November 1, 2016 and December 6, 2016 (collectively, the "Resolution") and delivered to Fifth Third Securities, Inc. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated December 6, 2016 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Wauwatosa, Wisconsin which is the obligated person with respect to the Securities.

"Issuer Contact" means the Finance Director of the Issuer who can be contacted at 7725 West North Avenue, Wauwatosa, WI 53213, phone (414) 479-8962, fax (414) 479-8989.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2016, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. CITY DEBT STRUCTURE - Total Outstanding General Obligation Debt Summary
2. CITY DEBT STRUCTURE - Total Outstanding Revenue Debt Summary
3. CITY DEBT STRUCTURE - Debt Ratios (including Equalized Value)

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities,

which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed

jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 20th day of December, 2016.

Kathleen Ehley
Mayor

(SEAL)

Carla A. Ledesma
City Clerk

