

**CITY OF WAUWATOSA,
WISCONSIN**



Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

CITY OF WAUWATOSA, WISCONSIN
Milwaukee County, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2012

Prepared by:

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

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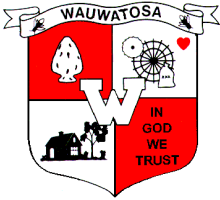
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INTRODUCTORY SECTION

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CITY OF WUWATOSA

Finance Department
7725 W. North Avenue
Wauwatosa, WI 53213

June 26, 2013

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, 2012 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, 2012 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 46,320 (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 his/her recommendations to the Budget Committee for its review and approval. Public hearings 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

2012 marked the first year the City of Wauwatosa prepared a Comprehensive Annual Financial Report (CAFR) for the fiscal year ending Dec 31, 2011, previously having just issued financial statements. That CAFR received a certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized CAFR.

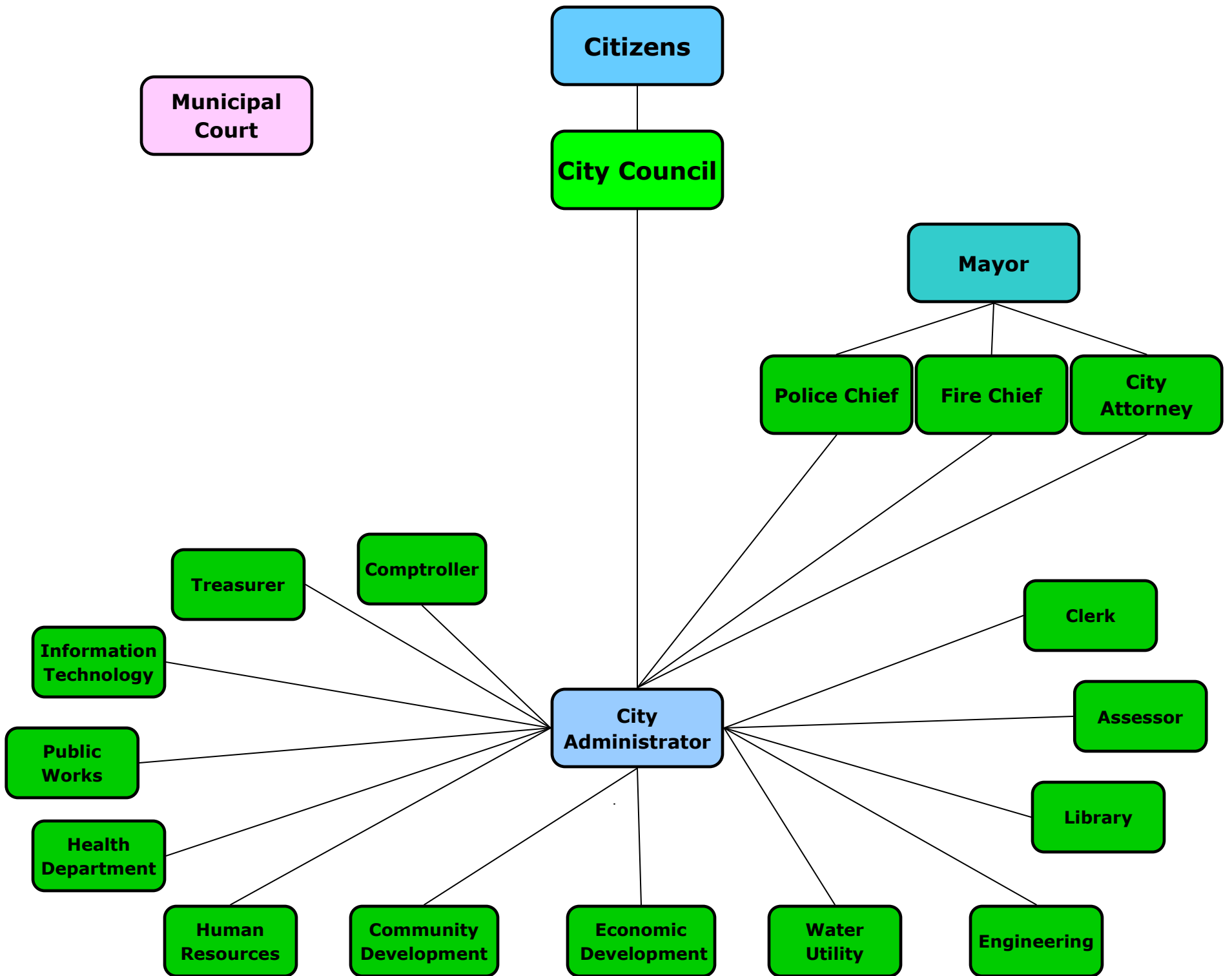
The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Finance Department and fiscal staff in the Water Utility along with the advice of the independent auditors, CliftonLarsonAllen, LLP. We would also like to thank

the Common Council for their continued interest and support of the financial operations of the City.

Respectfully submitted,

John Ruggini
Director of Finance

Jean Plass
Accounting Manager



City Council

Boards, Commissions and Committees Defined by State Statues

- Library Board
- Board of Health
- Police and Fire Commission
- Board of Review
- City Plan Commission
- Board of Zoning Appeals
- Community Development Authority
- Civil Service Commission
- Tax Incremental Financing
- Board of Canvassers
- Park and Forestry Board

Mayor

- Committee for Citizens with Disabilities
- Ad Hoc Energy Committee
- Mayor’s Advisory Committee on Innovation Park
- Mayor’s Advisory Committee on Fire Station #1

- Design Review Board A, B and C
- Historic Preservation Commission

Boards, Commissions and Committees Adopted by the City—Resolution

- Citizens Advisory Solid Waste Recycling Committee

Boards, Commissions and Committees Adopted by the City—Ordinance

- Board of Building and Fire Code Appeals
- Civic Celebration Commission
- Wauwatosa Senior Commission
- Economic Development Advisory Committee
- Wauwatosa Youth Commission
- Board of Public Debt Commissioners

Repealed Boards, Commissions and Committees

- Ad Hoc Cable Television Committee
- Citizens’ Advisory Capital Improvements Committee
- Housing Authority
- Redevelopment Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 2012

THE CITY OF WAUWATOSA, WISCONSIN

7725 W North Avenue
WAUWATOSA, WISCONSIN 53213

Kathleen Ehley, Mayor
Dennis McBride, Common Council President

MEMBERS OF THE COMMON COUNCIL

Peter Donegan	Alderman, District # 1	Dennis McBride	Alderman, District # 4
Jim Moldenhauer	Alderman, District # 1	Bobby Pantuso	Alderman, District # 5
Kathleen Causier	Alderman, District # 2	Joel Tilleson	Alderman, District # 5
John Dubinski	Alderman, District # 2	Brian M Ewerdt	Alderman, District # 6
Tim J Hanson	Alderman, District # 3	Jeffrey Roznowski	Alderman, District # 6
Gregory Walz- Chonjnacki	Alderman, District # 3	Donald Birschel	Alderman, District # 7
Jill M Organ	Alderman, District # 4	Cheryl Berdan	Alderman, District # 7
		Craig Wilson	Alderman, District # 8
		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
Nancy Kreuser	Health Officer
Carla Ledesma	City Clerk
Steven Miner	City Assessor
Mary Murphy	Library Director
Thomas Otzelberger	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
Jean Plass	Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wauwatosa
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Mouill

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

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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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Tax Incremental District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 11 through 24 and the Schedule of Funding Progress - Other Postemployment Benefits - Retiree Health and Life Insurance on page 83 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 in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 June 26, 2013, 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.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
June 26, 2013

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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, 2012. 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 \$143,177,420 (net position) as of December 31, 2012.
- ◆ As of December 31, 2012, the City of Wauwatosa's governmental funds reported combined ending fund balances of \$47,441,531. Of this balance, \$15,839,656 is available for spending at the government's discretion (unassigned fund balance)
- ◆ At the end of the current fiscal year, \$15,839,656 of unassigned fund balance for the general fund is equal to 33.34% of general fund expenditures and transfers out. Of this total, \$6,981,323 represents the City's Amortization Fund, leaving \$8,858,333 remaining which represents 18.65% of the general fund revenues and transfers out.
- ◆ The City's net Other Post Employment Benefit (OPEB) obligation increased \$3,527,879 to \$17,193,904
- ◆ Total primary government debt decreased \$4.1 million due largely to the defeasance of lease revenue bonds. However, general obligation debt increased \$7.2 million 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 liabilities, 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City of Wauwatosa that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Wauwatosa include general government, 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 25-26.

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 ten 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 seven 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 27-31.

Proprietary funds.

The City of Wauwatosa maintains ten 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 and the Redevelopment Authority. 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 32-35.

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 36-37.

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 38-82.

Other information.

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

The supplementary information can be found on pages 83-107.

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 exceeded liabilities by \$143,177,420 at the close of 2012 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, 2012

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 58,712,117	56,698,267	2,013,850
Restricted	24,825,826	27,398,789	(2,572,963)
Unrestricted	(18,418,286)	(20,138,732)	1,720,446
Total governmental activities net position	<u>65,119,657</u>	<u>63,958,324</u>	<u>1,161,333</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 72,641,361	68,606,064	4,035,297
Restricted	425,000	415,318	9,682
Unrestricted	4,991,402	7,514,749	(2,523,347)
Total business-type activities net position	<u>78,057,763</u>	<u>76,536,131</u>	<u>1,521,632</u>
Primary government:			
Invested in capital assets, net of related debt (2)	\$ 129,296,985	123,247,838	6,049,147
Restricted	25,250,826	27,814,107	(2,563,281)
Unrestricted (2)	(11,370,391)	(10,567,490)	(802,901)
Total primary government net position	<u>143,177,420</u>	<u>140,494,455</u>	<u>2,682,965</u>

Change in Net Position

Net position of the City of Wauwatosa increased by \$2,682,965 (1.9%) in 2012, due to increases in governmental and business net position. See details on page 14. Net position of the City's governmental activities totaled \$65,119,657 as of December 31, 2012, an increase of \$1,161,333. The City's unrestricted net position for governmental activities is negative due to \$14.4 million provided as development incentives associated with TIF 2 that resulted 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 \$78,057,763, an increase of \$1,521,632. Following is a summary of the changes in net position for the City of Wauwatosa.

Governmental Activities

Governmental activities for 2012 increased the City's net position by \$1,161,333 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 services decreased largely due to a decrease in ambulance revenue of \$304,603. While the volume of ambulance transports actually increased in 2012 over 2011, the decrease in revenue is the result of the City's billing provider waiting until the fourth quarter to write off nearly \$300,000 in uncollectible bills. This exceeded the amount reserved for write-off's so, per the City's accounting policies, the balance was charged to the revenue account resulting in decreased revenue.
- ◆ The decrease in operating grants is largely the result of one-time grants received in 2011 that were not received in 2012:
 - Safe Routes to School Grant - \$184,421
 - Federal Emergency Management Agency grants - \$201,191
 - COPS Secure Our Schools Grant - \$491,911
 - Community Development Block Grant Recovery Act Funds - \$256,608

This also includes a reduction in the County's on-going grant for provision of emergency medical services of \$122,123 and a decrease in recycling rebates of \$154,621 due to the declining secondary market for recyclables.

- ◆ Capital grants decreased due to a reduction in state transportation aids of \$182,198 which was partially offset by \$116,708 in one-time local road improvement program funds.
- ◆ Property tax revenue decreased \$233,481 due in large part to decreased Tax Increment Financing District property values.
- ◆ The significant decline in other taxes of \$4,199,029 is due to the one-time chargeback revenue received in 2011 related to a successful property tax appeal.
- ◆ The decrease in unrestricted intergovernmental revenue of \$418,136 is the result of a reduction in State Shared Revenue and a decrease in the value of computer related equipment (and the associated state computer exemption revenue) in Tax Increment District 2.
- ◆ Investment revenue declined \$192,113 due in large part to the investment rate environment. As investments mature, the City is unable to reinvest the proceeds at a similar rate. This loss was also impacted by a negative mark-to-market adjustment at year-end.

Expenses

- ◆ General government expenses decreased \$8,265,337 largely due to the property tax appeal discussed above that was paid in 2011. \$8,403,199 in principal and interest was paid as part of the appeal.
- ◆ The decrease in the protection of persons and property is the result of reduced expenditures associated with the one-time grants received in 2011 and discussed above.
- ◆ Health and sanitation charges increased \$671,763 due to a one-time \$800,000 expenditure for residential refuse carts which enabled the City to transition refuse pick-up from semi-automated to automated resulting in operating budget savings as truck crews were reduced from 2 person to 1 person.

- ◆ Highway and transportation expenditures decreased \$540,211 due largely to a mild winter that resulted in less overtime and fewer fleet charges for snow plow repair and maintenance.

Figure 2
CHANGE IN NET POSITION- GOVERNMENTAL ACTIVITIES
For The Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 5,747,623	\$ 6,019,524	(271,901)
Operating grants	4,229,361	5,564,088	(1,334,727)
Capital grants/ contributions	2,392,370	2,669,078	(276,708)
General Revenues:			
Property taxes	42,280,407	42,513,888	(233,481)
Other taxes	1,494,813	5,693,842	(4,199,029)
Grants not restricted to specific programs	2,631,507	3,049,643	(418,136)
Investments	1,073,904	1,266,017	(192,113)
Gain -sales/disposal of capital assets	74,449	-	74,449
Other	-	-	-
Eliminated Transfers			
Total revenues	<u>\$ 59,924,434</u>	<u>\$ 66,776,080</u>	<u>(6,851,646)</u>
Expenses:			
General government	\$ 4,944,296	\$ 13,209,633	(8,265,337)
Protection of persons and property	31,971,250	32,870,560	(899,310)
Health and sanitation	4,894,825	4,223,730	671,095
Highway and transportation	7,436,831	7,977,042	(540,211)
Education and recreation	4,211,093	4,145,124	65,969
Conservation and development	3,100,189	3,179,740	(79,551)
Unclassified	390,931	360,293	30,638
Interest and fiscal charges	2,140,153	2,312,246	(172,093)
Total gov't activities expense	<u>\$ 59,089,568</u>	<u>\$ 68,278,368</u>	<u>(9,188,800)</u>
Increase (decrease) in net position before transfers			
	\$ 834,866	\$ (1,502,288)	2,337,154
Transfers	326,467	(910,568)	1,237,035
Change in net position	<u>\$ 1,161,333</u>	<u>\$ (2,412,856)</u>	<u>3,574,189</u>
Net position- beginning	<u>63,958,324</u>	<u>66,371,180</u>	<u>(2,412,856)</u>
Net position- ending	<u>\$ 65,119,657</u>	<u>\$ 63,958,324</u>	<u>1,161,333</u>

Business Activities

Business activities for 2012 increased the City's net position by \$1,521,632 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 largely the result of the hot dry summer experienced in 2012 which resulted in higher water consumption
- ◆ The Water Utility was reimbursed for nearly \$400,000 in expenditures associated with two capital projects resulting in a \$70,496 increase in capital contributions

Expenses

- ◆ Water expenses increases largely due to \$75,077 increase in wages as several positions held vacant in 2011 were filled in 2012 and an increase in the payment in lieu of taxes made to the City of \$137,494 due to the increase number of capital projects. In addition, health insurance expenses increased \$98,887 as the Water Utility began being charged for retiree health insurance.
- ◆ Sanitary expenses increased \$560,505 due to a \$52,972 increase in debt interest expenses and a \$74,424 increase in depreciation, both related to the enhanced capital improvement program currently being undertaken by the City. Expenses also increased due to the implementation of a pilot program designed to determine the best solution for infiltration of rain water into the public sanitary sewers through private laterals. This \$829,070 expense was offset by a \$444,755 decrease in the manhole repair program as the 2012 contract was awarded late in 2012 and the work did not take place until 2013.
- ◆ Storm water expenses increased \$200,846 due to a \$93,405 increase in depreciation expense and a \$136,179 increase in interest costs, both related to the enhanced capital improvement program currently being undertaken by the City. These increases were offset by a \$49,674 decrease in benefit costs.

Figure 3
CHANGE IN NET POSITION- BUSINESS ACTIVITIES
For The Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 15,618,762	\$ 15,419,445	199,317
Operating grants	-	-	-
Capital grants/ contributions	581,927	511,431	70,496
General Revenues:			
Investments	41,857	44,314	(2,457)
Miscellaneous	-	-	-
Total revenues	<u>\$ 16,242,546</u>	<u>\$ 15,975,190</u>	<u>267,356</u>
Expenses:			
Water Utility	\$ 6,107,124	\$ 5,887,434	219,690
Redevelopment authority	-	-	-
Sanitary sewer	6,431,091	5,870,586	560,505
Storm water management	1,856,232	1,655,386	200,846
Total gov't activities expense	<u>\$ 14,394,447</u>	<u>\$ 13,413,406</u>	<u>981,041</u>
Increase (decrease) in net position			
before transfers	\$ 1,848,099	\$ 2,561,784	(713,685)
Transfers	(326,467)	910,568	(1,237,035)
Change in net position	\$ 1,521,632	\$ 3,472,352	(1,950,720)
Net position- beginning	<u>76,536,131</u>	<u>73,063,779</u>	<u>3,472,352</u>
Net position- ending	<u>\$ 78,057,763</u>	<u>\$ 76,536,131</u>	<u>1,521,632</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, 2012, the City of Wauwatosa's governmental funds reported combined ending balances of \$47,441,531, a reduction of \$3,889,102 from the prior year. This decrease is due to several factors described below and presented in Figure 4.

- The decrease is almost entirely due to a decrease in the TIF fund balance of \$3,323,524. This was largely the result of a \$6.2 million final principal payment of the 2007 Redevelopment Lease Bonds used to finance development in TIF 2.

- The General Fund balance decreased \$634,964 to \$19,025,467. While the City reported an operating budget surplus of \$516,438, this was offset by a planned use of \$800,000 of Amortization Funds (considered part of Unassigned Fund Balance). These funds were used for the city-wide replacement of refuse carts which enabled the City to implement automated refuse collection and reduce solid waste operating costs. In addition, the City used \$218,650 in funds from the Reserve for Contingency which is replenished with fund balance. The Amortization Fund was also used to soften the impact of decreased interest earnings. Of the \$15,839,656 Unassigned Fund Balance, \$6,981,323 is held in the Amortization Fund but considered unassigned.
- Debt Service fund balance increased \$166,765 due entirely to bond premium earned in 2012 but which must be utilized for 2013 bond payments. \$2,000,000 of the \$2,543,841 in the Debt Service Fund balance was advanced to TIF 6 and will be repaid in 2015 when General Obligations Bonds are issued. These returned funds will then be used to pay the Covenant debt. The remaining \$543,841 is largely capitalized interest on that debt and bond premium.
- The Parks Fund increased by \$155,626 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 remaining surplus in 2012 was due to better than expected rental revenues.
- The Redevelopment Authority Fund Balance was reduced to 0 as this fund was created as a reserve for the 2007 Redevelopment Lease bonds discussed above. As those bonds were defeased in 2012, the \$975,000 held in this fund reverted to TIF 2.
- The Capital Projects Fund balance grew by \$662,087 due largely to better than expected special assessment receipts and unspent bond proceeds of \$1,793,389.

Figure 3
CHANGE IN GOVERNMENTAL FUND BALANCES

	General Fund	TIF	Debt Service	Library	Parks	Redevelopment Lease Rev Bond	Information Systems Equipment	Capital Projects	Total
Beginning year balance	\$ 19,660,431	\$ 23,428,740	\$ 2,377,076	\$ 720,152	\$ 407,705	\$ 975,000	\$ 127,306	\$ 3,634,223	\$ 51,330,633
Current Year Activity	\$ (634,964)	\$ (3,323,524)	\$ 166,765	\$ (22,185)	\$ 155,626	\$ (975,000)	\$ 82,093	\$ 662,087	\$ (3,889,102)
End of Year Balance	\$ 19,025,467	\$ 20,105,216	\$ 2,543,841	\$ 697,967	\$ 563,331	\$ -	\$ 209,399	\$ 4,296,310	\$ 47,441,531
Non-spendable	\$ 334,387	\$ 59,629	\$ 2,000,000						\$ 2,394,016
Restricted		\$ 20,045,587	\$ 543,841					\$ 4,296,310	\$ 24,885,738
Committed	\$ 500,000								\$ 500,000
Assigned	\$ 2,351,424			\$ 697,967	\$ 563,331		\$ 209,399		\$ 3,822,121
Unassigned	\$ 15,839,656								\$ 15,839,656

Proprietary Funds

Revenue and Expenditure highlights related to Water, Sanitary and Storm water funds are discussed on page 18. However, it important to highlight that the City intentionally drew-down cash in the Sanitary and Storm funds to finance capital improvements associated with the City's enhanced capital improvement plan, especially the \$15 million Meinecke Neighborhood Flood

Mitigation Project. As a result, while current assets decreased \$2,352,807 and \$4,284,084 respectively, total net capital assets increased \$5,203,046 and \$7,096,650. This will be described in more detail below. The Sanitary Sewer fund is also showing a negative unrestricted net position due to the fact that the Meinecke project proceed quicker than planned and part of the financing relies on yet-to-be-issued 2013 bonds which will reimburse the sanitary fund \$1,984,498 and the storm water fund \$525,000. As a result capital activities were undertaken prior to issuing debt so that unrestricted resources were used. In addition, a 20% rate increase was approved for the sanitary fund and a 21.2% increase for the stormwater fund was approved in December 2012.

Internal Service Funds showed a decrease in net position of \$2,123,052. This is due to an increase in the net Other Post Employment Benefit (OPEB) obligation by \$3,527,879 to a total of \$17,193,904 in the Health/Life Fund. The annual OPEB cost was \$5,354,611 representing 34.12% of the net OPEB obligation. The unfunded actuarial accrued liability (UAAL) is \$62,372,743. The increase from 2011 is largely due to premiums paid by post-65 retirees who pay 100% of premium which did not fully cover claims costs.

General Fund Budgetary Highlights

Differences between actual revenues and expenses and the final amended budget resulted in a negative revenue variance of \$539,654 (1.16% of total) and a positive expenditure variance of \$1,365,255 (2.98% of total). The following explains these variances:

Revenues

- ◆ State and Federal grant revenue was \$58,851 less than budgeted
- ◆ Court penalties was \$149,989 below budget as the implementation of a new software product resulted in delays issuing warrants, driver licenses suspensions and tax refund intercept amounts. Additional staffing was deployed to address the back-log of data entry but the revenue loss persisted throughout the entire year.
- ◆ Ambulance revenue (Public Charges for Service/Public Safety) was \$248,903 less than budget due to an unexpectedly high write-off amount issued by the third-party billing company at the end of 2012. This required that the write-off allowance be increased and the revenue correspondingly decreased.
- ◆ Interest earnings were \$165,837 below budget due to the interest rate environment in which maturing longer term investments are reinvested at lower interest rates and mark-to-market losses.

Expenditures

- ◆ General Government expenditures were \$176,959 less than budget due largely to unfinished projects which were carried over into 2013.
- ◆ \$477,837 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.
- ◆ Highway and Transportation expenditures were \$470,947 less than budget due to vacancies in the Engineering department, project inspection services being charged

directly to the capital fund, vacancies in the Roadway Maintenance department and lower than estimated fleet charges.

Capital Assets and Debt Administration

Capital Assets

The City of Wauwatosa investments in capital assets for its governmental and business-type activities as of December 31, 2012 increased \$18,978,714 to \$183,799,890 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 11.5% for primary functions. This significant increase reflects 2012 as the first-year 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 2012 included the following:

- ◆ 6,785 linear feet of reconstructed and resurfaced streets.
- ◆ 34,743 linear feet of replaced or relined sanitary sewer mains
- ◆ 13,373 linear feet of replaced or relined storm sewer mains
- ◆ 14,097 linear feet of replaced water mains
- ◆ \$1,196,800 in bridge repairs
- ◆ \$252,300 in public building roof replacements
- ◆ \$689,836 in replacement of street light fixtures with LED upgrades

Additional information on the City of Wauwatosa's capital assets can be found on pages 58-59.

Debt Administration

At the end of the current fiscal year, the City of Wauwatosa had total bonded debt outstanding of \$84,354,990. Of this amount \$60,204,990 is backed by the full faith and credit of the City. The City of Wauwatosa issued \$12,400,000 for street and sewer improvements. The City maintains an "Aaa" rating from Moody's for its general obligation debt.

State Statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City of Wauwatosa is \$248,195,935 which significantly exceeds the City's 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 \$9,725,000 and maintains a Aa2 rating from Moody's. The balance of \$14,425,000 are bonds issued by the Wauwatosa Redevelopment Authority that are payable only out of revenues derived from a lease agreement between the City and the Authority. Debt service fund expenditures of \$3,942,629 were \$223,608 lower than the prior year.

Additional information on the City of Wauwatosa's long-term debt can be found in note G on pages 62-68 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 has increased from \$3.87 billion in 2002 to \$5.20 billion in 2013.
- ◆ The unemployment rate for the City of Wauwatosa is currently 5.6% as of December 2012. This compares favorably to the state's average of 6.8% and Milwaukee County's average rate of 8.5%.
- ◆ 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 2013 fiscal year operating budget for the General Fund includes \$50,494,465 in projected revenues and expenditures. The budget includes \$500,000 of fund balance as a revenue source; however, no use of equity is anticipated through active management of vacancies.

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, due to the worsening interest rate environment and declining cash balances, largely the result of gradual spending down the TIF 2 balance, interest earning revenue is projected to decrease through 2014. 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.

Total compensation increases have been moderated in 2013 due to favorable labor contracts with police and fire unions in which salary increases were offset by increased pension contributions as well as the transition to a high-deductible health plan for all employees. This

was made possible by changes in state legislation in 2011 that made design of the healthcare plan a non-negotiable item.

No significant new programs were added to the 2013 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, storm and water are planned for 2013 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, 2012**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 55,681,618	\$ 6,810,275	\$ 62,491,893
Receivables (net of allowance for uncollectible accounts)	47,743,766	3,701,817	51,445,583
Note and loan receivable	125,551	-	125,551
Internal balances	835,142	(835,142)	-
Inventories	115,979	148,092	264,071
Prepaid items	99,323	6,522	105,845
Unamortized debt discount and expense	431,075	52,821	483,896
Unamortized maintenance costs	-	165,459	165,459
Investment in Cities and Villages Mutual Insurance Company	1,184,453	-	1,184,453
Restricted assets - cash and investments	-	1,981,047	1,981,047
Non-utility property	-	2,684	2,684
Capital assets, not being depreciated	24,488,276	142,558	24,630,834
Capital assets, being depreciated, net of accumulated depreciation	<u>56,146,976</u>	<u>103,022,080</u>	<u>159,169,056</u>
Total assets	<u>186,852,159</u>	<u>115,198,213</u>	<u>302,050,372</u>
LIABILITIES			
Accounts payable and other current liabilities	6,383,812	1,694,574	8,078,386
Accrued interest payable	326,152	110,326	436,478
Deposits	-	5,507	5,507
Unearned revenue	44,045,892	-	44,045,892
Liabilities payable from restricted assets	-	1,086,885	1,086,885
Noncurrent liabilities:			
Due within one year	7,538,787	2,996,174	10,534,961
Due in more than one year	46,243,955	31,246,984	77,490,939
Accrued net other postemployment benefits obligation	<u>17,193,904</u>	<u>-</u>	<u>17,193,904</u>
Total liabilities	<u>121,732,502</u>	<u>37,140,450</u>	<u>158,872,952</u>
NET POSITION			
Invested in capital assets, net of related debt	58,712,117	72,641,361	129,296,985
Restricted for debt service	24,825,826	425,000	25,250,826
Unrestricted (deficit)	<u>(18,418,286)</u>	<u>4,991,402</u>	<u>(11,370,391)</u>
TOTAL NET POSITION	<u>\$ 65,119,657</u>	<u>\$ 78,057,763</u>	<u>\$ 143,177,420</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, 2012

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	\$ 4,944,296	\$ 1,058,006	\$ 60,854	\$ -	\$ (3,825,436)	\$ -	\$ (3,825,436)
Protection of persons and property	31,971,250	3,714,073	1,847,929	43,181	(26,366,067)	-	(26,366,067)
Health and sanitation	4,894,825	196,401	460,673	-	(4,237,751)	-	(4,237,751)
Highway and transportation	7,436,831	183,568	319,396	2,349,189	(4,584,678)	-	(4,584,678)
Education and recreation	4,211,093	567,066	317,006	-	(3,327,021)	-	(3,327,021)
Conservation and development	3,100,189	28,509	1,223,503	-	(1,848,177)	-	(1,848,177)
Unclassified	390,931	-	-	-	(390,931)	-	(390,931)
Interest and fiscal charges	2,140,153	-	-	-	(2,140,153)	-	(2,140,153)
Total governmental activities	<u>59,089,568</u>	<u>5,747,623</u>	<u>4,229,361</u>	<u>2,392,370</u>	<u>(46,720,214)</u>	<u>-</u>	<u>(46,720,214)</u>
Business-type activities:							
Water Utility	6,107,124	6,688,096	-	413,499	-	994,471	994,471
Sanitary Sewer	6,431,091	6,564,362	-	19,428	-	152,699	152,699
Storm Water Management	1,856,232	2,366,304	-	149,000	-	659,072	659,072
Total business-type activities	<u>14,394,447</u>	<u>15,618,762</u>	<u>-</u>	<u>581,927</u>	<u>-</u>	<u>1,806,242</u>	<u>1,806,242</u>
Total	<u>\$ 73,484,015</u>	<u>\$ 21,366,385</u>	<u>\$ 4,229,361</u>	<u>\$ 2,974,297</u>	<u>(46,720,214)</u>	<u>1,806,242</u>	<u>(44,913,972)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					34,395,125	-	34,395,125
Property taxes, levied for debt service					2,160,000	-	2,160,000
Property taxes, levied for TIF					5,725,282	-	5,725,282
Other taxes					1,494,813	-	1,494,813
Intergovernmental revenues not restricted to specific programs					2,631,507	-	2,631,507
Gain on sale of capital assets					74,449	-	74,449
Investment income					1,073,904	41,857	1,115,761
Total general revenues					<u>47,555,080</u>	<u>41,857</u>	<u>47,596,937</u>
Transfers					326,467	(326,467)	-
Change in net position					1,161,333	1,521,632	2,682,965
NET POSITION - BEGINNING OF YEAR					<u>63,958,324</u>	<u>76,536,131</u>	<u>140,494,455</u>
NET POSITION - END OF YEAR					<u>\$ 65,119,657</u>	<u>\$ 78,057,763</u>	<u>\$ 143,177,420</u>

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

**CITY OF WAUWATOSA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General Fund	Special Revenue Fund Tax Incremental District Fund	Capital Projects General Obligation Debt Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 18,617,019	\$ 22,316,635	\$ 6,569,703	\$ 2,049,637	\$ 49,552,994
Taxes receivable	32,935,016	6,678,903	-	5,346,920	44,960,839
Delinquent personal property taxes	33,896	-	-	-	33,896
Special assessments receivable:					
Due in installments	-	-	-	543,416	543,416
Deferred	-	-	-	18,552	18,552
Accounts receivable, net	1,199,605	-	-	-	1,199,605
Accrued investment income receivable	253,611	-	-	-	253,611
Note receivable	125,551	-	-	-	125,551
Other accrued receivables	671,758	-	7,088	16,961	695,807
Due from other funds	1,081,621	-	-	-	1,081,621
Prepayments	39,694	59,629	-	-	99,323
Inventories	797	-	-	-	797
Advance to other funds	260,000	-	-	2,000,000	2,260,000
	<u>\$ 55,218,568</u>	<u>\$ 29,055,167</u>	<u>\$ 6,576,791</u>	<u>\$ 9,975,486</u>	<u>\$ 100,826,012</u>
TOTAL ASSETS					
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,229,273	\$ 6,048	\$ 2,280,481	\$ 68,266	\$ 4,584,068
Accrued payroll	771,002	-	-	-	771,002
Due to other funds	816,061	-	-	219,939	1,036,000
Advance from other funds	-	2,260,000	-	-	2,260,000
Deferred revenue	32,376,765	6,683,903	-	5,672,743	44,733,411
Total liabilities	<u>36,193,101</u>	<u>8,949,951</u>	<u>2,280,481</u>	<u>5,960,948</u>	<u>53,384,481</u>
FUND BALANCES					
Nonspendable	334,387	59,629	-	2,000,000	2,394,016
Restricted	-	20,045,587	4,296,310	543,841	24,885,738
Committed	500,000	-	-	-	500,000
Assigned	2,351,424	-	-	1,470,697	3,822,121
Unassigned	15,839,656	-	-	-	15,839,656
	<u>19,025,467</u>	<u>20,105,216</u>	<u>4,296,310</u>	<u>4,014,538</u>	<u>47,441,531</u>
	<u>19,025,467</u>	<u>20,105,216</u>	<u>4,296,310</u>	<u>4,014,538</u>	<u>47,441,531</u>
	<u>\$ 55,218,568</u>	<u>\$ 29,055,167</u>	<u>\$ 6,576,791</u>	<u>\$ 9,975,486</u>	<u>\$ 100,826,012</u>
	<u>\$ 55,218,568</u>	<u>\$ 29,055,167</u>	<u>\$ 6,576,791</u>	<u>\$ 9,975,486</u>	<u>\$ 100,826,012</u>

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.	76,495,959
Internal service funds net position	(5,926,328)
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Special assessments	561,968
Loan receivable	125,551
Certain governmental fund expenditures are capitalized and amortized to expense on the full accrual basis.	431,075
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	(54,010,099)
	<u>\$ 65,119,657</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, 2012

	General Fund	Special Revenue Fund Tax Incremental District Fund	Capital Projects		Total Governmental Funds
			General Obligation Debt Issue Fund	Nonmajor Governmental Funds	
REVENUES					
Taxes	\$ 33,663,169	\$ 5,725,282	\$ -	\$ 4,386,769	\$ 43,775,220
Intergovernmental revenues	4,662,550	880,924	-	1,221,003	6,764,477
Licenses and permits	1,371,438	-	-	-	1,371,438
Penalties and forfeitures	1,024,231	-	-	-	1,024,231
Public improvement revenues	9,929	-	-	456,542	466,471
Public charges for services	2,696,966	-	-	799,352	3,496,318
Intergovernmental charges for services	1,475,747	-	-	-	1,475,747
Commercial revenues	1,098,060	47,445	119,486	209,628	1,474,619
Total revenues	<u>46,002,090</u>	<u>6,653,651</u>	<u>119,486</u>	<u>7,073,294</u>	<u>59,848,521</u>
EXPENDITURES					
Current					
General government	4,607,161	-	-	-	4,607,161
Protection of persons and property	29,282,911	-	-	-	29,282,911
Health and sanitation	3,950,891	-	-	-	3,950,891
Highway and transportation	4,809,421	-	-	-	4,809,421
Education and recreation	52,006	-	-	3,637,283	3,689,289
Conservation and development	1,307,821	464,698	-	1,221,003	2,993,522
Unclassified	390,931	-	-	-	390,931
Debt service					
Principal	-	178,610	-	11,339,696	11,518,306
Interest and other fiscal charges	-	-	-	2,086,725	2,086,725
Capital outlay	-	-	9,357,602	-	9,357,602
Total expenditures	<u>44,401,142</u>	<u>643,308</u>	<u>9,357,602</u>	<u>18,284,707</u>	<u>72,686,759</u>
Excess of revenues over (under) expenditures	1,600,948	6,010,343	(9,238,116)	(11,211,413)	(12,838,238)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	6,675,000	-	6,675,000
Premium on long term debt	-	-	-	248,000	248,000
Proceeds from sale of capital assets	74,449	-	-	-	74,449
Transfers in	792,975	1,559	3,225,203	11,003,463	15,023,200
Transfers out	(3,103,336)	(9,335,426)	-	(632,751)	(13,071,513)
Net change in fund balances	(634,964)	(3,323,524)	662,087	(592,701)	(3,889,102)
FUND BALANCES - BEGINNING OF YEAR	<u>19,660,431</u>	<u>23,428,740</u>	<u>3,634,223</u>	<u>4,607,239</u>	<u>51,330,633</u>
FUND BALANCES - END OF YEAR	<u>\$ 19,025,467</u>	<u>\$ 20,105,216</u>	<u>\$ 4,296,310</u>	<u>\$ 4,014,538</u>	<u>\$ 47,441,531</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, 2012**

Net change in fund balances - total governmental funds \$ (3,889,102)

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 activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$5,854,961) were more than depreciation (\$3,437,297) in the current period. 2,417,664

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 (\$6,675,000) were less than the repayments (\$11,535,596). 4,860,596

Governmental funds report debt premiums, discounts, and issuance costs 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	(248,000)
Amortization of debt premium	38,986
Amortization of debt issuance costs	(68,334)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,464

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the increase in accrued interest payable (24,080), and the decrease in accrued vacation payable (\$11,670). (12,410)

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. 5,390

The net revenue (expense) of internal service funds is reported with governmental activities. (1,944,921)

Change in net assets of governmental activities \$ 1,161,333

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 33,651,583	\$ 33,640,357	\$ 33,663,169	\$ 22,812
Intergovernmental revenues	4,306,462	4,721,401	4,662,550	(58,851)
Licenses and permits	1,209,475	1,276,522	1,371,438	94,916
Fines, penalties and forfeitures	1,259,000	1,199,000	1,024,231	(174,769)
Public improvement revenues	26,165	26,209	9,929	(16,280)
Public charges for services	2,846,550	2,936,556	2,696,966	(239,590)
Intergovernmental charges for services	1,603,642	1,497,870	1,475,747	(22,123)
Commercial revenues	1,202,000	1,243,829	1,098,060	(145,769)
Total revenues	46,104,877	46,541,744	46,002,090	(539,654)
EXPENDITURES				
General government	4,466,924	4,784,120	4,607,161	176,959
Protection of persons and property	29,278,572	29,760,748	29,282,911	477,837
Health and sanitation	3,980,219	4,088,934	3,950,891	138,043
Highway and transportation	5,370,077	5,280,368	4,809,421	470,947
Education and recreation	42,089	55,219	52,006	3,213
Conservation and development	1,447,992	1,393,015	1,307,821	85,194
Unclassified	1,065,163	403,993	390,931	13,062
Total expenditures	45,651,036	45,766,397	44,401,142	1,365,255
Excess of revenues over (under) expenditures	453,841	775,347	1,600,948	825,601
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	74,449	74,449
Transfers in	719,791	747,391	792,975	45,584
Transfers out	(1,821,138)	(1,821,138)	(3,103,336)	(1,282,198)
Net change in fund balances	\$ (647,506)	\$ (298,400)	(634,964)	\$ (336,564)
FUND BALANCES - BEGINNING OF YEAR			19,660,431	
FUND BALANCES - END OF YEAR			\$ 19,025,467	

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, 2012

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,246,500	\$ 5,725,282	\$ 5,725,282	\$ -
Intergovernmental revenues	809,000	561,528	880,924	319,396
Commercial revenues	<u>74,100</u>	<u>34,960</u>	<u>47,445</u>	<u>12,485</u>
Total revenues	<u>6,129,600</u>	<u>6,321,770</u>	<u>6,653,651</u>	<u>331,881</u>
EXPENDITURES				
Conservation and development	488,433	435,653	464,698	(29,045)
Debt service principal	<u>162,000</u>	<u>178,610</u>	<u>178,610</u>	<u>-</u>
Total expenditures	<u>650,433</u>	<u>614,263</u>	<u>643,308</u>	<u>(29,045)</u>
Excess of revenues over expenditures	5,479,167	5,707,507	6,010,343	302,836
OTHER FINANCING SOURCES (USES)				
Transfers in	1,920	4,801,468	1,559	(4,799,909)
Transfers out	<u>(11,643,925)</u>	<u>(24,019,981)</u>	<u>(9,335,426)</u>	<u>14,684,555</u>
Net change in fund balance	<u>\$ (6,162,838)</u>	<u>\$ (13,511,006)</u>	(3,323,524)	<u>\$ 10,187,482</u>
FUND BALANCE - BEGINNING OF YEAR			<u>23,428,740</u>	
FUND BALANCE - END OF YEAR			<u>\$ 20,105,216</u>	

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

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012**

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Sanitary Sewer	Storm Water Management	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
ASSETS						
CURRENT ASSETS						
Cash, cash equivalents and temporary investments	\$ 2,961,090	\$ 802,296	\$ 2,294,348	\$ 752,541	\$ 6,810,275	\$ 6,128,624
Receivables, net	1,660,113	1,756,542	285,162	-	3,701,817	38,040
Due from other funds	374,027	358,793	2,101,190	-	2,834,010	-
Inventories	148,092	-	-	-	148,092	115,182
Restricted assets - special redemption fund - bond principal and interest fund	584,656	-	-	-	584,656	-
Prepayments	6,522	-	-	-	6,522	-
Total current assets	<u>5,734,500</u>	<u>2,917,631</u>	<u>4,680,700</u>	<u>752,541</u>	<u>14,085,372</u>	<u>6,281,846</u>
NONCURRENT ASSETS						
Restricted assets:						
Special redemption fund - reserve fund	798,687	-	-	-	798,687	-
Water system improvement funds	597,704	-	-	-	597,704	-
Non-Utility property	2,684	-	-	-	2,684	-
Investment in Cities and Villages Mutual Insurance Company	-	-	-	-	-	1,184,453
Other assets						
Unamortized debt discount & expense	52,821	-	-	-	52,821	-
Unamortized maintenance costs	165,459	-	-	-	165,459	-
Capital assets:						
Land	81,405	-	-	-	81,405	22,617
Buildings	789,794	-	-	-	789,794	1,252,654
Improvements other than buildings	44,152,128	57,715,940	41,900,933	-	143,769,001	-
Machinery and equipment	1,474,284	1,144,930	-	-	2,619,214	11,868,786
Construction in progress	61,153	-	-	-	61,153	-
Less: Accumulated depreciation	<u>(13,337,900)</u>	<u>(20,858,249)</u>	<u>(9,959,780)</u>	<u>-</u>	<u>(44,155,929)</u>	<u>(9,004,764)</u>
Total capital assets, net	<u>33,220,864</u>	<u>38,002,621</u>	<u>31,941,153</u>	<u>-</u>	<u>103,164,638</u>	<u>4,139,293</u>
Total noncurrent assets	<u>34,838,219</u>	<u>38,002,621</u>	<u>31,941,153</u>	<u>-</u>	<u>104,781,993</u>	<u>5,323,746</u>
Total assets	<u>40,572,719</u>	<u>40,920,252</u>	<u>36,621,853</u>	<u>752,541</u>	<u>118,867,365</u>	<u>11,605,592</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	232,831	1,050,026	265,363	-	1,548,220	1,028,742
Accrued payroll	57,091	-	-	-	57,091	-
Due to other funds	889,676	1,989,955	-	-	2,879,631	-
Customer deposits	5,507	-	-	-	5,507	-
Current portion of long-term debt	-	1,281,866	1,683,434	-	2,965,300	-
Current portion of refunding bond	21,536	3,550	5,788	-	30,874	-
Accrued interest payable	4,274	37,219	68,833	-	110,326	-
Other accrued liabilities	89,263	-	-	-	89,263	98,795
Liabilities payable from restricted assets:						
Accounts payable - construction account	502,229	-	-	-	502,229	-
Current portion of long-term debt	425,000	-	-	-	425,000	-
Accrued interest payable	159,656	-	-	-	159,656	-
Total current liabilities	<u>2,387,063</u>	<u>4,362,616</u>	<u>2,023,418</u>	<u>-</u>	<u>8,773,097</u>	<u>1,127,537</u>
NONCURRENT LIABILITIES						
Bonds payable	9,400,854	7,504,031	13,914,135	-	30,819,020	-
Refunding bond	298,522	49,215	80,227	-	427,964	-
Accrued net other postemployment benefits obligation	-	-	-	-	-	17,193,904
Total non-current liabilities	<u>9,699,376</u>	<u>7,553,246</u>	<u>13,994,362</u>	<u>-</u>	<u>31,246,984</u>	<u>17,193,904</u>
Total liabilities	<u>12,086,439</u>	<u>11,915,862</u>	<u>16,017,780</u>	<u>-</u>	<u>40,020,081</u>	<u>18,321,441</u>
NET POSITION						
Invested in capital assets, net of related debt	23,495,864	29,906,080	19,239,417	-	72,641,361	4,139,293
Restricted for debt service	425,000	-	-	-	425,000	-
Unrestricted	<u>4,565,416</u>	<u>(901,690)</u>	<u>1,364,656</u>	<u>752,541</u>	<u>5,780,923</u>	<u>(10,855,142)</u>
Total net position	<u>\$ 28,486,280</u>	<u>\$ 29,004,390</u>	<u>\$ 20,604,073</u>	<u>\$ 752,541</u>	<u>78,847,284</u>	<u>\$ (6,715,849)</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

(789,521)
\$ 78,057,763

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, 2012**

	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	\$ 6,419,664	\$ 6,564,362	\$ 2,366,304	\$ -	\$ 15,350,330	\$ 14,392,348
Other operating revenues	268,432	-	-	-	268,432	1,306,470
Total operating revenues	<u>6,688,096</u>	<u>6,564,362</u>	<u>2,366,304</u>	<u>-</u>	<u>15,618,762</u>	<u>15,698,818</u>
OPERATING EXPENSES						
Operation and maintenance	4,897,761	5,342,864	848,264	-	11,088,889	17,833,319
Depreciation	704,637	800,684	544,712	-	2,050,033	906,779
Taxes	94,765	-	-	-	94,765	-
Total operating expenses	<u>5,697,163</u>	<u>6,143,548</u>	<u>1,392,976</u>	<u>-</u>	<u>13,233,687</u>	<u>18,740,098</u>
Operating income (loss)	<u>990,933</u>	<u>420,814</u>	<u>973,328</u>	<u>-</u>	<u>2,385,075</u>	<u>(3,041,280)</u>
NON-OPERATING REVENUES (EXPENSES)						
Dividend income	-	-	-	-	-	61,287
Investment income	11,982	15,457	13,283	1,135	41,857	7,146
Grants	-	-	149,000	-	149,000	-
Gain on sale or trade of assets	-	-	-	-	-	90,848
Interest on long-term debt	(326,235)	(257,837)	(398,557)	-	(982,629)	-
Total non-operating revenues (expenses)	<u>(314,253)</u>	<u>(242,380)</u>	<u>(236,274)</u>	<u>1,135</u>	<u>(791,772)</u>	<u>159,281</u>
Income (loss) before capital contributions and transfers	676,680	178,434	737,054	1,135	1,593,303	(2,881,999)
CAPITAL CONTRIBUTIONS	1,017,569	70,316	49,788	-	1,137,673	1,679,421
TRANSFERS IN	194,433	-	-	-	194,433	150,000
TRANSFERS OUT	<u>(779,320)</u>	<u>(13,655)</u>	<u>(432,671)</u>	<u>-</u>	<u>(1,225,646)</u>	<u>(1,070,474)</u>
Change in net assets	1,109,362	235,095	354,171	1,135	1,699,763	(2,123,052)
NET POSITION - BEGINNING OF YEAR	<u>27,376,918</u>	<u>28,769,295</u>	<u>20,249,902</u>	<u>751,406</u>		<u>(4,592,797)</u>
NET POSITION - END OF YEAR	<u>\$ 28,486,280</u>	<u>\$ 29,004,390</u>	<u>\$ 20,604,073</u>	<u>\$ 752,541</u>		<u>\$ (6,715,849)</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

(178,131)

\$ 1,521,632

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012**

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Sanitary Sewer	Storm Water Management	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6,791,477	\$ 6,489,307	\$ 2,437,470	\$ -	\$ 15,718,254	\$ 1,405,567
Payments from other funds	-	-	-	-	-	14,347,732
Payments to suppliers	(3,629,673)	(3,227,037)	(853,310)	-	(7,710,020)	(12,363,020)
Payments to employees	(1,239,328)	(375,892)	(203,740)	-	(1,818,960)	(1,906,966)
Net cash provided by operating activities	<u>1,922,476</u>	<u>2,886,378</u>	<u>1,380,420</u>	<u>-</u>	<u>6,189,274</u>	<u>1,483,313</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal paid on noncapital debt	(21,110)	(3,480)	(5,673)	-	(30,263)	-
Interest paid on noncapital debt	(11,152)	(2,153)	(3,510)	-	(16,815)	-
Payments from other funds	-	-	-	-	-	150,000
Payments to other funds	(654,134)	-	(2,417,169)	-	(3,071,303)	(1,070,474)
Net cash provided by (used in) noncapital financing activities	<u>(686,396)</u>	<u>(5,633)</u>	<u>(2,426,352)</u>	<u>-</u>	<u>(3,118,381)</u>	<u>(920,474)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from long-term debt	-	1,825,000	3,900,000	-	5,725,000	-
Acquisition and construction of capital assets	(3,068,141)	(5,933,414)	(7,591,574)	-	(16,593,129)	(6,500)
Proceeds from the sale of property, plant and equipment	-	-	-	-	-	113,549
Grant funds received	-	-	149,000	-	149,000	-
Payments from other funds	194,433	-	-	-	194,433	-
Principal paid on capital debt	(2,825,000)	(983,966)	(1,274,009)	-	(5,082,975)	-
Interest paid on capital debt	(368,891)	(239,847)	(358,562)	-	(967,300)	-
Net cash provided by (used in) capital and related financing activities	<u>(6,067,599)</u>	<u>(5,332,227)</u>	<u>(5,175,145)</u>	<u>-</u>	<u>(16,574,971)</u>	<u>107,049</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	11,982	15,457	13,283	1,135	41,857	68,433
Net cash provided by investing activities	<u>11,982</u>	<u>15,457</u>	<u>13,283</u>	<u>1,135</u>	<u>41,857</u>	<u>68,433</u>
Net increase (decrease) in cash and cash equivalents	(4,819,537)	(2,436,025)	(6,207,794)	1,135	(13,462,221)	738,321
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>9,761,674</u>	<u>3,238,321</u>	<u>8,502,142</u>	<u>751,406</u>	<u>22,253,543</u>	<u>5,390,303</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,942,137</u>	<u>\$ 802,296</u>	<u>\$ 2,294,348</u>	<u>\$ 752,541</u>	<u>\$ 8,791,322</u>	<u>\$ 6,128,624</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, 2012

	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)	\$ 990,933	\$ 420,814	\$ 973,328	\$ -	\$ 2,385,075	\$ (3,041,280)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	704,637	800,684	544,712	-	2,050,033	906,779
Depreciation charged to other accounts	35,670	-	-	-	35,670	-
Tax equivalent charged to sewer utility	13,655	(13,655)	-	-	-	-
Payment of capitalized maintenance costs	(42,018)	-	-	-	(42,018)	-
Amortization of maintenance costs	83,629	-	-	-	83,629	-
Loss on disposal of capital assets	2,208	-	-	-	2,208	-
(Increase) Decrease:						
Accounts receivable	108,756	(75,055)	71,166	-	104,867	54,481
Due from other funds	(18,643)	(8,163)	(10,378)	-	(37,184)	-
Inventories	12,005	-	-	-	12,005	(206)
Prepaid items	357	-	-	-	357	-
Increase (Decrease):						
Accounts payable	36,557	(221,250)	(198,408)	-	(383,101)	24,300
Accrued payroll	10,825	-	-	-	10,825	-
Customer deposits	(387)	-	-	-	(387)	-
Other accrued liabilities	4,882	-	-	-	4,882	3,539,239
Due to other funds	(20,590)	1,983,003	-	-	1,962,413	-
Total adjustments	<u>931,543</u>	<u>2,465,564</u>	<u>407,092</u>	<u>-</u>	<u>3,804,199</u>	<u>4,524,593</u>
Net cash provided by operating activities	<u>\$ 1,922,476</u>	<u>\$ 2,886,378</u>	<u>\$ 1,380,420</u>	<u>\$ -</u>	<u>\$ 6,189,274</u>	<u>\$ 1,483,313</u>
Noncash investing, capital and financing activities						
Capital additions contributed						
City of Wauwatosa	\$ 604,070	\$ 50,888	\$ 49,788	\$ -	\$ 704,746	\$ 1,679,421
Developers	413,499	19,428	-	-	432,927	-
	<u>\$ 1,017,569</u>	<u>\$ 70,316</u>	<u>\$ 49,788</u>	<u>\$ -</u>	<u>\$ 1,137,673</u>	<u>\$ 1,679,421</u>
Reconciliation of cash and cash equivalents to the statement of net assets - proprietary funds						
Unrestricted cash and cash equivalents	\$ 2,961,090	\$ 802,296	\$ 2,294,348	\$ 752,541	\$ 6,810,275	\$ 6,128,624
Restricted cash and cash equivalents						
Special redemption funds						
Bond reserve fund	798,687	-	-	-	798,687	-
Bond principal and interest fund	584,656	-	-	-	584,656	-
Waterworks system improvement fund	597,704	-	-	-	597,704	-
Cash and cash equivalents end of year	<u>\$ 4,942,137</u>	<u>\$ 802,296</u>	<u>\$ 2,294,348</u>	<u>\$ 752,541</u>	<u>\$ 8,791,322</u>	<u>\$ 6,128,624</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, 2012**

	Private Purpose Trust Funds	Agency Funds
	Total	Total
ASSETS		
Cash and investments	\$ 102,724	\$ 62,841,941
Interest receivable	103	-
Taxes receivable	-	24,841,595
Total assets	102,827	\$ 87,683,536
LIABILITIES		
Special deposits	-	\$ 46,130
Due to other taxing units	-	87,637,406
Total liabilities	-	\$ 87,683,536
NET POSITION - RESTRICTED	\$ 102,827	

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, 2012**

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions	\$ 7,202
Investment income	<u>117</u>
Total additions	7,319
 DEDUCTIONS	
Changes in net assets	<u>4,863</u>
 NET POSITION - BEGINNING OF YEAR	 <u>100,371</u>
 NET POSITION - END OF YEAR	 <u>\$ 102,827</u>

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 Wauwatosa Redevelopment 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. 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, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-wide Financial Statements

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, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and 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 five Tax Incremental Districts.

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

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

Redevelopment Authority Lease Revenue Bond Fund

Information Systems Equipment

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Nonmajor Enterprise Funds

Redevelopment Authority Reserve Fund - 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.

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, Risk Management, 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* and *Land Conservation Account*.

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 revenue. 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, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(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 revenues. 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 revenues. Amounts received prior to the entitlement period are also recorded as deferred 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 revenues.

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, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. Deferred revenues also arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or 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 for deferred revenue 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.

Accounting Changes

The City of Wauwatosa adopted GASB Statement No. 63 *Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of January 1, 2012. GASB Statement No. 63 impacted financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The impact of adoption of this statement resulted in identifying the Statement of Net Assets as the Statement of Net Position, and identifying the Statements of Revenues, Expenses and Changes in Net Assets as the Statements of Revenues, Expenses and Changes in Net Position.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

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, 2012, 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, 2012**

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 - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	March 31, 2013
Third installment due	May 31, 2013
Personal property taxes in full	January 31, 2013
Tax deed - 2012 delinquent real estate taxes	October 2015

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, 2012**

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 represent 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, 2012**

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. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

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, 2012**

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, 2012 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.

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 \$17.49 million, made up of one issue.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012**

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.

For classification of governmental fund balances the City considers an expenditure to be made from the most restrictive classification when one or more classifications are available.

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, 2012**

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.

2. In 2000, the City adopted Resolution #00-160 creating "City of Wauwatosa Tax Incremental District No. 3" 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 \$2.6 million and will be financed with future 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 2006, the City adopted Resolution #06-179 which amended the project plan for the City of Wauwatosa Tax Incremental District No. 3. The additional project costs are estimated at \$6 million for the purpose of additional public infrastructure improvements and payments to a developer for environmental remediation.

3. In 2002, the City adopted Resolution #02-111 creating "City of Wauwatosa Tax Incremental District No. 4" 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 \$500,000 and have been financed with an advance from the City's General Fund. 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 repay the General Fund.
4. 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 OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Other Policies - Tax Incremental Districts (continued)

5. 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.

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	\$ 51,226,548
Bond Premium	441,563
Compensated absences	1,829,983
Accrued interest payable	326,152
Landfill postclosure liability	163,106
MADACC obligation	<u>22,747</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 54,010,099</u>

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

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 \$115,361. Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$648,921. Expenditures are monitored by management at the department level for all funds.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	Carrying Value	Bank Balance
Petty cash	\$ 26,600	\$ -
Deposits		
Demand deposits	13,896,849	14,785,155
Demand deposits, interest bearing	40,585,417	40,585,417
Certificates of deposit	5,260,035	5,260,035
Total deposits	59,742,301	60,630,607
Investments		
U.S. Agency Securities	5,020,288	5,020,288
Municipal Securities	19,945,841	19,945,841
Corporate Securities	2,760,478	2,760,478
Investment pools:		
Local Government Investment Pool (LGIP)	39,922,097	39,922,097
Total investments	67,648,704	67,648,704
Total cash and investments	\$ 127,417,605	\$ 128,279,311
Reconciliation to the Statement of Net Position:		
Unrestricted cash and investments	\$ 62,491,893	
Restricted cash and investments	1,981,047	
Fiduciary Funds:		
Private purpose trust funds	102,724	
Agency funds	62,841,941	
Total cash and investments	\$ 127,417,605	

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 interest bearing accounts and unlimited coverage for noninterest bearing 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, 2012, 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 and M & I 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 HSBC Gibbs, has additional securities coverage of \$149.5 million per customer, subject to a \$600 million aggregate limit.

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

As of January 1, 2013, FDIC insurance coverage changes to \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts

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, 2012, \$10,673,074 of the City's bank balance of \$60,630,607 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, 2012, \$15,852,433 of the City's investment balance of \$67,648,704 was exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012 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	39,922,097	Unrated
U.S. Agency Securities	5,020,288	AAA
Municipal Securities	1,028,091	AAA
Municipal Securities	1,288,036	AA
Municipal Securities	636,990	AA-
Municipal Securities	2,093,719	A+
Municipal Securities	605,227	A2
Municipal Securities	2,655,100	Aa1
Municipal Securities	6,987,193	Aa2
Municipal Securities	1,045,778	Aa3
Municipal Securities	801,488	SP-1
Municipal Securities	2,804,219	Unrated
Corporate Securities	2,760,478	Aa3
Total fair value of investments subject to credit risk	<u>\$ 67,648,704</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, 2012 the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Months)</u>
U.S. Agency Securities	\$ 5,020,288	64.2
Municipal Securities	19,945,841	24.8
Local Government Investment Pool	39,922,097	2.4
Corporate Securities	2,760,478	1.0

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk

As of December 31, 2012, 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, 2012, an allowance for uncollectible accounts has been established for ambulance billings of \$200,000.

C. Deferred Revenue

Governmental funds report deferred revenue 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 defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable	\$ -	\$ 43,740,688	\$ 43,740,688
Retiree health insurance billings	-	134,091	134,091
Unspent grant proceeds	-	79,674	79,674
Other	-	91,439	91,439
Loan receivable	125,551		125,551
Special assessments	561,968	-	561,968
	<u>\$ 687,519</u>	<u>\$ 44,045,892</u>	<u>\$ 44,733,411</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Restricted Assets

Following is a list of restricted assets at December 31, 2012:

Business-type activities

Cash and investments

Special Redemption Funds

Bond Reserve Fund

\$ 798,687

Bond Principal and Interest Fund

584,656

Total Special Redemption Funds

1,383,343

Waterworks System Improvement Fund

597,704

Total business-type activities

\$ 1,981,047

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2012 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	\$ 23,280,978	\$ 158,800	\$ -	\$ 23,439,778
Construction in progress	732,888	315,610	-	1,048,498
Total capital assets not being depreciated	<u>24,013,866</u>	<u>474,410</u>	<u>-</u>	<u>24,488,276</u>
Capital assets being depreciated				
Buildings	22,929,682	30,526	-	22,960,208
Improvements	5,090,195	-	-	5,090,195
Machinery and equipment	16,843,046	2,354,980	934,489	18,263,537
Infrastructure	63,050,711	4,680,966	1,538,861	66,192,816
Total capital assets being depreciated	<u>107,913,634</u>	<u>7,066,472</u>	<u>2,473,350</u>	<u>112,506,756</u>
Less: accumulated depreciation for				
Buildings	9,745,958	489,529	-	10,235,487
Improvements	750,268	280,392	-	1,030,660
Machinery and Equipment	11,319,468	1,282,430	911,788	11,690,110
Infrastructure	32,650,659	2,291,725	1,538,861	33,403,523
Total accumulated depreciation	<u>54,466,353</u>	<u>4,344,076</u>	<u>2,450,649</u>	<u>56,359,780</u>
Capital assets being depreciated, net of depreciation	<u>53,447,281</u>	<u>2,722,396</u>	<u>22,701</u>	<u>56,146,976</u>
Total capital assets, net of depreciation	<u>\$ 77,461,147</u>	<u>\$ 3,196,806</u>	<u>\$ 22,701</u>	<u>\$ 80,635,252</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 63,641
Protection of persons and property	631,753
Health and sanitation	3,965
Highway and transportation, which includes the depreciation of infrastructure	2,310,849
Education and recreation	427,089
Depreciation expense-allocated with Internal Service Fund	<u>906,779</u>
Total governmental activities depreciation expense	<u>\$ 4,344,076</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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>11,595</u>	<u>61,153</u>	<u>11,595</u>	<u>61,153</u>
Total capital assets not being depreciated	<u>93,000</u>	<u>61,153</u>	<u>11,595</u>	<u>142,558</u>
Capital assets being depreciated				
Buildings	789,794	-	-	789,794
Machinery & equipment	2,620,654	-	1,440	2,619,214
Improvements other than buildings	<u>126,921,701</u>	<u>17,842,967</u>	<u>995,667</u>	<u>143,769,001</u>
Total capital assets being depreciated	<u>130,332,149</u>	<u>17,842,967</u>	<u>997,107</u>	<u>147,178,009</u>
Less: accumulated depreciation for				
Buildings	479,095	25,273	-	504,368
Machinery & equipment	1,910,726	93,526	1,440	2,002,812
Improvements other than buildings	<u>40,675,299</u>	<u>1,966,904</u>	<u>993,454</u>	<u>41,648,749</u>
Total accumulated depreciation	<u>43,065,120</u>	<u>2,085,703</u>	<u>994,894</u>	<u>44,155,929</u>
Capital assets being depreciated, net of depreciation	<u>87,267,029</u>	<u>15,757,264</u>	<u>2,213</u>	<u>103,022,080</u>
Total capital assets, net of depreciation	<u>\$ 87,360,029</u>	<u>\$ 15,818,417</u>	<u>\$ 13,808</u>	<u>\$ 103,164,638</u>

Depreciation expense was charged to functions as follows:

Business-type activities	
Water Utility	
Depreciation	\$ 704,637
Depreciation charged to Water Utility operation and maintenance expenses	14,913
Depreciation charged to Sanitary Sewer expenses	<u>20,757</u>
	740,307
Sanitary Sewer	800,684
Storm Water Management	<u>544,712</u>
Total business-type activities depreciation expense	<u>\$ 2,085,703</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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	\$ 861,682
General Fund	Nonmajor governmental funds	219,939
		<u>1,081,621</u>
Proprietary Funds		
Sanitary Sewer	Water Utility	27,994
Sanitary Sewer	General Fund	330,799
Storm Water Management	General Fund	116,692
Storm Water Management	Sanitary Sewer	1,984,498
Water Utility	General Fund	368,570
Water Utility	Sanitary Sewer	5,457
		<u>2,834,010</u>
Total interfund receivables		<u>\$ 3,915,631</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 \$575,000 to the Special Revenue Fund - Tax Incremental District in 2002. This advance earns interest at rates ranging from 4.3% to 6.45% and is due in annual installments from 2012 through 2016. The outstanding balance as of December 31, 2012 was \$260,000.

The Debt Service fund advanced \$2,000,000 to the Special Revenue Fund - Tax Incremental District in 2012. This advance earns interest at 2.0%. The advance was issued to provide interim financing until the District obtains external long term financing. The outstanding balance as of December 31, 2012 was \$2,000,000.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

F. Interfund Receivables/Payables and Transfers (continued)

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
General Fund	Water Utility	\$ 779,320
	Sanitary Sewer	13,655
		<u>792,975</u>
Special Revenue Fund - Tax Incremental District	Capital Projects - Redevelopment Authority Lease Revenue Bond	<u>1,559</u>
Debt Service Fund	General Fund	1,282,198
	Special Revenue Funds - Parks	174,650
	Special Revenue Funds Tax Incremental District	8,102
	Internal Service Funds	<u>75,490</u>
		<u>1,540,440</u>
Capital Projects Fund - General Obligation Debt Issue Fund	General Fund	800,000
	Special Revenue Funds Tax Incremental District	817,532
	Special Assessments	456,542
	Storm Water Management	238,238
	Internal Service Funds	<u>912,891</u>
		<u>3,225,203</u>
Capital Projects Fund - Redevelopment Authority Lease Revenue Bond	Special Revenue Fund - Tax Incremental District	<u>8,509,792</u>
Capital Projects Fund - Information Systems Equipment	Internal Service Fund	<u>82,093</u>
Special Revenue Fund - Parks	General Fund	<u>871,138</u>
Internal Service Funds	General Fund	<u>150,000</u>
Water Utility	Storm Water Management	<u>194,433</u>
		<u>\$ 15,367,633</u>

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2012 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	\$ 31,444,450	\$ 6,675,000	\$ 2,756,764	\$ 35,362,686	\$ 3,033,817
State Trust Fund loans	107,932	-	107,932	-	-
Bond Premium	<u>232,549</u>	<u>248,000</u>	<u>38,986</u>	<u>441,563</u>	<u>-</u>
Total general obligation debt	31,784,931	6,923,000	2,903,682	35,804,249	3,033,817
Redevelopment lease revenue bond	22,900,000	-	8,475,000	14,425,000	2,375,000
Municipal revenue obligation	<u>1,617,472</u>	<u>-</u>	<u>178,610</u>	<u>1,438,862</u>	<u>178,610</u>
Total bonds and notes payable	<u>56,302,403</u>	<u>6,923,000</u>	<u>11,557,292</u>	<u>51,668,111</u>	<u>5,587,427</u>
Other Liabilities					
Accrued unused vacation	1,929,088	2,072,692	2,073,002	1,928,778	1,928,778
Landfill postclosure liability	168,496	-	5,390	163,106	5,292
MADACC obligation	<u>40,037</u>	<u>-</u>	<u>17,290</u>	<u>22,747</u>	<u>17,290</u>
Total other liabilities	<u>2,137,621</u>	<u>2,072,692</u>	<u>2,095,682</u>	<u>2,114,631</u>	<u>1,951,360</u>
Total governmental activities long-term liabilities	<u>\$ 58,440,024</u>	<u>\$ 8,995,692</u>	<u>\$ 13,652,974</u>	<u>\$ 53,782,742</u>	<u>\$ 7,538,787</u>
Business-type activities					
Bonds and notes payable					
General obligation debt	\$ 21,405,542	\$ 5,725,000	\$ 2,288,238	\$ 24,842,304	\$ 2,996,174
Revenue bonds	12,550,000	-	2,825,000	9,725,000	425,000
Unamortized bond premium	<u>113,676</u>	<u>-</u>	<u>12,822</u>	<u>100,854</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 34,069,218</u>	<u>\$ 5,725,000</u>	<u>\$ 5,126,060</u>	<u>\$ 34,668,158</u>	<u>\$ 3,421,174</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/12
Promissory notes	03/15/04	12/01/13	2.0 - 3.13%	\$ 902,980	\$ 141,982
	03/15/05	12/01/14	3.375 - 4.0	1,003,200	357,200
	04/01/06	12/01/15	3.625 - 4.0	1,803,000	856,530
	04/15/07	12/01/16	4.0	1,142,382	718,062
	05/01/08	12/01/17	3.0 - 3.5	1,906,000	1,444,750
	07/01/09	12/01/18	2.125-5.25	3,500,000	2,707,520
	11/29/11	11/01/21	2.0-2.5	1,772,190	1,715,480
	12/20/11	06/01/16	2.0	4,600,000	4,600,000
	08/21/12	06/01/22	.35-2.25	6,675,000	<u>6,675,000</u>
				<u>19,216,524</u>	
Refunding bonds	08/03/10	03/01/24	1.75-5.0	7,933,387	7,046,162
	10/25/10	10/01/30	.85 - 5.0	10,200,000	<u>9,100,000</u>
					<u>16,146,162</u>
Total general obligation debt					<u>\$ 35,362,686</u>

Redevelopment Lease Revenue Bond

The Wauwatosa Redevelopment Authority has the following debt outstanding:

Type	Date of Loan	Due Date	Interest Rate	Original Amount	Balance 12/31/12
Redevelopment Lease Revenue Bond	08/15/04	12/01/17	5.40%	\$ 24,500,000	<u>\$ 14,425,000</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

Governmental Activities Debt (continued)

The redevelopment lease revenue bonds are not a general obligation of the Authority or the City and do not constitute indebtedness of the City or the Authority within any constitutional or statutory limitation or provision. The bonds are limited obligations of the Authority payable solely from the revenues and income derived by the Authority pursuant to the terms of the respective lease agreements dated in 1997 and 2004 between the Authority and the City. The 2007 bonds are payable from the revenues and income derived from the Authority on a parity with the 2004 bonds and from the amounts available in the reserve account for the 2007 bonds. The 2004 bonds are payable from the revenues and income derived from the Authority on a parity basis with the 1997 bonds and from the amounts available in the reserve account for the 1997 bonds.

The lease agreements generally provide for payments by the City to the Authority in amounts sufficient to pay the principal and interest on the bonds as they come due. It is the City's intent to annually budget the rental payments under the Lease Agreements, and finance such payments with tax increments generated by Tax Incremental District No. 2, subject to annual appropriation by the Common Council. In addition, Milwaukee County has agreed to guarantee payment if tax increments generated by Tax Incremental District No. 2 are insufficient to pay principal and interest due on the 2004 and 2007 bonds.

The Wauwatosa Redevelopment Authority is part of the primary government for financial reporting purposes. Consequently, the Authority's debt and assets are reported as part of the City's debt and assets. Accordingly, the City has reported the debt issue in its long-term obligations. Debt service activity is reported in the City's Debt Service Fund. Lease arrangements between the City and Authority have been eliminated for reporting purposes.

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 12/31/12
WATER						
Waterworks System						
Revenue Bonds						
Series 2010	10/25/10	3.0 - 4.0%	1/1/11-29	1/1&7/1	\$ 7,750,000	\$ 7,325,000
Series 2011	11/29/11	2.0 - 3.0	1/1/13-22	1/1&7/1	2,400,000	<u>2,400,000</u>
						9,725,000
General Obligation Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	360,359	<u>320,058</u>
Total Water Utility						<u>10,045,058</u>
SANITARY SEWER						
Promissory Notes						
Series 2004	03/15/04	2.0 - 3.125	12/1/05-13	6/1&12/1	610,190	112,753
Series 2005	05/01/05	3.375 - 4.0	12/1/06-14	6/1&12/1	1,303,500	450,965
Series 2006	04/01/06	3.625 - 4.0	12/1/07-15	6/1&12/1	1,382,000	656,450
Series 2007	04/15/07	4.0	12/1/08-16	6/1&12/1	1,043,018	655,618
Series 2008	05/01/08	3.0 - 3.5	12/1/09-17	6/1&12/1	1,141,000	865,000
Series 2009	07/01/09	2.125-5.25	12/1/10-18	6/1&12/1	1,000,000	773,560
Series 2011	11/29/11	2.0-2.5	11/1/12-21	5/1&11/1	3,560,487	3,446,551
Series 2012	08/21/12	.35-2.25	6/1/13-22	6/1&12/1	1,825,000	<u>1,825,000</u>
						8,785,897
General Obligation Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	59,409	<u>52,765</u>
Total Sanitary Sewer						<u>8,838,662</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 12/31/12
STORM WATER MAINTENANCE						
Promissory Notes						
Series 2004	03/15/04	2.0 - 3.125	12/1/05-13	6/1&12/1	\$ 921,380	\$ 170,255
Series 2005	05/01/05	3.375 - 4.0	12/1/06-14	6/1&12/1	1,030,260	366,835
Series 2006	04/01/06	3.625 - 4.0	12/1/07-15	6/1&12/1	815,000	387,020
Series 2007	04/15/07	4.0	12/1/08-16	6/1&12/1	1,314,600	826,320
Series 2008	05/01/08	3.0 - 3.5	12/1/09-17	6/1&12/1	3,153,000	2,390,250
Series 2009	07/01/09	2.125-5.25	12/1/10-18	6/1&12/1	800,000	618,920
Series 2011	11/29/11	2.0-2.5	11/1/12-21	5/1&11/1	7,167,323	6,937,969
Series 2012	08/21/12	.35-2.25	6/1/13-22	6/1&12/1	3,900,000	<u>3,900,000</u>
						15,597,569
General Obligation Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	96,845	<u>86,015</u>
Total Storm Water Maintenance						<u>15,683,584</u>
Total business-type activities debt						<u>\$ 34,567,304</u>

The Water Utility has \$9,725,000 in Waterworks System Revenue Bonds outstanding at December 31, 2012. 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, 2012**

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
2013	\$ 5,408,817	\$ 1,941,162	\$ 3,421,174	\$ 1,023,711
2014	5,195,721	1,713,758	3,269,280	890,138
2015	5,367,131	1,501,783	3,312,868	787,228
2016	10,837,410	1,219,972	3,162,590	687,564
2017	5,929,257	883,539	3,095,743	592,953
2018-22	10,994,121	2,313,797	13,385,878	1,791,169
2023-27	4,180,229	897,427	3,394,771	614,955
2028-30	1,875,000	186,625	1,525,000	61,500
Totals	\$ 49,787,686	\$ 10,658,063	\$ 34,567,304	\$ 6,449,218

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, 2012, was \$248,195,935. Total general obligation debt outstanding at year end was \$60,204,990.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 \$163,106 over the next 20 years.

MADACC Obligation - Intermunicipal Agreement

The City is a member of the Milwaukee Area Domestic Animal Control Commission along with eighteen other communities within Milwaukee County. The commission was created by an agreement signed in 1997 pursuant to the provisions of Section 66.30 of the Wisconsin Statutes. The commission was established to provide a jointly operated animal control services facility. The commission is governed by a nineteen member Board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement. In 1997, the commission borrowed \$2.5 million at 5.75%, due annually from 1998 through 2013, for the purchase of land and the construction of a facility. The City's share of that borrowing is included in the long-term obligations.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Nondepreciated	\$ 24,488,276
Depreciated	56,146,976
Less: related debt excluding unspent bond proceeds	<u>(21,923,135)</u>
Total invested in capital assets, net of related debt	58,712,117
Restricted for debt service	24,825,826
Unrestricted	<u>(18,418,286)</u>
Total governmental activities net assets	<u>\$ 65,119,657</u>

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 81,405
Construction in progress	61,153
Other capital assets, net of accumulated depreciation	103,022,080
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(30,523,277)</u>
Total invested in capital assets, net of related debt	72,641,361
Restricted net assets	
Restricted for debt service principal and interest	425,000
Unrestricted	<u>4,991,402</u>
Total business-type activities net assets	<u>\$ 78,057,763</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012 include the following:

Nonspendable

Major Funds	
General Fund -	
Prepayments and inventories	\$ 40,491
Non-current receivables	293,896
	<u>334,387</u>
Special Revenue Fund - Tax Incremental District	
Prepayments and inventories	59,629
	<u>59,629</u>
Non-Major Funds	
Debt Service Fund	
Non-current receivables	2,000,000
Total non-spendable fund balance	<u>2,394,016</u>

Restricted

Major Funds	
Special Revenue Fund - Tax Incremental District - debt service	20,045,587
Capital Projects Fund - General Obligation Debt Issue Fund	4,296,310
Non-Major Funds	
Debt Service Fund	543,841
Total restricted fund balance	<u>24,885,738</u>

Committed

Major Funds - General Fund - budget appropriations	<u>500,000</u>
--	----------------

Assigned

Major Funds	
General Fund	
Subsequent year's expenditures	648,921
Capital improvements	1,202,572
Parks	499,931
	<u>2,351,424</u>
Non-Major Funds	
Special Revenue Fund - Parks Fund	563,331
Special Revenue Fund - Library Fund	697,967
Capital Projects Fund - Informations Systems Equipment	209,399
Total assigned fund balance	<u>3,822,121</u>

Unassigned

Major Funds - General Fund	<u>15,839,656</u>
Total governmental fund balance	<u>\$ 47,441,531</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

H. Net Position / Fund Balances (continued)

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

NOTE 5 - OTHER INFORMATION

A. Employees' Retirement System

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

Covered employees are required to contribute one-half of the actuarially determined contribution rate for general category employees, 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. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.90%	5.90%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.90%	9.00%
Protective without Social Security	5.90%	11.30%

The payroll for City employees covered by the System for the year ended December 31, 2012 was \$27,969,711; the employer's total payroll was \$27,849,078. The total required contribution for the year ended December 31, 2012 was \$4,747,322. This amount consisted of \$3,527,769 or 12.61% of payroll from the employer and \$1,219,553, or 4.36% of payroll from employees. Total contributions for the years ended December 31, 2011 and 2010 were \$4,639,555 and \$4,462,780, respectively, equal to the required contribution for each year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 5 - OTHER INFORMATION (continued)

A. Employees' Retirement System (continued)

Employees who retire at or after age 65, (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service), are entitled to receive a retirement benefit. Employees may retire at age 55, (50 for protective occupation employees), and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. The final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 through June 30, 2011 are immediately vested. For participants employed after July 1, 2011, five years of creditable service is required for eligibility.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, Wisconsin 53707.

The City has no pension related debt as of December 31, 2012.

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, 2012. 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, 2012**

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, 2012. CVMIC continues to pay dividends that are used to pay the City's insurance premiums.

Complete financial statements for the year ended December 31, 2012 for the CVMIC can be obtained from the CVMIC administrative office at 9898 W. Bluemound Road, Wauwatosa, WI 53226-4319.

Member equity in the CVMIC includes the following components:

- Member equity ownership attributable to the WMIC bonds (\$25 million) is based on the amount of the bond the member delivered in proportion to the bonds delivered by all members. The City's percentage participation in WMIC and CVMIC at December 31, 2012 was 4.74% or \$1,184,453.
- Member equity ownership attributable to earnings on premiums and other non-borrowed assets is based on the aggregate premiums paid by the member in proportion to the premiums paid by all members, weighted to reflect length of membership. The CVMIC component of ownership as of December 31, 2011 was not significant to these financial statements.

Upon withdrawal, expulsion or dissolution, a member is entitled to the following:

- A lump sum payment of its ownership percentage of unencumbered reserves attributable to earnings on premiums and other assets.
- A lump sum payment of its bond amount percentage of unencumbered reserves attributable to the WMIC bond proceeds.
- Annual installment payments of its bond amount percentage of the minimum permanent surplus in effect at the time of departure determined by dividing the amount of its ownership by the number of years the WMIC bonds will be outstanding, plus reasonable interest.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 5 - OTHER INFORMATION (continued)

B. Risk Management (continued)

Self-Insured General and Auto Liability (continued)

The CVMIC provides the City with \$10,000,000 of liability coverage for losses over its self-insured retention level of \$100,000 per occurrence with a \$400,000 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, 2012, the Risk Management General Liability Fund had net position of \$1,463,759, which includes the City's Investment in CVMIC of \$1,184,453.

Changes in the claim liability amounts for the years ended December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Unpaid claims - Beginning of Year	\$ 196,302	\$ 156,850
Current year claims and changes in estimates	160,618	122,638
Claim payments	<u>250,404</u>	<u>83,186</u>
Unpaid claims - End of Year	<u>\$ 106,516</u>	<u>\$ 196,302</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 \$630,139 reported in the Internal Service Fund at December 31, 2012, 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, 2012 and 2011 were as follows:

	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2011	\$ 447,290	7,057,955	\$ 6,884,597	\$ 620,648
2012	620,648	6,476,370	6,466,879	630,139

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

Employee insurance	\$ 3,521,017
Other post employment obligation	<u>(17,193,904)</u>
Total	<u>\$ (13,672,887)</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 2012, City and plan members receiving benefits paid approximately \$1,826,732 toward medical claims and administrative expenses for retirees. This represents 6.96% of total covered payroll for the year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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)	\$ 5,607,754
Interest on Net OPEB Obligation	444,146
Adjustment to ARC	<u>(697,289)</u>
Annual OPEB Cost	5,354,611
Contribution made	<u>(1,826,732)</u>
Increase in net OPEB Obligation	3,527,879
Net OPEB obligation- beginning of year	<u>13,666,025</u>
 Net OPEB obligation - end of year	 <u><u>\$ 17,193,904</u></u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 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>
12/31/2010	\$ 4,869,774	36.41%	\$ 10,415,766
12/31/2011	5,026,477	35.34%	13,666,025
12/31/2012	5,354,611	34.12%	17,193,904

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, 2012**

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, 2012.

The actuarial accrued liability for benefits was \$62,372,743 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$62,372,743. The covered payroll (annual payroll of active employees covered by the plan) was \$26,256,123 and the ratio of the UAAL to the covered payroll was 237.56 percent.

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 a discount rate assumption of 3.25 percent based on the City's projected short-term investment rate of return. The valuation utilizes an assumed inflation rate of 2.5% embedded within the total discount rate above. The healthcare cost trends rate is 8.5 percent initially, and reduced by decrements to the ultimate rate of 4.7 percent after 70 years.

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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.

Rental income from rental of the water towers reported in other water revenues amounted to \$173,330.

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

2013	\$	177,897
2014		180,753
2015		197,279
2016		213,337
2017		216,596
Thereafter		<u>4,295,822</u>
	\$	<u>5,281,684</u>

All leases have an automatic extension until at least the year 2019, with the longest term reaching through 2043.

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, 2012 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. Should the TIF close before the project costs are repaid, 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 \$6,447,658. 2009 was the first year in which the City made a payment under this agreement. The amount the City paid in 2012 was \$393,367. Cumulative payments made through 2011 are \$1,428,352.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 5 - OTHER INFORMATION (continued)

F. Subsequent Events

Management evaluated subsequent events through June 26, 2013, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2012, but prior to June 26, 2013 that provide additional evidence about conditions that existed at December 31, 2012, have been recognized in the financial statements for the year ended December 31, 2012. Events or transactions that provided evidence about conditions that did not exist at December 31, 2012 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2012.

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 3, 4, 5 AND 6

A. Plan Summaries

The City has created five Tax Incremental District funds. Tax Incremental District No. 2 was created on January 1, 1995, and its dissolution date is January 1, 2022. 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. 3 was created on January 1, 2001, and its dissolution date is January 1, 2028. The Tax Incremental District No. 3 plan was amended on August 1, 2006. The amendment did not affect the dissolution date. Tax Incremental District No. 4 was created on January 1, 2002 and its dissolution date is January 1, 2029. 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 and has a dissolution date of October 4, 2037.

In 2012, the City adopted Resolution #12-173 amending the project plan for "Tax incremental District #3." The additional project costs are estimated at \$380,000 for the purpose of site demolition, site preparation and environmental remediation, utility relocation, parking spaces within the footprint of any structure on the site, and other eligible project costs.

In 2012, the City adopted Resolution #12-211 creating "Tax Incremental District #7" to promote redevelopment within the City. The District was created in compliance with Wisconsin State Statutes. Project costs were estimated at \$10,795,694. Financing for the proposed project will be done through bond issuance as reimbursement to the redeveloper for certain identified project costs. The City will use the authority of a Developer-Funded Performance Incentive Tax Incremental District to finance the public improvements. The City anticipates financing the entire cost of the public improvements assuming the redeveloper is able to achieve the development benchmarks contained within an approved term sheet between the City and redeveloper. In addition to the anticipated bond issuance, the City also anticipates providing a forgivable loan to the redeveloper for certain eligible costs pending performance is achieved by the redeveloper. With the proposed financing contained within the Project Plan, the redeveloper will finance the improvement costs upfront and will be reimbursed with a combination of City bond issuance and City forgivable loan. Proposed project costs within the district shall also include public and private costs such as acquisition, site preparation, landscaping, curbs and sidewalks, utility improvements, public infrastructure improvements, developer loan, and other eligible costs associated with redevelopment of the District.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 3, 4, 5 AND 6 (continued)

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.

C. Interfund Advances

The City of Wauwatosa General Fund advanced \$575,000 to the City of Wauwatosa Tax Incremental District No. 4 in 2002. This advance incurs interest at rates ranging from 4.3 to 6.45% and is due in annual installments from 2012 to 2016. The outstanding balance as of December 31, 2012 was \$260,000.

A repayment schedule of the interfund advance is as follows:

Calendar			
Year	Principal	Interest	Total
2013	60,000	16,550	76,550
2014	65,000	12,800	77,800
2015	70,000	8,673	78,673
2016	65,000	4,193	69,193
	<u>\$ 260,000</u>	<u>\$ 42,216</u>	<u>\$ 302,216</u>

As of December 31, 2012, \$519,483 is available in the Special Revenue Fund for Tax Incremental District No. 4 debt payments.

The City of Wauwatosa Non-Major Debt Service Fund advanced \$2,000,000 to the City of Wauwatosa Tax Incremental District No. 6 in 2012. This advance incurs interest at a rate of 2.0%. The advance was issued to provide interim financing until the District obtains external long term financing, as such, a repayment schedule has not been established.

The City of Wauwatosa Tax Incremental District No. 2 advanced \$2,057,319 to the City of Wauwatosa Tax Incremental District No. 6 in 2012. This advance incurs interest at a rate of 2.0%. The advance was issued to provide interim financing until the District obtains external long term financing, as such, a repayment schedule has not been established. This advance has been eliminated in the combined reporting of all of the tax incremental districts within the Special Revenue Fund Tax Incremental District Fund within the City's financial statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 3, 4, 5 AND 6 (continued)

D. Long-term Debt

Aggregate maturities of all long-term debt relating to Tax Incremental District No. 2 are shown below. As of December 31, 2012, \$18,466,339 is available in the Special Revenue TIF for debt payments.

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,375,000	\$ 802,626	\$ 3,177,626
2014	2,500,000	679,126	3,179,126
2015	2,600,000	549,126	3,149,126
2016	3,600,000	399,626	3,999,626
2017	3,350,000	192,626	3,542,626
	<u>\$ 14,425,000</u>	<u>\$ 2,623,130</u>	<u>\$ 17,048,130</u>

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>
2013	\$ 9,844	\$ 3,353	\$ 13,197
2014	6,153	3,156	9,309
2015	11,075	3,033	14,108
2016	13,536	2,812	16,348
2017	14,766	2,541	17,307
2018-2021	93,521	6,030	99,551
	<u>\$ 148,895</u>	<u>\$ 20,925</u>	<u>\$ 169,820</u>

E. Supplemental Information

The Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments, and the Historical Summary of Sources, Uses, and Status of Funds are provided as supplemental schedules to these financial statements. Those schedules are prepared in accordance with generally accepted 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.

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, 2012**

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
12/31/2009	10/1/2008	\$ -	\$ 52,485,692	\$ 52,485,692	0.00%	\$ 26,655,772	196.90%
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%

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
General property taxes	\$ 32,190,083	\$ 32,174,582	\$ 32,168,356	\$ (6,226)
Prior year's omitted taxes	-	13,380	67,360	53,980
Hotel/motel room tax	900,000	925,000	910,524	(14,476)
Payments in lieu of taxes	454,500	420,395	420,251	(144)
Interest on taxes	107,000	107,000	96,678	(10,322)
	<u>33,651,583</u>	<u>33,640,357</u>	<u>33,663,169</u>	<u>22,812</u>
INTERGOVERNMENTAL				
State shared taxes	2,262,584	2,243,164	2,250,794	7,630
Federal grants	78,510	413,356	386,660	(26,696)
State grants	1,965,368	2,064,881	2,025,096	(39,785)
	<u>4,306,462</u>	<u>4,721,401</u>	<u>4,662,550</u>	<u>(58,851)</u>
LICENSES AND PERMITS				
Licenses	279,475	293,547	293,123	(424)
Permits	930,000	982,975	1,078,315	95,340
	<u>1,209,475</u>	<u>1,276,522</u>	<u>1,371,438</u>	<u>94,916</u>
FINES, PENALTIES AND FORFEITURES				
Court penalties and costs	650,000	590,000	440,011	(149,989)
Parking violations	540,000	540,000	512,883	(27,117)
Other penalties and fees	69,000	69,000	71,337	2,337
	<u>1,259,000</u>	<u>1,199,000</u>	<u>1,024,231</u>	<u>(174,769)</u>
PUBLIC IMPROVEMENT REVENUES				
Special assessments	26,165	26,209	9,929	(16,280)
PUBLIC CHARGES FOR SERVICES				
General government	706,100	697,821	695,844	(1,977)
Public safety	1,895,300	2,013,701	1,756,314	(257,387)
Health and social services	43,650	28,550	25,294	(3,256)
Streets and related facilities	49,350	50,334	65,988	15,654
Sanitation	152,150	146,150	153,526	7,376
	<u>2,846,550</u>	<u>2,936,556</u>	<u>2,696,966</u>	<u>(239,590)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
County				
Paramedics	200,000	100,000	77,877	(22,123)
Fire protection service	1,300,000	1,294,228	1,294,228	-
Local departments	103,642	103,642	103,642	-
	<u>1,603,642</u>	<u>1,497,870</u>	<u>1,475,747</u>	<u>(22,123)</u>
COMMERCIAL REVENUES				
Interest	1,028,000	1,028,000	862,163	(165,837)
Rentals	9,000	9,000	9,695	695
Other miscellaneous revenue	165,000	206,829	226,202	19,373
	<u>1,202,000</u>	<u>1,243,829</u>	<u>1,098,060</u>	<u>(145,769)</u>
				-
TOTAL REVENUES	<u>\$ 46,104,877</u>	<u>\$ 46,541,744</u>	<u>\$ 46,002,090</u>	<u>\$ (539,654)</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
GENERAL GOVERNMENT				
Common council	\$ 136,641	\$ 142,991	\$ 144,831	\$ (1,840)
Board of public works	7,200	8,700	12,595	(3,895)
Youth commission	1,500	2,579	2,782	(203)
Historic preservation commission	1,000	1,000	253	747
Municipal court	346,748	327,336	297,899	29,437
Mayor	116,003	95,250	72,317	22,933
Administrator	275,450	269,422	296,577	(27,155)
Clerk	348,550	378,675	331,905	46,770
Elections	267,151	315,863	328,479	(12,616)
Human resources	439,382	438,459	389,787	48,672
Comptroller	520,977	509,878	492,812	17,066
Assessor	647,912	650,377	630,073	20,304
Purchasing	121,116	118,722	100,585	18,137
Treasurer	361,769	341,026	319,470	21,556
Attorney	541,253	717,920	735,315	(17,395)
City Planning	331,272	461,637	366,016	95,621
Senior commission	3,000	3,265	1,423	1,842
Return of property taxes	-	1,020	84,042	(83,022)
	<u>4,466,924</u>	<u>4,784,120</u>	<u>4,607,161</u>	<u>176,959</u>
PROTECTION OF PERSONS AND PROPERTY				
Police department	14,450,853	15,095,606	14,704,467	391,139
Police station	223,065	222,579	204,636	17,943
Police reserves	12,900	12,900	12,559	341
Crossing guards	226,103	226,103	225,008	1,095
Fire department	13,042,894	12,890,297	12,928,343	(38,046)
Fire equipment reserve	-	8,588	7,681	907
Safety and building	782,444	779,750	749,180	30,570
Sealer of weights and measures	10,800	10,800	10,800	-
Traffic control and regulation	456,057	439,182	368,127	71,055
Property maintenance program	73,456	74,943	72,110	2,833
	<u>29,278,572</u>	<u>29,760,748</u>	<u>29,282,911</u>	<u>477,837</u>
HEALTH AND SANITATION				
Solid waste management	2,643,926	2,691,733	2,588,145	103,588
Health care services	1,336,293	1,397,201	1,362,746	34,455
	<u>3,980,219</u>	<u>4,088,934</u>	<u>3,950,891</u>	<u>138,043</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND (Concluded)
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
HIGHWAY AND TRANSPORTATION				
Engineering	\$ 1,453,225	\$ 1,492,455	\$ 1,294,403	\$ 198,052
Public works operations management	590,663	596,926	546,881	50,045
Roadway maintenance	2,181,622	2,023,974	1,849,261	174,713
Electrical services	996,520	1,014,714	962,568	52,146
Public works facilities outside	148,047	152,299	156,308	(4,009)
	<u>5,370,077</u>	<u>5,280,368</u>	<u>4,809,421</u>	<u>470,947</u>
EDUCATION AND RECREATION				
Fourth of July celebration	42,089	55,219	52,006	3,213
CONSERVATION AND DEVELOPMENT				
Forestry	1,204,654	1,158,373	1,128,101	30,272
Economic development	243,338	234,642	179,720	54,922
	<u>1,447,992</u>	<u>1,393,015</u>	<u>1,307,821</u>	<u>85,194</u>
UNCLASSIFIED				
Visit Milwaukee	324,118	324,118	324,118	-
Write-off of uncollectible receivables	15,000	15,000	14,723	277
Milwaukee Area Domestic Animal Control Commission	55,000	55,000	52,090	2,910
Unclassified payroll	658,070	-	-	-
Other	12,975	9,875	-	9,875
	<u>1,065,163</u>	<u>403,993</u>	<u>390,931</u>	<u>13,062</u>
	<u>\$ 45,651,036</u>	<u>\$ 45,766,397</u>	<u>\$ 44,401,142</u>	<u>\$ 1,365,255</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Special Revenue Funds				Capital Projects			Totals
	Special Assessments	Community Development Block Grant	Parks	Public Library	Debt Service Fund	Information Systems Equipment	Redevelopment Authority Lease Revenue Bond Fund	
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 598,430	\$ 697,967	\$ 543,841	\$ 209,399	\$ -	\$ 2,049,637
Taxes receivable	252,414	-	-	2,317,822	2,776,684	-	-	5,346,920
Special assessments receivable:								
Due in installments	543,416	-	-	-	-	-	-	543,416
Deferred	18,552	-	-	-	-	-	-	18,552
Other accrued receivables	-	16,961	-	-	-	-	-	16,961
Advance to Special Revenue Fund	-	-	-	-	2,000,000	-	-	2,000,000
TOTAL ASSETS	<u>\$ 814,382</u>	<u>\$ 16,961</u>	<u>\$ 598,430</u>	<u>\$ 3,015,789</u>	<u>\$ 5,320,525</u>	<u>\$ 209,399</u>	<u>\$ -</u>	<u>\$ 9,975,486</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 33,167	\$ -	\$ 35,099	\$ -	\$ -	\$ -	\$ -	\$ 68,266
Due to other funds	219,247	692	-	-	-	-	-	219,939
Deferred revenue	561,968	16,269	-	2,317,822	2,776,684	-	-	5,672,743
Total liabilities	<u>814,382</u>	<u>16,961</u>	<u>35,099</u>	<u>2,317,822</u>	<u>2,776,684</u>	<u>-</u>	<u>-</u>	<u>5,960,948</u>
FUND BALANCES								
Nonspendable	-	-	-	-	2,000,000	-	-	2,000,000
Restricted	-	-	-	-	543,841	-	-	543,841
Assigned	-	-	563,331	697,967	-	209,399	-	1,470,697
Total fund balances	<u>-</u>	<u>-</u>	<u>563,331</u>	<u>697,967</u>	<u>2,543,841</u>	<u>209,399</u>	<u>-</u>	<u>4,014,538</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 814,382</u>	<u>\$ 16,961</u>	<u>\$ 598,430</u>	<u>\$ 3,015,789</u>	<u>\$ 5,320,525</u>	<u>\$ 209,399</u>	<u>\$ -</u>	<u>\$ 9,975,486</u>

CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Special Revenue Funds				Debt Service Fund	Capital Projects		Totals
	Special Assessments	Community Development		Public Library		Information Systems Equipment	Redevelopment Authority Lease Revenue Bond Fund	
		Block Grant	Parks					
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 2,226,769	\$ 2,160,000	\$ -	\$ -	\$ 4,386,769
Intergovernmental revenues	-	1,221,003	-	-	-	-	-	1,221,003
Public improvement revenues	456,542	-	-	-	-	-	-	456,542
Public charges for services	-	-	389,772	409,580	-	-	-	799,352
Commercial revenues	-	-	39,460	8,655	159,954	-	1,559	209,628
Total revenues	<u>456,542</u>	<u>1,221,003</u>	<u>429,232</u>	<u>2,645,004</u>	<u>2,319,954</u>	<u>-</u>	<u>1,559</u>	<u>7,073,294</u>
EXPENDITURES								
Current:								
Education and recreation	-	-	970,094	2,667,189	-	-	-	3,637,283
Conservation and development	-	1,221,003	-	-	-	-	-	1,221,003
Debt Service:								
Principal	-	-	-	-	2,864,696	-	8,475,000	11,339,696
Interest	-	-	-	-	1,076,933	-	1,009,792	2,086,725
Total expenditures	<u>-</u>	<u>1,221,003</u>	<u>970,094</u>	<u>2,667,189</u>	<u>3,941,629</u>	<u>-</u>	<u>9,484,792</u>	<u>18,284,707</u>
Excess of revenues over (under) expenditures	<u>456,542</u>	<u>-</u>	<u>(540,862)</u>	<u>(22,185)</u>	<u>(1,621,675)</u>	<u>-</u>	<u>(9,483,233)</u>	<u>(11,211,413)</u>
OTHER FINANCING SOURCES (USES)								
Premium on debt	-	-	-	-	248,000	-	-	248,000
Transfers in	-	-	871,138	-	1,540,440	82,093	8,509,792	11,003,463
Transfers out	(456,542)	-	(174,650)	-	-	-	(1,559)	(632,751)
Net change in fund balances	<u>-</u>	<u>-</u>	<u>155,626</u>	<u>(22,185)</u>	<u>166,765</u>	<u>82,093</u>	<u>(975,000)</u>	<u>(592,701)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>407,705</u>	<u>720,152</u>	<u>2,377,076</u>	<u>127,306</u>	<u>975,000</u>	<u>4,607,239</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 563,331</u>	<u>\$ 697,967</u>	<u>\$ 2,543,841</u>	<u>\$ 209,399</u>	<u>\$ -</u>	<u>\$ 4,014,538</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, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Public improvement revenues	<u>\$ 300,000</u>	<u>\$ 350,000</u>	<u>\$ 456,542</u>	<u>\$ 106,542</u>
Total revenues	<u>300,000</u>	<u>350,000</u>	<u>456,542</u>	<u>106,542</u>
 OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(300,000)</u>	<u>(350,000)</u>	<u>(456,542)</u>	<u>(106,542)</u>
 Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	<u>\$ 1,272,300</u>	<u>\$ 1,395,272</u>	<u>\$ 1,221,003</u>	<u>\$ (174,269)</u>
Total revenues	<u>1,272,300</u>	<u>1,395,272</u>	<u>1,221,003</u>	<u>(174,269)</u>
EXPENDITURES				
Conservation and development	<u>1,272,300</u>	<u>1,395,272</u>	<u>1,221,003</u>	<u>174,269</u>
Total expenditures	<u>1,272,300</u>	<u>1,395,272</u>	<u>1,221,003</u>	<u>174,269</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND PARKS FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Public charges for services	\$ 359,680	\$ 359,680	\$ 389,772	\$ 30,092
Commercial revenues	40,300	32,060	39,460	7,400
Total revenues	399,980	391,740	429,232	37,492
EXPENDITURES				
Education and recreation	1,088,062	1,108,214	970,094	138,120
Total expenditures	1,088,062	1,108,214	970,094	138,120
Excess of revenues over (under) expenditures	(688,082)	(716,474)	(540,862)	175,612
OTHER FINANCING SOURCES (USES)				
Transfers in	871,138	871,138	871,138	-
Transfers out	(171,502)	(174,637)	(174,650)	(13)
Net change in fund balance	\$ 11,554	\$ (19,973)	155,626	\$ 175,599
FUND BALANCE - BEGINNING OF YEAR			407,705	
FUND BALANCE - END OF YEAR			\$ 563,331	

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,205,040	\$ 2,220,541	\$ 2,226,769	\$ 6,228
Public charges for services	418,923	400,236	409,580	9,344
Commercial revenues	-	-	8,655	8,655
Total revenues	<u>2,623,963</u>	<u>2,620,777</u>	<u>2,645,004</u>	<u>24,227</u>
EXPENDITURES				
Education and recreation	<u>2,623,963</u>	<u>2,620,777</u>	<u>2,667,189</u>	<u>(46,412)</u>
Total expenditures	<u>2,623,963</u>	<u>2,620,777</u>	<u>2,667,189</u>	<u>(46,412)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(22,185)	<u>\$ (22,185)</u>
 FUND BALANCE - BEGINNING OF YEAR			<u>720,152</u>	
 FUND BALANCE - END OF YEAR			<u>\$ 697,967</u>	

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 2
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 698,630	\$ 12,639,541
Administration	-	725,555
Interest and Fiscal Charges	1,009,792	16,187,649
Debt Issuance Costs	-	681,414
Developers Grants/Incentive	393,422	16,428,407
Total Costs	2,101,844	46,662,566
 PROJECT REVENUES		
Tax Increments	4,321,621	37,542,474
Investment Income	35,835	3,469,812
Exempt Computer Aid	554,498	7,011,911
Sale of Land	-	2,637,347
Miscellaneous Revenue	-	42,361
Total Revenues	4,911,954	50,703,905
 NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2012		
	\$ 2,810,110	\$ 4,041,339

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
TAX INCREMENTAL DISTRICT NO. 2
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 4,321,621	\$ 37,542,474
Investment Income	35,835	3,469,812
Long-Term Debt Issued	-	44,835,000
Exempt Computer Aid	554,498	7,011,911
Sale of Land	-	2,637,347
Miscellaneous Revenues	-	42,361
Total Sources	4,911,954	95,538,905
USES OF FUNDS		
Capital Expenditures	698,630	12,639,541
Administration	-	725,555
Interest on Long-Term Debt	1,009,792	16,187,649
Principal on Long-Term Debt	8,475,000	30,410,000
Developers Grants/Incentive	393,422	16,428,407
Debt Issuance Costs	-	681,414
Total Uses	10,576,844	77,072,566
Net change in fund balance	(5,664,890)	18,466,339
BEGINNING FUND BALANCE	24,131,229	-
ENDING FUND BALANCE	\$ 18,466,339	\$ 18,466,339
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance		\$ 18,466,339
Principal balance of outstanding long-term debt		(14,425,000)
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2012		\$ 4,041,339

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
TAX INCREMENTAL DISTRICT NO. 3
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 33,776	\$ 6,986,234
Total Costs	33,776	6,986,234
PROJECT REVENUES		
Tax Increments	1,057,125	7,788,388
Investment Income	2,209	130,064
Exempt Computer Aid	7,030	114,252
Grants	319,396	392,618
Developer Fees	5,000	10,000
Total Revenues	1,390,760	8,435,322
NET COST RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2012	\$ 1,356,984	\$ 1,449,088

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
TAX INCREMENTAL DISTRICT NO. 3
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 1,057,125	\$ 7,788,388
Investment Income	2,209	130,064
Exempt Computer Aid	7,030	114,252
Grants	319,396	392,618
Developer Fees	5,000	10,000
Total Sources	1,390,760	8,435,322
USES OF FUNDS		
Capital Expenditures	33,776	6,986,234
Total Uses	33,776	6,986,234
Net change in fund balance	1,356,984	1,449,088
BEGINNING FUND BALANCE	92,104	-
ENDING FUND BALANCE	\$ 1,449,088	\$ 1,449,088

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
TAX INCREMENTAL DISTRICT NO. 4
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 1,050	\$ 506,250
Interest and Fiscal Charges	19,933	276,423
Total Costs	20,983	782,673
 PROJECT REVENUES		
Tax Increments	166,976	1,026,605
Investment Income	831	15,551
Total Revenues	167,807	1,042,156
 NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2012		
	\$ 146,824	\$ 259,483

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
TAX INCREMENTAL DISTRICT NO. 4
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 166,976	\$ 1,026,605
Investment Income	831	15,551
Total Sources	167,807	1,042,156
USES OF FUNDS		
Capital Expenditures	1,050	506,250
Interest on Advances	19,933	276,423
Total Uses	20,983	782,673
Net change in fund balance	146,824	259,483
BEGINNING FUND BALANCE	112,659	-
ENDING FUND BALANCE	\$ 259,483	\$ 259,483

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
TAX INCREMENTAL DISTRICT NO. 5
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 1,050	\$ 9,650
Developer Incentive	-	1,800,000
Total Costs	1,050	1,809,650
PROJECT REVENUES		
Tax Increments	179,560	365,535
Investment Income	106	296
Developer Fees	-	5,000
Total Revenues	179,666	370,831
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2012	\$ 178,616	\$ (1,438,819)

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
TAX INCREMENTAL DISTRICT NO. 5
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 179,560	\$ 365,535
Investment Income	106	296
Long-Term Debt Issued	-	1,800,000
Developer Fees	-	5,000
Total Sources	179,666	2,170,831
USES OF FUNDS		
Capital Expenditures	1,050	9,650
Developer Incentive	-	1,800,000
Debt service principal	178,610	361,138
Total Uses	179,660	2,170,788
Net change in fund balance	6	43
BEGINNING FUND BALANCE	37	-
ENDING FUND BALANCE	\$ 43	\$ 43
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance		\$ 43
Principal balance of outstanding municipal revenue obligation		(1,438,862)
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2012		\$ (1,438,819)

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
TAX INCREMENTAL DISTRICT NO. 6
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 134,369	\$ 242,895
Interest and Fiscal Charges	3,182	3,182
Total Costs	137,551	246,077
PROJECT REVENUES		
Investment income	23	30
Developer Fees	5,000	15,000
Total Revenues	5,023	15,030
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2012	\$ (132,528)	\$ (231,047)

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
TAX INCREMENTAL DISTRICT NO. 6
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2012**

	2012	From Date of Creation
SOURCES OF FUNDS		
Investment Income	\$ 23	\$ 30
Long-term debt issued	-	153,815
Developer fees	5,000	15,000
Total sources	5,023	168,845
USES OF FUNDS		
Capital Expenditures	134,369	242,895
Principal on Long-Term Debt	4,920	4,920
Interest on Long-Term Debt	3,182	3,182
Total Uses	142,471	250,997
Net change in fund balance	(137,448)	(82,152)
BEGINNING FUND BALANCE	55,296	-
ENDING FUND BALANCE	\$ (82,152)	\$ (82,152)
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance		\$ (82,152)
Principal balance of outstanding long-term debt		(148,895)
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2012		\$ (231,047)

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, 2012**

	Fleet Maintenance	Public Works Building	Risk Management		Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Employee Insurance			
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 595,541	\$ 63,517	\$ 385,822	\$ 4,390,306	\$ 324,396	\$ 369,042	\$ 6,128,624
Receivables, net	4,978	3,718	-	29,344	-	-	38,040
Inventories	115,182	-	-	-	-	-	115,182
Total current assets	<u>715,701</u>	<u>67,235</u>	<u>385,822</u>	<u>4,419,650</u>	<u>324,396</u>	<u>369,042</u>	<u>6,281,846</u>
NONCURRENT ASSETS							
Investment in Cities and Villages Mutual Insurance Company	-	-	1,184,453	-	-	-	1,184,453
Capital assets:							
Land	-	22,617	-	-	-	-	22,617
Buildings	-	1,252,654	-	-	-	-	1,252,654
Machinery and equipment	11,346,344	20,371	-	-	502,071	-	11,868,786
Less: Accumulated depreciation	(7,546,850)	(1,187,293)	-	-	(270,621)	-	(9,004,764)
Total capital assets, net	<u>3,799,494</u>	<u>108,349</u>	<u>-</u>	<u>-</u>	<u>231,450</u>	<u>-</u>	<u>4,139,293</u>
Total assets	<u>4,515,195</u>	<u>175,584</u>	<u>1,570,275</u>	<u>4,419,650</u>	<u>555,846</u>	<u>369,042</u>	<u>11,605,592</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	56	2,253	106,516	898,633	7,035	14,249	1,028,742
Accrued liabilities	42,552	14,202	-	-	32,366	9,675	98,795
Total current liabilities	<u>42,608</u>	<u>16,455</u>	<u>106,516</u>	<u>898,633</u>	<u>39,401</u>	<u>23,924</u>	<u>1,127,537</u>
NONCURRENT LIABILITIES							
Accrued net other postemployment benefits obligation	-	-	-	17,193,904	-	-	17,193,904
Total liabilities	<u>42,608</u>	<u>16,455</u>	<u>106,516</u>	<u>18,092,537</u>	<u>39,401</u>	<u>23,924</u>	<u>18,321,441</u>
NET POSITION							
Invested in capital assets, net of related debt	3,799,494	108,349	-	-	231,450	-	4,139,293
Unrestricted	673,093	50,780	1,463,759	(13,672,887)	284,995	345,118	(10,855,142)
Total net position	<u>\$ 4,472,587</u>	<u>\$ 159,129</u>	<u>\$ 1,463,759</u>	<u>\$ (13,672,887)</u>	<u>\$ 516,445</u>	<u>\$ 345,118</u>	<u>\$ (6,715,849)</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, 2012**

	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	\$ 3,023,507	\$ 596,676	\$ 96,398	\$ 8,697,167	\$ 1,042,557	\$ 936,043	\$ 14,392,348
Other operating revenues	28,787	-	-	1,276,503	1,180	-	1,306,470
Total operating revenues	<u>3,052,294</u>	<u>596,676</u>	<u>96,398</u>	<u>9,973,670</u>	<u>1,043,737</u>	<u>936,043</u>	<u>15,698,818</u>
OPERATING EXPENSES							
Operation and maintenance	2,258,476	510,360	257,316	12,781,090	1,011,681	1,014,396	17,833,319
Depreciation	787,333	30,973	-	-	88,473	-	906,779
Total operating expenses	<u>3,045,809</u>	<u>541,333</u>	<u>257,316</u>	<u>12,781,090</u>	<u>1,100,154</u>	<u>1,014,396</u>	<u>18,740,098</u>
Operating income (loss)	<u>6,485</u>	<u>55,343</u>	<u>(160,918)</u>	<u>(2,807,420)</u>	<u>(56,417)</u>	<u>(78,353)</u>	<u>(3,041,280)</u>
NON-OPERATING REVENUES (EXPENSES)							
Dividend income	-	-	61,287	-	-	-	61,287
Investment income	-	-	466	6,680	-	-	7,146
Gain on sale or trade of assets	90,848	-	-	-	-	-	90,848
Total Non-operating revenues (expenses)	<u>90,848</u>	<u>-</u>	<u>61,753</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>159,281</u>
Income (loss) before transfers	97,333	55,343	(99,165)	(2,800,740)	(56,417)	(78,353)	(2,881,999)
CAPITAL CONTRIBUTIONS	1,679,421	-	-	-	-	-	1,679,421
TRANSFERS IN	-	-	150,000	-	-	-	150,000
TRANSFERS OUT	<u>(912,891)</u>	<u>(75,490)</u>	<u>-</u>	<u>-</u>	<u>(82,093)</u>	<u>-</u>	<u>(1,070,474)</u>
Change in net assets	863,863	(20,147)	50,835	(2,800,740)	(138,510)	(78,353)	(2,123,052)
NET POSITION - BEGINNING OF YEAR	<u>3,608,724</u>	<u>179,276</u>	<u>1,412,924</u>	<u>(10,872,147)</u>	<u>654,955</u>	<u>423,471</u>	<u>(4,592,797)</u>
NET POSITION - END OF YEAR	<u>\$ 4,472,587</u>	<u>\$ 159,129</u>	<u>\$ 1,463,759</u>	<u>\$ (13,672,887)</u>	<u>\$ 516,445</u>	<u>\$ 345,118</u>	<u>\$ (6,715,849)</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012**

	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	\$ 27,830	\$ 44,385	\$ -	\$ 1,332,172	\$ 1,180	\$ -	\$ 1,405,567
Receipts from other funds	3,023,507	552,060	96,398	8,697,167	1,042,557	936,043	14,347,732
Payments to suppliers	(1,672,200)	(199,439)	(345,964)	(8,923,180)	(433,717)	(788,520)	(12,363,020)
Payments to employees	(591,255)	(300,828)	(1,138)	(159,742)	(596,211)	(257,792)	(1,906,966)
Payments to other funds	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>787,882</u>	<u>96,178</u>	<u>(250,704)</u>	<u>946,417</u>	<u>13,809</u>	<u>(110,269)</u>	<u>1,483,313</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	-	-	150,000	-	-	-	150,000
Transfers to other funds	(912,891)	(75,490)	-	-	(82,093)	-	(1,070,474)
Net cash provided by (used in) noncapital financing activities	<u>(912,891)</u>	<u>(75,490)</u>	<u>150,000</u>	<u>-</u>	<u>(82,093)</u>	<u>-</u>	<u>(920,474)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of property, plant, and equipment	113,549	-	-	-	-	-	113,549
Acquisition and construction of capital assets	-	-	-	-	(6,500)	-	(6,500)
Net cash provided by capital and related financing activities	<u>113,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,500)</u>	<u>-</u>	<u>107,049</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends received	-	-	61,753	6,680	-	-	68,433
Net increase (decrease) in cash and cash equivalents	(11,460)	20,688	(38,951)	953,097	(74,784)	(110,269)	738,321
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>607,001</u>	<u>42,829</u>	<u>424,773</u>	<u>3,437,209</u>	<u>399,180</u>	<u>479,311</u>	<u>5,390,303</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 595,541</u>	<u>\$ 63,517</u>	<u>\$ 385,822</u>	<u>\$ 4,390,306</u>	<u>\$ 324,396</u>	<u>\$ 369,042</u>	<u>\$ 6,128,624</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 6,485	\$ 55,343	\$ (160,918)	\$ (2,807,420)	\$ (56,417)	\$ (78,353)	\$ (3,041,280)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation expense	787,333	30,973	-	-	88,473	-	906,779
(Increase) decrease:							
Accounts receivable - other	(957)	(231)	-	55,669	-	-	54,481
Inventories	(206)	-	-	-	-	-	(206)
Increase (decrease) in accounts payable							
Accounts payable	(3,934)	(4,109)	(89,786)	170,289	(16,754)	(31,406)	24,300
Accrued liabilities	(839)	14,202	-	3,527,879	(1,493)	(510)	3,539,239
Total adjustments	<u>781,397</u>	<u>40,835</u>	<u>(89,786)</u>	<u>3,753,837</u>	<u>70,226</u>	<u>(31,916)</u>	<u>4,524,593</u>
Net cash provided by (used in) operating activities	<u>\$ 787,882</u>	<u>\$ 96,178</u>	<u>\$ (250,704)</u>	<u>\$ 946,417</u>	<u>\$ 13,809</u>	<u>\$ (110,269)</u>	<u>\$ 1,483,313</u>
Non-cash capital and related financing activities:							
Capital assets contributed by City of Wauwatosa	<u>\$ 1,679,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,679,421</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012**

	Private Purpose Trust Funds				Agency Funds		
	Firemen's Special Endowment Fund	Bachman Flag Account	Land Conservation Account	Total	Special Deposits	Subsequent Year's Tax Roll Collections	Total
ASSETS							
Cash and investments	\$ 11,125	\$ 8,883	\$ 82,716	\$ 102,724	\$ 46,130	\$ 62,795,811	\$ 62,841,941
Interest receivable	103	-	-	103	-	-	-
Taxes receivable	-	-	-	-	-	24,841,595	24,841,595
Total assets	<u>11,228</u>	<u>8,883</u>	<u>82,716</u>	<u>102,827</u>	<u>\$ 46,130</u>	<u>\$ 87,637,406</u>	<u>\$ 87,683,536</u>
LIABILITIES							
Special deposits	-	-	-	-	\$ 46,130	\$ -	\$ 46,130
Due to other taxing units	-	-	-	-	-	87,637,406	87,637,406
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 46,130</u>	<u>\$ 87,637,406</u>	<u>\$ 87,683,536</u>
NET POSITION - RESTRICTED	<u>\$ 11,228</u>	<u>\$ 8,883</u>	<u>\$ 82,716</u>	<u>\$ 102,827</u>			

CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2012

	Private Purpose Trust Funds			
	Firemen's Special Endowment Fund	Bachman Flag Account	Land Conservation Account	Total
ADDITIONS				
Contributions	\$ -	5,350	\$ 1,852	\$ 7,202
Investment income	102	15	-	117
Total additions	<u>102</u>	<u>5,365</u>	<u>1,852</u>	<u>7,319</u>
DEDUCTIONS				
Changes in net assets	-	4,863	-	4,863
	<u>102</u>	<u>502</u>	<u>1,852</u>	<u>2,456</u>
NET POSITION - BEGINNING OF YEAR	<u>11,126</u>	<u>8,381</u>	<u>80,864</u>	<u>100,371</u>
NET POSITION - END OF YEAR	<u>\$ 11,228</u>	<u>\$ 8,883</u>	<u>\$ 82,716</u>	<u>\$ 102,827</u>

STATISTICAL SECTION

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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.

**City of Wauwatosa, Wisconsin
Net Position By Component
Last Ten Years**

	Fiscal Year		
	2012	2011	2010
Governmental activities:			
Invested in capital assets, net of related debt	\$ 58,712,117	56,698,267	55,833,774
Restricted	24,825,826	27,398,789	22,180,773
Unrestricted	<u>(18,418,286)</u>	<u>(20,138,732)</u>	<u>(11,643,367)</u>
Total governmental activities net position	<u>65,119,657</u>	<u>63,958,324</u>	<u>66,371,180</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 72,641,361	68,606,064	67,042,774
Restricted	425,000	415,318	499,147
Unrestricted	<u>4,991,402</u>	<u>7,514,749</u>	<u>5,521,858</u>
Total business-type activities net position	<u>78,057,763</u>	<u>76,536,131</u>	<u>73,063,779</u>
Primary government:			
Invested in capital assets, net of related debt (1)	\$ 129,296,985	123,247,838	120,820,055
Restricted	25,250,826	27,814,107	22,679,920
Unrestricted (1)	<u>(11,370,391)</u>	<u>(10,567,490)</u>	<u>(4,065,016)</u>
Total primary government net position	<u>143,177,420</u>	<u>140,494,455</u>	<u>139,434,959</u>

Note (1) The governmental activities net position invested in capital assets, net of related debt noted above exclude \$2,056,493 of 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.

Table 1

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
54,994,906	52,707,214	49,291,155	49,751,825	51,513,029	50,100,224	47,270,814
18,796,636	14,790,723	13,687,516	10,914,533	14,797,505	15,017,309	4,414,008
<u>(10,865,485)</u>	<u>(7,168,151)</u>	<u>(5,214,359)</u>	<u>(7,594,973)</u>	<u>(14,328,674)</u>	<u>(16,409,161)</u>	<u>5,099,988</u>
<u>62,926,057</u>	<u>60,329,786</u>	<u>57,764,312</u>	<u>53,071,385</u>	<u>51,981,860</u>	<u>48,708,372</u>	<u>56,784,810</u>
61,123,517	59,015,709	56,744,295	54,965,753	51,280,324	49,074,061	45,379,712
1,061,941	1,849,354	1,809,234	1,886,005	1,428,417	755,100	590,434
<u>9,059,578</u>	<u>8,186,638</u>	<u>6,029,981</u>	<u>5,054,359</u>	<u>4,641,088</u>	<u>5,968,028</u>	<u>6,159,752</u>
<u>71,245,036</u>	<u>69,051,701</u>	<u>64,583,510</u>	<u>61,906,117</u>	<u>57,349,829</u>	<u>55,797,189</u>	<u>52,129,898</u>
114,061,930	109,666,430	106,035,450	104,717,578	102,793,353	99,174,285	92,650,526
19,858,577	16,640,077	15,496,750	12,800,538	16,225,922	15,772,409	5,004,442
<u>250,586</u>	<u>3,074,980</u>	<u>815,622</u>	<u>(2,540,614)</u>	<u>(9,687,586)</u>	<u>(10,441,133)</u>	<u>11,259,740</u>
<u>134,171,093</u>	<u>129,381,487</u>	<u>122,347,822</u>	<u>114,977,502</u>	<u>109,331,689</u>	<u>104,505,561</u>	<u>108,914,708</u>

City of Wauwatosa, Wisconsin
Changes In Net Position
Last Ten Years
(accrual basis of accounting)

	Fiscal Year		
	2012	2011	2010
Expenses:			
Governmental activities:			
General government	\$ 4,944,296	13,209,633	4,683,203
Protection of persons and property	31,971,250	32,870,560	32,247,555
Health and sanitation	4,894,825	4,223,730	4,237,761
Highway and transportation	7,436,831	7,977,042	8,468,588
Education and recreation	4,211,093	4,145,124	4,012,813
Conservation and development	3,100,189	3,179,740	2,285,173
Unclassified	390,931	360,293	420,455
Interest and Fiscal Charges	2,140,153	2,312,246	2,509,908
Total governmental activities expenses	<u>59,089,568</u>	<u>68,278,368</u>	<u>58,865,456</u>
Business-type activities:			
Water utility	\$ 6,107,124	5,887,434	5,828,672
Redevelopment Authority	-	-	3,317
Sanitary Sewer	6,431,091	5,870,586	6,029,407
Storm Water Management	1,856,232	1,655,386	1,810,140
	<u>14,394,447</u>	<u>13,413,406</u>	<u>13,671,536</u>
Total primary government expenses	<u>\$ 73,484,015</u>	<u>81,691,774</u>	<u>72,536,992</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 1,058,006	1,010,335	982,315
Protection of persons and property	3,714,073	4,105,038	3,714,901
Health and sanitation	196,401	198,065	216,741
Highway and transportation	183,568	169,087	154,650
Education and recreation	567,066	512,083	472,861
Conservation and development	28,509	24,916	25,751
Operating grants and contributions	4,229,361	5,564,088	4,338,426
Capital grants and contributions	2,392,370	2,669,078	2,687,568
Total governmental activities	<u>12,369,354</u>	<u>14,252,690</u>	<u>12,593,213</u>

Table 2

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
4,786,054	4,820,311	5,605,673	5,570,891	5,505,753	5,112,506	4,929,706
31,173,278	30,340,469	27,324,781	26,592,214	25,697,423	24,277,132	24,042,482
4,104,118	4,708,113	5,360,682	4,229,590	4,090,174	3,707,203	3,644,178
7,700,286	7,602,439	6,912,646	6,195,579	6,779,173	5,821,344	6,873,345
3,898,894	3,831,659	3,256,975	3,372,497	2,761,105	2,591,863	2,720,703
3,857,241	1,913,106	2,266,060	1,766,401	2,041,078	16,854,113	1,673,769
648,106	435,769	427,633	333,252	257,281	336,624	304,705
2,537,079	2,455,668	2,647,209	2,537,077	2,162,548	2,337,750	1,921,964
<u>58,705,056</u>	<u>56,107,534</u>	<u>53,801,659</u>	<u>50,597,501</u>	<u>49,294,535</u>	<u>61,038,535</u>	<u>46,110,852</u>
5,625,115	5,546,938	5,542,699	5,502,456	5,499,367	5,454,299	5,468,476
-	12,344	4,186	-	-	258	-
5,934,834	5,021,754	3,714,836	3,642,357	3,552,129	3,395,008	3,312,667
1,728,061	1,727,242	1,707,081	1,421,758	1,511,189	1,450,874	1,280,291
<u>13,288,010</u>	<u>12,308,278</u>	<u>10,968,802</u>	<u>10,566,571</u>	<u>10,562,685</u>	<u>10,300,439</u>	<u>10,061,434</u>
<u>71,993,066</u>	<u>68,415,812</u>	<u>64,770,461</u>	<u>61,164,072</u>	<u>59,857,220</u>	<u>71,338,974</u>	<u>56,172,286</u>
914,713	1,052,309	824,262	796,996	861,868	805,853	720,972
3,837,375	3,497,907	3,607,072	2,544,463	2,328,301	2,656,521	2,365,703
201,988	185,781	214,303	215,482	220,768	226,269	207,737
118,582	180,722	130,636	157,930	78,166	104,720	79,713
417,328	405,655	633,397	616,646	720,305	695,276	746,647
33,605	14,382	35,592	13,408	27,447	29,701	26,361
3,284,733	3,928,199	3,126,145	2,661,542	2,596,112	2,523,630	2,401,018
3,827,135	4,359,808	4,684,465	6,181,170	5,972,950	5,790,222	9,424,044
<u>12,635,459</u>	<u>13,624,763</u>	<u>13,255,872</u>	<u>13,187,637</u>	<u>12,805,917</u>	<u>12,832,192</u>	<u>15,972,195</u>

City of Wauwatosa, Wisconsin
Changes In Net Position
Last Ten Years
(accrual basis of accounting)

	Fiscal Year		
	2012	2011	2010
Business-type activities:			
Charges for services:			
Water utility	\$ 6,688,096	6,646,997	6,268,519
Redevelopment Authority	-	-	-
Sanitary Sewer	6,564,362	6,407,642	6,373,824
Storm Water Management	2,366,304	2,364,806	2,384,661
Operating Grants and Contributions	-	-	-
Capital grants and contributions	581,927	511,431	49,669
Total business-type activities	<u>16,200,689</u>	<u>15,930,876</u>	<u>15,076,673</u>
Total primary government	<u>\$ 28,570,043</u>	<u>30,183,566</u>	<u>27,669,886</u>
Net (Expense)/Revenue			
Governmental activities	\$ (46,720,214)	(54,025,678)	(46,272,243)
Business-type activities	1,806,242	2,517,470	1,405,137
Total primary Government net (expense)/revenue	<u>\$ (44,913,972)</u>	<u>(51,508,208)</u>	<u>(44,867,106)</u>
General Revenues and Other Changes in Net Assets:			
Governmental activities			
Taxes:			
Property taxes, levied for general purposes	\$ 34,395,125	34,155,124	33,577,938
Property taxes, levied for debt service	2,160,000	2,400,000	2,250,000
Property taxes, levied for TIF	5,725,282	5,958,764	6,287,764
Other taxes	1,494,813	5,693,842	1,457,467
Intergovernmental revenues not restricted to specific programs	2,631,507	3,049,643	4,314,271
Investment income	1,073,904	1,266,017	1,786,277
Miscellaneous	-	-	-
Gain on sale of capital assets	74,449	-	410,965
Transfers	326,467	(910,568)	(367,316)
Total governmental activities	<u>47,881,547</u>	<u>51,612,822</u>	<u>49,717,366</u>

(continued)

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
6,334,242	6,387,918	6,513,857	5,965,097	5,918,341	5,805,744	5,739,884
3,328	-	40,320	429	-	-	-
5,663,700	5,653,414	4,658,173	3,797,977	3,679,132	3,542,766	3,442,632
2,410,239	1,810,003	2,000,205	1,857,315	1,791,723	1,531,540	1,527,519
-	-	-	-	-	-	16,727
378,068	2,022,978	64,315	888,583	242,985	485,562	613,142
<u>14,789,577</u>	<u>15,874,313</u>	<u>13,276,870</u>	<u>12,509,401</u>	<u>11,632,181</u>	<u>11,365,612</u>	<u>11,339,904</u>
<u>27,425,036</u>	<u>29,499,076</u>	<u>26,532,742</u>	<u>25,697,038</u>	<u>24,438,098</u>	<u>24,197,804</u>	<u>27,312,099</u>
(46,069,597)	(42,482,771)	(40,545,787)	(37,409,864)	(36,488,618)	(48,206,343)	(30,138,657)
<u>1,501,567</u>	<u>3,566,035</u>	<u>2,308,068</u>	<u>1,942,830</u>	<u>1,069,496</u>	<u>1,065,173</u>	<u>1,278,470</u>
<u>(44,568,030)</u>	<u>(38,916,736)</u>	<u>(38,237,719)</u>	<u>(35,467,034)</u>	<u>(35,419,122)</u>	<u>(47,141,170)</u>	<u>(28,860,187)</u>
33,607,934	32,731,385	31,941,799	30,316,018	29,595,960	28,266,745	28,919,515
1,920,000	1,775,000	2,125,000	2,760,000	2,000,000	2,020,000	1,360,000
5,766,889	4,510,048	3,978,988	2,598,962	2,258,102	2,255,613	1,986,139
1,254,858	1,399,482	1,187,410	1,204,030	1,194,560	945,598	950,378
4,831,001	2,620,623	2,422,741	2,572,354	2,668,742	2,773,039	3,142,120
1,887,512	2,829,099	3,651,881	2,203,888	2,306,386	1,536,339	1,357,985
-	-	-	-	8,079	436	5,140
42,771	84,934	22,637	10,695	45,269	12,147	25,091
<u>(645,097)</u>	<u>(731,608)</u>	<u>(91,742)</u>	<u>(2,445,974)</u>	<u>(314,992)</u>	<u>215,553</u>	<u>467,637</u>
<u>48,665,868</u>	<u>45,218,963</u>	<u>45,238,714</u>	<u>39,219,973</u>	<u>39,762,106</u>	<u>38,025,470</u>	<u>38,214,005</u>

City of Wauwatosa, Wisconsin
Changes In Net Position
Last Ten Years
(accrual basis of accounting)

	Fiscal Year		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Revenues and Other Changes in Net Position:			
Business-type activities			
Investment Income	\$ 41,857	44,314	46,290
Miscellaneous	-	-	-
Transfers	<u>(326,467)</u>	<u>910,568</u>	<u>367,316</u>
Total business-type activities	<u>(284,610)</u>	<u>954,882</u>	<u>413,606</u>
 Total primary government	 <u>\$ 47,596,937</u>	 <u>52,567,704</u>	 <u>50,130,972</u>
 Change in Net Position			
Governmental activities	\$ 1,161,333	(2,412,856)	3,445,123
Business-type activities	<u>1,521,632</u>	<u>3,472,352</u>	<u>1,818,743</u>
Total primary government	<u>\$ 2,682,965</u>	<u>1,059,496</u>	<u>5,263,866</u>

(concluded)

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
46,671	170,548	277,583	241,338	166,314	133,098	173,827
-	-	-	-	1,838	-	-
<u>645,097</u>	<u>731,608</u>	<u>91,742</u>	<u>2,445,974</u>	<u>314,992</u>	<u>(215,553)</u>	<u>(467,637)</u>
<u>691,768</u>	<u>902,156</u>	<u>369,325</u>	<u>2,687,312</u>	<u>483,144</u>	<u>(82,455)</u>	<u>(293,810)</u>
<u>49,357,636</u>	<u>46,121,119</u>	<u>45,608,039</u>	<u>41,907,285</u>	<u>40,245,250</u>	<u>37,943,015</u>	<u>37,920,195</u>
2,596,271	2,736,192	4,692,927	1,810,109	3,273,488	(10,180,873)	8,075,348
<u>2,193,335</u>	<u>4,468,191</u>	<u>2,677,393</u>	<u>4,630,142</u>	<u>1,552,640</u>	<u>982,718</u>	<u>984,660</u>
<u>4,789,606</u>	<u>7,204,383</u>	<u>7,370,320</u>	<u>6,440,251</u>	<u>4,826,128</u>	<u>(9,198,155)</u>	<u>9,060,008</u>

City of Wauwatosa, Wisconsin
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year		
	2012	2011 (1)	2010
General Fund:			
Reserved	\$ -	-	1,814,809
Unreserved	-	-	16,624,027
Nonspendable	334,387	348,886	-
Restricted	-	-	-
Committed	500,000	982,506	-
Assigned	2,351,424	1,400,393	-
Unassigned	15,839,656	16,928,646	-
Total general fund	<u>19,025,467</u>	<u>19,660,431</u>	<u>18,438,836</u>
All Other Governmental Funds:			
Reserved	\$ -	-	975,000
Unreserved	-	-	26,089,860
Nonspendable	2,059,629	13,139	-
Restricted	24,885,738	30,401,900	-
Committed	-	-	-
Assigned	1,470,697	1,255,163	-
Unassigned	-	-	-
Total all other governmental funds	<u>28,416,064</u>	<u>31,670,202</u>	<u>27,064,860</u>
Total all governmental funds	<u>\$ 47,441,531</u>	<u>\$ 51,330,633</u>	<u>45,503,696</u>

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

Table 3

2009	2008	2007	2006	2005	2004	2003
1,546,856	1,581,084	8,679,723	6,316,034	6,013,375	5,458,859	5,377,760
16,589,302	16,390,848	8,150,675	10,558,579	9,826,937	8,670,294	8,173,072
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>18,136,158</u>	<u>17,971,932</u>	<u>16,830,398</u>	<u>16,874,613</u>	<u>15,840,312</u>	<u>14,129,153</u>	<u>13,550,832</u>
975,000	975,000	975,000	11,028,975	14,020,000	14,592,400	1,421,000
29,976,196	22,239,754	20,376,722	6,340,927	1,966,649	1,727,763	6,829,983
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>30,951,196</u>	<u>23,214,754</u>	<u>21,351,722</u>	<u>17,369,902</u>	<u>15,986,649</u>	<u>16,320,163</u>	<u>8,250,983</u>
<u><u>49,087,354</u></u>	<u><u>41,186,686</u></u>	<u><u>38,182,120</u></u>	<u><u>34,244,515</u></u>	<u><u>31,826,961</u></u>	<u><u>30,449,316</u></u>	<u><u>21,801,815</u></u>

City of Wauwatosa, Wisconsin
Change in Fund Balances, Governmental Funds
Last Ten Years

	Fiscal Year		
	2012	2011	2010
Revenues:			
Taxes	\$ 43,775,220	48,207,730	43,675,616
Intergovernmental revenues	6,764,477	8,382,093	8,593,458
Licenses & permits	1,371,438	1,482,632	1,135,721
Penalties and forfeitures	1,024,231	1,015,512	1,120,205
Public improvement revenues	466,471	526,828	684,410
Public charges for services	3,496,318	3,688,378	3,473,280
Intergovernmental charges for services	1,475,747	1,610,098	1,595,644
Commercial revenues	1,474,619	1,680,596	1,914,743
Total revenues	<u>59,848,521</u>	<u>66,593,867</u>	<u>62,193,077</u>
Expenditures:			
Current			
General government	\$ 4,607,161	13,103,386	4,401,405
Protection of persons and property	29,282,911	30,104,871	28,766,507
Health and sanitation	3,950,891	4,103,163	4,058,902
Highway and transportation	4,809,421	5,449,165	5,402,913
Education and recreation	3,689,289	3,629,583	3,584,513
Conservation and development	2,993,522	3,389,417	2,980,363
Unclassified	390,931	360,293	420,455
Debt service			
Principal	11,518,306	5,359,445	4,634,380
Interest	2,086,725	2,379,499	2,870,692
Debt issuance expense	-	-	-
Capital Outlay	9,357,602	4,089,973	9,472,649
Total governmental activities expenses	<u>72,686,759</u>	<u>71,968,795</u>	<u>66,592,779</u>

Table 4

2009	2008	2007	2006	2005	2004	2003
42,656,274	40,524,683	39,377,016	36,977,673	35,145,532	33,581,876	33,290,254
8,346,790	8,567,342	7,160,003	8,073,476	8,796,207	8,633,936	12,265,815
1,104,681	1,140,206	1,351,915	1,293,073	1,118,567	1,296,323	1,032,980
1,093,594	977,022	925,052	867,028	804,916	981,734	941,626
1,088,206	769,365	724,677	1,254,273	775,118	930,526	1,048,788
3,055,245	2,962,299	2,888,172	1,846,806	1,852,078	1,782,215	1,764,908
1,763,668	1,562,790	1,699,302	1,903,274	1,849,764	1,676,010	1,749,129
2,132,804	3,191,646	4,711,875	2,467,606	2,051,659	1,522,054	1,361,787
<u>61,241,262</u>	<u>59,695,353</u>	<u>58,838,012</u>	<u>54,683,209</u>	<u>52,393,841</u>	<u>50,404,674</u>	<u>53,455,287</u>
4,542,169	4,555,979	5,590,029	5,315,360	5,233,690	5,115,358	4,962,815
28,876,223	28,419,544	27,297,865	26,135,266	24,600,112	24,622,895	24,791,439
3,989,204	4,598,362	5,398,979	4,224,835	4,013,858	3,799,338	3,770,632
5,167,097	5,219,087	4,770,220	4,239,093	4,221,159	3,979,059	4,283,180
3,591,437	3,555,635	3,143,836	2,668,224	2,567,827	2,478,773	2,562,698
3,981,671	2,936,635	2,272,273	2,888,021	2,533,613	17,452,581	1,769,480
648,106	435,769	427,633	333,252	270,593	349,300	316,775
3,939,768	3,476,076	10,861,201	3,007,483	2,735,157	2,598,604	2,510,448
2,452,794	2,445,805	2,643,916	2,770,643	2,598,509	1,060,666	1,147,183
-	-	-	-	9,977	525,068	9,535
11,281,959	6,437,889	3,146,717	3,671,167	3,564,563	5,917,094	7,884,084
<u>68,470,428</u>	<u>62,080,781</u>	<u>65,552,669</u>	<u>55,253,344</u>	<u>52,349,058</u>	<u>67,898,736</u>	<u>54,008,269</u>

City of Wauwatosa, Wisconsin
Change in Fund Balances, Governmental Funds
Last Ten Years

	Fiscal Year		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Excess of Revenues over (under) Expenditures	\$ (12,838,238)	(5,374,928)	(4,399,702)
Other financing sources (uses)			
Long-term debt issued	\$ 6,675,000	6,372,190	18,133,387
Premium on long-term debt	248,000	234,038	-
Current refunding of long term debt	-	-	(19,175,689)
Proceeds from sale of capital assets	74,449	-	425,482
Transfers in	15,023,200	12,483,444	11,890,805
Transfers out	<u>(13,071,513)</u>	<u>(7,887,807)</u>	<u>(10,457,941)</u>
Total other financing sources (uses)	<u>8,949,136</u>	<u>11,201,865</u>	<u>816,044</u>
<u>Net change in fund balance</u>	<u>\$ (3,889,102)</u>	<u>5,826,937</u>	<u>(3,583,658)</u>
Capitalized expenditures	\$ 5,854,961	2,339,212	7,549,893
<u>Debt service as a percentage of non-capital expenditures</u>	20.36%	11.11%	12.71%

(concluded)

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
(7,229,166)	(2,385,428)	(6,714,657)	(570,135)	44,783	(17,494,062)	(552,982)
14,700,000	4,306,000	7,342,382	1,803,000	10,232,739	27,587,068	2,930,821
-	-	-	-	-	-	-
-	-	-	-	(9,470,423)	(2,225,000)	-
42,771	79,787	2,637,347	-	-	-	-
7,912,142	7,827,888	15,401,771	8,675,727	5,862,664	44,495,373	4,662,517
<u>(7,525,079)</u>	<u>(7,315,472)</u>	<u>(14,729,238)</u>	<u>(8,343,228)</u>	<u>(5,292,118)</u>	<u>(43,715,878)</u>	<u>(4,028,816)</u>
<u>15,129,834</u>	<u>4,898,203</u>	<u>10,652,262</u>	<u>2,135,499</u>	<u>1,332,862</u>	<u>26,141,563</u>	<u>3,564,522</u>
<u>7,900,668</u>	<u>2,512,775</u>	<u>3,937,605</u>	<u>1,565,364</u>	<u>1,377,645</u>	<u>8,647,501</u>	<u>3,011,540</u>
10,976,034	6,073,284	2,498,031	1,384,436	2,844,672	5,511,785	6,549,645
11.12%	10.57%	21.42%	10.73%	10.77%	5.87%	7.71%

City of Wauwatosa, Wisconsin
Assessed Value and Actual Value of Taxable Property (1)
Last Ten Years

Table 5

Tax Year (2)	Residential	Commercial	Manufacturing	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed To Equalized Value
2012	\$ 3,557,809,100	1,532,562,600	150,624,700	236,029,380	5,477,025,780	7.13	4,963,918,700	110.27%
2011	3,575,341,500	1,521,180,400	143,264,800	229,286,590	5,469,073,290	7.00	5,243,279,500	104.23%
2010	3,583,232,400	1,570,482,500	147,382,000	239,912,490	5,541,009,390	6.92	5,462,436,300	101.57%
2009	3,594,851,900	1,660,614,300	85,771,400	218,861,610	5,560,099,210	6.79	5,610,122,800	99.02%
2008	3,598,965,200	1,659,249,900	92,603,100	226,997,540	5,577,815,740	6.69	5,645,219,200	97.91%
2007	3,594,385,500	1,610,133,900	89,371,500	213,868,460	5,507,759,360	6.52	5,772,851,800	96.42%
2006	3,579,597,700	1,612,629,300	99,780,800	202,953,520	5,494,961,320	6.43	5,504,957,000	99.82%
2005	2,561,055,000	1,192,610,000	79,060,200	159,691,750	3,992,416,950	8.49	5,138,676,800	78.53%
2004	2,553,068,400	1,171,883,400	91,989,300	166,627,420	3,983,568,520	8.10	4,511,276,400	87.91%
2003	2,549,258,200	1,117,231,800	105,446,200	150,705,250	3,922,641,450	7.90	4,270,862,700	92.65%

- Notes** (1) Includes TIF District
(2) 2012 represents the assessed value as of January 1st, 2012 used to calculate the tax bills sent out in December, 2012 and due in 2013 which provides for the 2013 budget levy.

City of Wauwatosa, Wisconsin
Direct and Overlapping Property Tax Rates
Last Ten Years
(Per \$1,000 of Assessed Valuation)

Table 6

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
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
2005	7.41	0.71	0.37	-	8.49	1.83	5.47	7.63	2.42	0.24
2004	7.26	0.51	0.33	-	8.10	1.74	5.16	7.65	2.20	0.23
2003	7.03	0.53	0.34	-	7.90	1.73	5.20	7.45	2.15	0.21

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

**City of Wauwatosa, Wisconsin
Principal Property Taxpayers
Current Year and Nine Years Ago**

Table 7

Taxpayer	2012			2003		
	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)	\$ 283,184,100	1	5.17%	216,608,066	1	5.52%
H-D Capital Drive LLC (formerly Harley Davidson Inc)	59,122,100	3	1.08%	70,958,165	2	1.81%
Bell Marquette I LLC	63,863,500	2	1.17%			
Covenant Healthcare System Inc	37,949,970	4	0.69%	31,962,625	3	0.81%
Bonstores Realty One LLC (formerly Carson Pirie Scott)	27,861,240	6	0.51%			
J.C. Penney Properties Inc (formerly J.C. Penney Company)	27,851,760	7	0.51%	22,024,018	4	0.56%
Briggs & Stratton Corp	30,057,900	5	0.55%	19,731,118	5	0.50%
Innovation Partners LLC	25,482,400	8	0.47%			
North Mayfair 8	24,218,140	9	0.44%			
Mayfair Woods LLC	23,923,000	10	0.44%			
Hillside Realty				18,310,737	6	0.47%
Roundy's Foods (Jondex)				16,123,351	8	0.41%
Riggs & Co				17,572,139	7	0.45%
Wauwatosa Reserve				15,510,558	10	0.40%
FH Healthcare						0.00%
Serafino Square				15,705,353	9	0.40%
Total	\$ 603,514,110		11.02%	444,506,130		11.33%

City of Wauwatosa, Wisconsin
Property Tax Levies and Collections
Last Ten Years

Table 8

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)
2012	\$ 37,030,421	17,519,851	47.31%	-	17,519,851	47.31%
2011	36,555,123	17,050,906	46.64%	19,491,622	36,542,528	99.97%
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%
2005	33,076,013	16,454,557	49.75%	16,611,596	33,066,153	99.97%
2004	31,595,958	13,692,960	43.34%	17,884,916	31,577,877	99.94%
2003	30,286,743	12,913,842	42.64%	17,350,504	30,264,346	99.93%

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, Wisconsin
Ratios of Net General Bonded Debt Outstanding
Last Ten Years

Table 9

Fiscal Year	Total General Bonded Debt (1)	Ratio of Net General Bonded Debt to Equalized Value	Net General Bonded Debt Per Capita
2012	\$ 60,204,990	1.21%	1,299.76
2011	52,957,924	1.01%	1,141.83
2010	40,935,977	0.75%	882.32
2009	46,385,746 (2)	0.83%	1,012.79
2008	35,926,463	0.64%	783.05
2007	31,406,550	0.54%	683.79
2006	31,995,557	0.58%	693.75
2005	32,180,293	0.63%	694.86
2004	22,716,673	0.50%	488.42
2003	24,160,599	0.57%	516.23

Notes (1) Includes General Obligation Sewer and Storm Debt

(2) Includes Bond Anticipation Notes

City of Wauwatosa, Wisconsin
Ratios of Outstanding Debt by Type
Last Ten Years

Table 10

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Debt	Redevelopment Lease Revenue Bond Debt	Water Debt	Sanitary Sewer Debt	Storm Water Maintenance Debt			
2012	\$ 35,362,686	14,425,000	10,045,058	8,838,662	15,683,584	84,354,990	(2)	1,821.14
2011	31,552,382	22,900,000	12,891,168	8,001,108	13,063,266	88,407,924	2.89%	1,906.16
2010	28,274,115	25,075,000	11,960,359	5,334,385	6,967,118	77,610,977	2.61%	1,672.79
2009	31,803,149 (3)	27,150,000	4,494,613	6,261,898	7,951,086	77,660,746	2.75%	1,695.65
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
2005	21,954,072	32,325,000	7,631,460	5,226,509	4,573,252	71,710,293	2.68%	1,548.42
2004	14,337,190	32,625,000	7,880,000	4,590,745	3,788,738	63,221,673	2.51%	1,359.28
2003	16,014,138	8,350,000	9,425,000	4,655,986	3,490,475	41,935,599	1.69%	896.02

- Notes** (1) Calculated from per capita income times the estimated population for each relative date
(2) 2012 estimated per capita income not yet available from Wisconsin Department of Revenue
(3) Includes Bond Anticipation Notes

City of Wauwatosa, Wisconsin
Legal Debt Margin Information
 Last Ten Years

Table 11

Legalized Debt Margin Calculation for Fiscal Year 2011

Equalized valuation	\$ 4,963,918,700
Legal debt limit (5% of equalized valuation)	248,195,935
Less: Long-term debt	<u>60,204,990</u>
Legal debt margin	<u>\$ 187,990,945</u>

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 248,195,935	262,163,975	273,121,815	280,506,140	282,260,960	288,642,590	275,247,850	256,933,690	225,563,820	213,543,135
Total net debt applicable to limit	60,204,990	52,957,924	40,935,977	46,385,746	35,926,463	31,406,550	31,995,557	32,180,293	22,716,673	24,160,599
Legal Debt Margin	<u>187,990,945</u>	<u>209,206,051</u>	<u>232,185,838</u>	<u>234,120,394</u>	<u>246,334,497</u>	<u>257,236,040</u>	<u>243,252,293</u>	<u>224,753,397</u>	<u>202,847,147</u>	<u>189,382,536</u>
Total net debt applicable to limit as a percentage of debt limit	<u>24.26%</u>	<u>20.20%</u>	<u>14.99%</u>	<u>16.54%</u>	<u>12.73%</u>	<u>10.88%</u>	<u>11.62%</u>	<u>12.52%</u>	<u>10.07%</u>	<u>11.31%</u>

**City of Wauwatosa, Wisconsin
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2012**

Table 12

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
City of Wauwatosa	\$ 35,362,686	100.00%	\$ 35,362,686
Milwaukee County	750,121,695	8.55%	64,135,405
Wauwatosa School District	-	100.00%	-
Milwaukee Metro Sewerage District	949,467,969	8.77%	83,268,341
Milwaukee Area Technical College District	96,060,000	6.50%	6,243,900
Total Overlapping	<u>1,795,649,664</u>		<u>153,647,646</u>
Total Direct and Overlapping Debt	\$ <u><u>1,831,012,350</u></u>		\$ <u><u>189,010,332</u></u>

**City of Wauwatosa, Wisconsin
Revenue Bond Coverage - Water Utility
Last Ten Years**

Table 13

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2005	6,063,308	4,562,918	1,500,390	675,000	352,380	1,027,380	1.4604
2004	5,927,070	4,552,298	1,374,772	645,000	358,342	1,003,342	1.3702
2003	6,579,917	4,543,733	2,036,184	720,000	421,321	1,141,321	1.7841

City of Wauwatosa, Wisconsin
 Demographic and Economic Statistics
 Last Ten Years

Table 14

Fiscal Year	Population	Total Personal Income (in millions)	Per Capita Personal Income (2)				Unemployment Rates		
			City of Wauwatosa	Milwaukee County	State of Wisconsin	City of Wauwatosa	Milwaukee County	State of Wisconsin	
2012	46,320	N/A (1)	N/A (1)	N/A (1)	N/A (1)	5.6%	8.5%	6.8%	
2011	46,380	3,062	66,022	42,830	49,279	5.9%	9.0%	7.5%	
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%	
2005	46,312	2,678	57,826	40,224	45,357	3.8%	5.9%	4.7%	
2004	46,511	2,519	54,161	38,350	43,512	4.0%	6.3%	4.9%	
2003	46,802	2,483	53,063	37,459	42,474	4.1%	7.1%	5.6%	

Notes (1) 2012 estimated per capita income not yet available from Wisconsin Department of Revenue
 (2) Per Capita Personal Income Data from Wisconsin Department of Revenue, State taxes & Aids by Municipality and County

**City of Wauwatosa, Wisconsin
Principal Employers
Current Year and Nine Years Ago**

Table 15

Employer	2012			2003		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Milwaukee Regional Medical Center	15,000	1	61.74%	10,525	1	45.88%
GE Medical Systems, Inc.	1,400	2	5.76%	NA		
Briggs & Stratton Corp.	1,100	3	4.53%	2,500	2	10.90%
Harley Davidson Inc	830	4	3.42%	1,220	3	5.32%
Wauwatosa Unified School District	828	5	3.41%	919	5	4.01%
St. Camillus Health System	500	6	2.06%	NA		
J.C. Penney Company	532	7	2.19%	750	6	3.27%
Lutheran Home of the Aging, Inc	485	8	2.00%	505	8	2.20%
UnitedHealth Care	465	9	1.91%	552	7	2.41%
City of Wauwatosa	454	10	1.87%	475	9	2.07%
Grede Foundries Liberty Div.				260	10	1.13%
Roundy's Foods				1,008	4	4.39%
Total	21,594		88.88%	18,714		81.57%

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City of Wauwatosa, Wisconsin
City Government Employees by Function/Program (1)
Last Ten Years
(full time equivalents)

Function/Program	Fiscal Year		
	2012 (2)	2011	2010
General Government			
Courts/City Clerk/Elections	8.15	8.30	8.30
Mayor/Administration	5.21	5.21	5.21
Human Resources	4.50	4.50	4.50
Information Systems	5.60	5.60	5.60
Finance	9.83	10.80	10.80
Assessor	5.57	5.57	5.64
Attorney	3.00	3.00	3.00
Public Safety			
Police Department	121.51	121.54	123.43
Fire Department	106.00	109.00	109.00
Public Works			
Operations	39.94	41.77	41.77
Engineering	16.92	16.70	17.70
Traffic Electrical Maint.	6.37	6.98	6.98
Parks/Forestry	19.14	19.30	19.40
Fleet Maintenance	9.44	9.98	9.98
Municipal Complex	3.00 (4)		
Economic Development	13.08 (3)		
Planning		3.05	3.05
Building		12.13	12.13
Economic Development		2.05	1.55
Health	12.93	13.53	13.23
Library	26.55	26.42	26.42
Water	20.88	20.80	20.80

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

Table 16

2009	2008	2007	2006	2005	2004	2003
8.80	8.80	8.80	8.80	8.80	8.80	8.80
4.76	4.41	4.28	3.53	4.28	4.28	4.29
4.50	4.50	4.50	3.50	3.50	3.50	3.25
5.60	5.60	5.60	5.60	5.60	5.60	5.60
11.10	11.40	11.40	11.40	11.40	11.40	11.40
5.50	5.50	5.50	5.50	6.00	6.25	6.25
3.00	3.00	3.00	3.00	3.00	3.00	3.00
123.16	122.16	120.16	117.80	116.80	116.80	116.80
112.00	115.00	115.00	115.00	115.00	115.00	114.00
41.77	41.77	43.77	43.99	43.80	42.40	43.40
19.65	17.65	17.65	17.80	18.40	18.20	18.20
6.98	7.01	7.76	6.77	6.66	6.66	6.46
20.40	20.40	20.40	18.92	18.92	18.92	17.62
9.98	9.98	9.78	9.68	9.81	9.81	9.81
3.15	3.15	3.15	3.20	3.20	3.20	3.20
12.13	12.01	12.01	11.91	11.81	11.81	11.78
1.00	N/A	N/A	N/A	N/A	N/A	N/A
13.23	15.70	15.70	15.70	14.50	14.00	14.05
26.14	26.54	26.54	26.71	26.71	26.71	25.80
20.80	20.80	20.80	20.80	21.80	21.80	21.80

City of Wauwatosa, Wisconsin
Operating Indicators by Function/Program
Last Ten Years

Function/Program	Fiscal Year		
	2012	2011	2010
Public Safety:			
Police:			
Calls for service	33,788	29,456	30,515
Arrests	2,431	2,540	2,707
Index Crimes	2,090	2,014	2,014
Fire:			
EMS responses	4,359	4,127	3,476
Fire inspections	N/A	1,315	1,246
Public Works:			
Paving (feet)	6,785	8,780	6,414
Solid waste	27,601	25,833	27,530
Recycling - single stream	5,453	5,451	5,486
Sewers cleaned (feet)	511,020	486,814	367,572
Asphalt patched (tons)	673	656	728
Crack filler used (gallons)	N/A	N/A	5,637
Trees Pruned	1,578	1,046	1,396
Library			
Circulation	869,049	890,926	896,659
User Visits	430,388	449,964	449,617
Water Utility			
Number of customers	15,507	15,502	15,505
Gallons sold (thousands)	1,564,276	1,541,665	1,459,089
Hydrants flushed	1,171	1,256	1,278
Health:			
Births	621	573	602
Health Referrals	1,169	1,028	1,122

Table 17

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
31,401	31,775	32,600	30,920	31,783	32,085	34,145
2,665	2,382	2,770	2,757	2,552	2,673	2,873
1,982	1,965	2,228	2,131	2,362	2,186	2,210
3,475	3,573	3,558	3,459	3,325	3,337	3,502
1,414	1,600	1,553	1,524	1,488	1,448	1,514
5,692	15,708	12,920	7,025	17,392	20,180	19,697
28,056	30,418	30,171	30,672	31,205	31,845	31,505
5,312	5,637	2,747	3,506	4,125	4,502	4,663
306,407	385,841	336,900	319,500	418,000	410,922	346,905
1,245	1,076	945	1,723	929	860	1,852
5,562	4,074	6,083	5,728	5,197	6,230	570
1,225	1,035	1,974	3,707	5,143	3,732	5,500
894,678	845,703	778,534	794,161	758,094	788,562	834,722
458,369	413,233	332,358	344,822	340,039	342,883	346,078
15,507	15,510	15,519	15,515	15,510	15,505	15,498
1,533,466	1,546,078	1,645,244	1,673,507	1,818,417	1,800,452	1,984,643
1,265	904	905	1,179	1,049	767	549
647	595	567	558	575	549	601
1,397	1,077	1,086	1,084	N/A	N/A	N/A

**City of Wauwatosa, Wisconsin
Capital Asset Statistics by Function/Program
Last Ten Years**

Function/Program	Fiscal Year		
	2012	2011	2010
Public Safety			
Police stations	1	1	1
Police vehicles	45	45	45
Fire stations	3	3	3
Fire trucks	6	7	7
Ambulances	4	6	6
Public Works			
Streets (miles) (1)	158.61	158.56	158.56
Street signs	11800	11800	11800
Street lights	6050	6050	6050
Traffic signals (intersections) (2)	39	39	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	200.67	200.11	198.88
Number of hydrants	2122	2119	2098
Storage capacity (millions of gallons)	10.2	10.2	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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
1	1	1	1	1	1	1
45	45	45	45	45	45	45
3	3	3	3	3	3	3
7	7	7	7	7	7	10
6	6	6	6	6	6	5
158.56	158.78	158.85	159.28	159.28	159.34	159.46
11800	11800	11800	11800	11800	11800	11800
6050	6050	6050	6050	6050	6050	6050
39	39	39	38	38	38	38
2	2	2	2	2	2	2
57.69	57.69	57.69	57.69	57.69	57.69	57.69
198.38	198.15	198.14	198.03	196.54	197.19	195.36
2093	2087	2087	2084	2068	2066	2049
10.2	10.2	10.2	10.2	10.2	10.2	10.2