



CITY OF WAUWATOSA
BUDGET AND FINANCE COMMITTEE
MINUTES • NOVEMBER 18, 2014

Special Meeting

Committee Room #2

7:15 PM

7725 West North Avenue, Wauwatosa, WI 53213

Attendee Name	Title	Status	Arrived
James Moldenhauer	Alderman	Present	
Jeffrey Roznowski	Alderman	Present	
John Dubinski	Alderman	Present	
Gregory Walz-Chojnacki	Alderman	Present	
Dennis McBride	Alderman	Present	
Joel Tilleson	Alderman	Present	
Jason Wilke	Alderman	Absent	
Jason Kofroth	Alderman	Present	
John Ruggini	Finance Director	Present	
James Archambo	City Administrator	Present	
Alan Kesner	City Attorney	Present	

BUDGET AND FINANCE COMMITTEE ITEMS

2. Memo from the Finance Director regarding the sale of General Obligation and Revenue Bonds

Mr. Ruggini stated that the bond sale occurred today for the sale of \$16,370,000 General Obligation Promissory Notes, Series 2014A, and \$5,270,000 Taxable General Obligation Promissory Notes, Series 2014B. Both sales were competitive. The first issue had two bidders; the successful bidder was Robert W. Baird & Co., Inc., with a true interest rate of 2.106%. Staff had estimated it would be 2.12%. The taxable notes had six bidders, with the successful bid being submitted by BMO Capital Markets with a 2.57% interest rate. This compared to staff's estimate of 2.68%.

The Moody's rating report affirmed the City's 'AAA' rating; the report used new rating methodology and reinforced staff's beliefs concerning the City's strengths and weaknesses.

Paul Thompson, Hutchinson, Shockey, Erley & Company, briefly discussed the bids received for the two issues. He noted that Robert W. Baird & Company typically has 10 -15 others in their group so that liability is shared among the participating firms. He added that because the taxable bond issue has a higher yield, it was more attractive and garnered more bids.

It was moved by Ald. Moldenhauer, seconded by Ald. McBride to recommend approval of the sale of \$16,370,000 General Obligation Promissory Notes, Series 2014A as presented. -7

It was moved by Ald. Moldenhauer, seconded by Ald. McBride to recommend approval of the sale of \$5,237,000 Taxable General Obligation Promissory Notes, Series 2014B as presented. Ayes 6, Present 1 (Kofroth).

The meeting adjourned at 7:20 p.m.

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS]
MOVER:	James Moldenhauer, Alderman
SECONDER:	Dennis McBride, Alderman
AYES:	Moldenhauer, Roznowski, Dubinski, Walz-Chojnacki, McBride, Tilleson, Wilke, Kofroth

Carla A. Ledesma, CMC, City Clerk

CITY OF WAUWATOSA
MEMO



To: **Budget and Finance Committee**

From: **John Ruggini**

Date: **November 18, 2014**

Subject: **Memo from the Finance Director regarding the sale of General Obligation and Revenue Bonds**

A. Issue

The sale of the City of Wauwatosa General Obligation Taxable and Tax-Exempt Bonds authorized on October 15, 2013 took place this morning, November 5, 2013. Council approval is required to complete the sale.

B. Background/Options

The Common Council authorized the sale of \$16,370,000 in tax-exempt General Obligation Promissory Notes on November 4, 2014. Two underwriters offered competitive bids. Robert W. Baird & Co., Inc.'s bid with a True Interest Cost of 2.105898% was the low bid. This compares favorably with the estimate of 2.12%.

In addition, the City sold \$5,240,000 in taxable General Obligation Promissory Notes. Six underwriters offered competitive bids. BMO Capital markets was the low bidder at a rate of 2.569730% as compared to an estimated 2.68%.

As part of this debt issuance, Moody's Investors Service reexamined all of the City's debt and reaffirmed its Aaa rating for these two issuances and all of its outstanding General Obligation debt. The rating reports are attached as well as the bid results, final debt schedules and the official statement are attached.

C. Fiscal Impact

The issuance of the \$21.610 million in General Obligation Bonds Promissory Notes will increase debt service costs for the General Fund as well as TIF's 6 and 7 and impact sanitary and storm rates as described in the October 28, 2014 memo presented to the Budget and Finance Committee.

D. Recommendation

I recommend approval of the sale of \$16,370,000 in tax-exempt General Obligation Promissory Notes and \$5,240,000 in taxable General Obligation Promissory Notes to finance capital projects and economic development based on the results of the competitive sale.



Parity Calendar

Deal List

10:04:34 a.m. CDST

[Upcoming Calendar](#)

[Overview](#)

[Compare](#)

[Summary](#)

Bid Results

**Wauwatosa
\$5,240,000 Taxable General Obligation Promissory Notes,
Series 2014B**

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	BMO Capital Markets	2.569730
<input type="checkbox"/>	BOSC, Inc.	2.611695
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	2.640195
<input type="checkbox"/>	Fifth Third Securities, Inc.	2.647561
<input type="checkbox"/>	Piper Jaffray	2.665531
<input type="checkbox"/>	Northland Securities, Inc.	2.687305

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

© 1981-2002 i-Deal LLC, All rights reserved. [Trademarks](#)

Attachment: 2014 GO Bids (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)



Parity Calendar

Deal List

10:04:06 a.m. CDST

Upcoming Calendar

Overview

Compare

Summary

Bid Results

Wauwatosa

\$16,370,000 General Obligation Promissory Notes, Series 2014A

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	2.105898
<input type="checkbox"/>	Jefferies LLC	2.288125

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

© 1981-2002 i-Deal LLC. All rights reserved. [Trademarks](#)

Attachment: 2014 GO Bids (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

MOODY'S

INVESTORS SERVICE

New Issue: Moody's assigns Aaa to Wauwatosa, WI's \$16.4M GO Prom. Notes, Ser. 2014A and \$5.2M Taxable GO Prom. Notes, Ser. 2014B

Global Credit Research - 13 Nov 2014

Aaa applies to \$84.7M of post-sale GOULT debt

WAUWATOSA (CITY OF) WI
Cities (including Towns, Villages and Townships)
WI

Moody's Rating

ISSUE		RATING
General Obligation Promissory Notes, Series 2014A		Aaa
Sale Amount	\$16,370,000	
Expected Sale Date	11/17/14	
Rating Description	General Obligation	
Taxable General Obligation Promissory Notes, Series 2014B		Aaa
Sale Amount	\$5,240,000	
Expected Sale Date	11/17/14	
Rating Description	General Obligation	

Moody's Outlook NOO

Opinion

NEW YORK, November 13, 2014 --Moody's Investors Service has assigned a Aaa rating to Wauwatosa, WI's \$16.4 million General Obligation Promissory Notes, Series 2014A and \$5.2 million Taxable General Obligation Promissory Notes, Series 2014B. Proceeds of the Series 2014A notes will finance transportation, storm and sanitary sewer improvement projects as well as projects in the city's Tax Increment District (TID) #7. Proceeds of the Series 2014B notes will finance projects in the city's TIDs #6 and #7. Debt service on both series of notes is secured by the city's general obligation unlimited tax pledge which is unlimited by rate or amount though all of Series 2014B and all but \$5.5 million of the Series 2014A notes are expected to be repaid using TID increment, user fees, and sanitary sewer rates. Moody's maintains the Aaa rating on the city's outstanding GOULT debt which totals \$84.7 million post-sale.

SUMMARY RATING RATIONALE

The Aaa rating reflects the city's large tax base that grew in 2014 after six consecutive years of declines, healthy financial operations despite state-imposed levy limits, and a manageable debt and pension burden.

STRENGTHS

- Tax base favorably located adjacent to Milwaukee (Aa3 stable) and experiencing ongoing development
- Low fixed costs given the city's manageable debt burden and modest pension burden

CHALLENGES

- Growth in property tax revenues constrained by state imposed strict levy limits

DETAILED CREDIT DISCUSSION

Attachment: 2014 Moody's rating (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

DIVERSE AND AFFLUENT, MATURE MILWAUKEE SUBURB

We expect the city's tax base to remain stable given ongoing redevelopment efforts within the city's commercial and residential sectors. Located along I-94 in western Milwaukee County, Wauwatosa is located adjacent to the city of Milwaukee, providing residents with favorable access to employment opportunities throughout the Milwaukee metropolitan area. The city's mature \$5.4 billion tax base, inclusive of tax increment value, declined annually between 2008 and 2013. In 2014, valuations of existing properties began to rebound and, coupled with \$50.4 million in net new construction, the tax base grew by 8.5%. Despite the strong growth in 2014, the city's tax base has declined at an average annual rate of 0.9% since 2009. Management reports significant projects in the pipeline for development, including several luxury apartment buildings near the city's Mayfair Mall.

The city is primarily residential with residential property comprising 62% of the tax base. Reflecting the mature nature of the community, the city's population experienced five decades of declines through 2010, including a modest 1.9% decline between 2000 and 2010. State estimates for 2013 indicate a modest growth of 0.7% since 2000 which officials attribute to the availability of newly constructed multi-family housing. The city also has a substantial commercial presence, with commercial property representing 32% of the tax base. The Mayfair Mall, the city's largest taxpayer at 8.6% of assessed value, has been expanding including the addition of the state's first Nordstrom store. The Mayfair Collection, a 260,000 square foot retail offshoot of the existing mall, opened in April, and completed its first phase of development. Future phases of development are expected to add at least \$100 million investment

The city's largest employer is the Milwaukee Regional Medical Center, which employs 15,000. City residents also have access to employment opportunities throughout the metropolitan area. The strength of the local economy is evidenced by the city's August 2014 unemployment rate of 4.4%, below that of the state (5.1%) and national (6.3%) unemployment rates, during the same time period. City income indices are strong with median family income at 140.5% of the nation.

STRONG FINANCIAL OPERATIONS WITH HEALTHY GENERAL FUND RESERVES; NO ADDITIONAL DRAWS EXPECTED

We expect the city's financial profile to remain strong given healthy General Fund reserves and a history of positive budgetary variances. After three years of draws on reserves, Wauwatosa closed fiscal 2013 with a modest \$41,000 growth to the General Fund balance. Officials had originally budgeted to use \$500,000 of reserves, but closed with nearly balanced operations due to stronger than budgeted permit revenues. The fund balance totaled \$19.1 million, or a healthy 40.9% of revenues. While the total fund balance grew, the available balance declined from \$18.7 million, or a healthy 39.9% of revenues in fiscal 2012 to \$13.4 million, or an adequate 28.8% of revenues in 2013. The decline was attributable to a \$5.6 million advance to the city's TID #6. The advance is expected to be repaid using the proceeds of current future fiscal 2015 borrowing. Through the second quarter of fiscal 2014, management anticipates a slight operating surplus due to strong permit revenues and position vacancies. The city's fiscal 2015 budget is the first annual budget in several years that does not include the use of fund balance. The city plans to maintain healthy reserves, after the TID advance is repaid.

Property taxes are the city's largest revenue source and accounted for 74% of 2013 operating revenues. The city's revenue raising flexibility has been constrained by state imposed levy limits. Since fiscal 2012, Wisconsin local governments have been prohibited from increasing the property tax levy other than to capture growth from net new construction and for debt service. In 2014, net new construction totaled 1.02%, providing management a modest amount of revenue raising flexibility for taxes to be levied for fiscal 2015. In addition, two tax increment districts, #3 and #2, are expiring in 2014 and 2015, respectively. In total, they are expected to return roughly \$275 million in assessed value to the tax rolls for fiscal 2015 and 2016, of which 50% can be counted as net new construction. The additional revenue will help the city to maintain healthy financial operations.

MANAGEABLE DEBT AND PENSION BURDEN; RAPID PRINCIPAL AMORTIZATION

The city's direct debt burden is higher than the national median for rated cities at 1.8% and 1.92 times operating revenues. The city's overall debt burden is elevated at 4.7%, largely due to borrowing by overlapping entities including the Milwaukee Metropolitan Sewerage District (Aa1) and Milwaukee County (Aa2). While the city's debt burden is somewhat elevated, we expected the city to manage its debt profile given moderate fixed costs and rapid principal amortization. For fiscal 2013, debt service comprised a manageable 12.7% of operating expenditures. Principal amortization is rapid with 89.1% of GO debt retired within 10 years. All of the city's debt is fixed rate and the city is not a party to any interest rate swap agreements.

Pension costs are expected to remain manageable for the city. Like most Wisconsin cities, Wauwatosa

participates in the state multi-employer cost sharing pension system, the Wisconsin Retirement System (WRS). Contributions totaled approximately \$5.3 million in fiscal 2013, and including \$3.4 million from the city and \$1.9 million from its employees. The city's portion of the contribution totaled approximately 6.8% of 2013 operating revenues. Moody's adjusted net pension liability (ANPL) for the city, under our methodology for adjusting reported pension data, was \$34.3 million for fiscal 2012, or a manageable 0.71 times operating revenues and 0.7% of full value, inclusive of the General Fund and Debt Service Fund. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported contribution information, but to improve comparability with other rated entities. We determined the city's share of liability for WRS in proportion to its contributions to the plan and covered payroll.

The city also has a manageable unfunded OPEB liability. A December 31, 2012 actuarial study calculated the city's OPEB unfunded actuarial liability (UAAL) of \$62.3 million, or 1.27 times operating revenues. The city is self insured for health insurance and officials noted that coverage provided to senior retirees has driven recent growth in the UAAL given that premiums paid by this group fall well below claims costs. As a result, this group moved to a fully insured product for fiscal 2014 which should eliminate the impact.

WHAT COULD MOVE THE RATING DOWN

- Material decline in fund balance and liquidity
- Deterioration of the city's tax base and/or demographic profile
- Significant increase in fixed costs

KEY STATISTICS

2014 Full valuation: \$5.4 billion

Estimated full value per capita: \$114,600

2008-2012 Median Family Income as a % of the US: 140.5%

Operating Fund Balance as a % of Revenues: 27.4%

Five-Year Dollar Change in Fund Balance as % of Revenues: -6.0%

Cash Balance as a % of Revenues: 31.0%

Five-Year Dollar Change in Cash Balance as % of Revenues: -6.8%

Institutional Framework: A

Operating History (Five-Year Average of Operating Revenues/Operating Expenditures): 0.99x

Net Direct Debt/Full Value: 1.76%

Net Direct Debt/Operating Revenues: 1.92x

Three-Year Average of Moody's ANPL/Full Value: 0.36%

Three-Year Average of Moody's ANPL/Operating Revenues: 0.40x

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in

relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Analysts

Kathryn Gregory
Lead Analyst
Public Finance Group
Moody's Investors Service

Hetty Chang
Additional Contact
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA

MOODY'S
INVESTORS SERVICE

© 2014 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATION") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR

COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers,

arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

CITY OF WAUWATOSA

\$16,370,000 G.O. NOTES
SERIES 2014A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2015	Serial Coupon	1.000%	0.300%	1,720,000.00	100.696%	-	-	-	1,731,971.20
12/01/2016	Serial Coupon	1.000%	0.450%	925,000.00	101.092%	-	-	-	935,101.00
12/01/2017	Serial Coupon	2.000%	0.700%	1,050,000.00	103.849%	-	-	-	1,090,414.50
12/01/2018	Serial Coupon	2.000%	1.020%	1,050,000.00	103.828%	-	-	-	1,090,194.00
12/01/2019	Serial Coupon	2.000%	1.300%	1,425,000.00	103.376%	-	-	-	1,473,108.00
12/01/2020	Serial Coupon	2.000%	1.600%	1,250,000.00	102.278%	-	-	-	1,278,475.00
12/01/2021	Serial Coupon	2.000%	1.900%	1,925,000.00	100.652%	-	-	-	1,937,551.00
12/01/2022	Serial Coupon	2.500%	2.150%	2,850,000.00	102.558%	-	-	-	2,922,903.00
12/01/2023	Serial Coupon	3.000%	2.250%	2,200,000.00	105.461% c	2.324%	12/01/2022	100.000%	2,320,142.00
12/01/2024	Serial Coupon	3.000%	2.350%	1,975,000.00	104.713% c	2.465%	12/01/2022	100.000%	2,068,081.75
Total	-	-	-	\$16,370,000.00	-	-	-	-	\$16,847,941.45

Bid Information

Par Amount of Bonds	\$16,370,000.00
Reoffering Premium or (Discount)	477,941.45
Gross Production	\$16,847,941.45
Total Underwriter's Discount (0.920%)	\$(150,541.45)
Bid (102.000%)	16,697,400.00
Total Purchase Price	\$16,697,400.00
Bond Year Dollars	\$101,324.53
Average Life	6.190 Years
Average Coupon	2.4675254%
Net Interest Cost (NIC)	2.1444052%
True Interest Cost (TIC)	2.1058977%

2014 G.O. NOTES - Sale | SINGLE PURPOSE | 11/18/2014 | 11:30 AM

CITY OF WAUWATOSA

\$16,370,000 G.O. NOTES

SERIES 2014A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	177,483.47	177,483.47	-
12/01/2015	1,720,000.00	1.000%	178,475.00	1,898,475.00	2,075,958.47
06/01/2016	-	-	169,875.00	169,875.00	-
12/01/2016	925,000.00	1.000%	169,875.00	1,094,875.00	1,264,750.00
06/01/2017	-	-	165,250.00	165,250.00	-
12/01/2017	1,050,000.00	2.000%	165,250.00	1,215,250.00	1,380,500.00
06/01/2018	-	-	154,750.00	154,750.00	-
12/01/2018	1,050,000.00	2.000%	154,750.00	1,204,750.00	1,359,500.00
06/01/2019	-	-	144,250.00	144,250.00	-
12/01/2019	1,425,000.00	2.000%	144,250.00	1,569,250.00	1,713,500.00
06/01/2020	-	-	130,000.00	130,000.00	-
12/01/2020	1,250,000.00	2.000%	130,000.00	1,380,000.00	1,510,000.00
06/01/2021	-	-	117,500.00	117,500.00	-
12/01/2021	1,925,000.00	2.000%	117,500.00	2,042,500.00	2,160,000.00
06/01/2022	-	-	98,250.00	98,250.00	-
12/01/2022	2,850,000.00	2.500%	98,250.00	2,948,250.00	3,046,500.00
06/01/2023	-	-	62,625.00	62,625.00	-
12/01/2023	2,200,000.00	3.000%	62,625.00	2,262,625.00	2,325,250.00
06/01/2024	-	-	29,625.00	29,625.00	-
12/01/2024	1,975,000.00	3.000%	29,625.00	2,004,625.00	2,034,250.00
Total	\$16,370,000.00	-	\$2,500,208.47	\$18,870,208.47	-

Yield Statistics

Bond Year Dollars	\$101,324.53
Average Life	6.190 Years
Average Coupon	2.4675254%

Net Interest Cost (NIC)	2.1444052%
True Interest Cost (TIC)	2.1058977%
Bond Yield for Arbitrage Purposes	1.8885535%
All Inclusive Cost (AIC)	2.1058977%

IRS Form 8038

Net Interest Cost	1.9308977%
Weighted Average Maturity	6.216 Years

2014 G.O. NOTES - Sale | SINGLE PURPOSE | 11/18/2014 | 11:30 AM

CITY OF WAUWATOSA

\$5,390,000.00 G.O. NOTES, SERIES 2014A

GENERAL FUND

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2015	Serial Coupon	1.000%	0.300%	815,000.00	100.696%	-	-	-	820,672.40
12/01/2016	Serial Coupon	1.000%	0.450%	175,000.00	101.092%	-	-	-	176,911.00
12/01/2017	Serial Coupon	2.000%	0.700%	275,000.00	103.849%	-	-	-	285,584.75
12/01/2018	Serial Coupon	2.000%	1.020%	275,000.00	103.828%	-	-	-	285,527.00
12/01/2019	Serial Coupon	2.000%	1.300%	425,000.00	103.376%	-	-	-	439,348.00
12/01/2020	Serial Coupon	2.000%	1.600%	175,000.00	102.278%	-	-	-	178,986.50
12/01/2021	Serial Coupon	2.000%	1.900%	875,000.00	100.652%	-	-	-	880,705.00
12/01/2022	Serial Coupon	2.500%	2.150%	825,000.00	102.558%	-	-	-	846,103.50
12/01/2023	Serial Coupon	3.000%	2.250%	925,000.00	105.461%	c 2.324%	12/01/2022	100.000%	975,514.25
12/01/2024	Serial Coupon	3.000%	2.350%	625,000.00	104.713%	c 2.465%	12/01/2022	100.000%	654,456.25
Total	-	-	-	\$5,390,000.00	-	-	-	-	\$5,543,808.65

Bid Information

Par Amount of Bonds	\$5,390,000.00
Reoffering Premium or (Discount)	153,808.65
Gross Production	\$5,543,808.65
Total Underwriter's Discount (0.952%)	\$(51,318.80)
Bid (101.901%)	5,492,489.85
Total Purchase Price	\$5,492,489.85
Bond Year Dollars	\$33,550.03
Average Life	6.224 Years
Average Coupon	2.4979817%
Net Interest Cost (NIC)	2.1924980%
True Interest Cost (TIC)	2.1543385%

2014 GEN. FUND- 10-22 | SINGLE PURPOSE | 11/18/2014 | 1:02 PM

CITY OF WAUWATOSA

\$5,390,000.00 G.O. NOTES, SERIES 2014A

GENERAL FUND

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	58,436.04	58,436.04	-
12/01/2015	815,000.00	1.000%	58,762.50	873,762.50	932,198.54
06/01/2016	-	-	54,687.50	54,687.50	-
12/01/2016	175,000.00	1.000%	54,687.50	229,687.50	284,375.00
06/01/2017	-	-	53,812.50	53,812.50	-
12/01/2017	275,000.00	2.000%	53,812.50	328,812.50	382,625.00
06/01/2018	-	-	51,062.50	51,062.50	-
12/01/2018	275,000.00	2.000%	51,062.50	326,062.50	377,125.00
06/01/2019	-	-	48,312.50	48,312.50	-
12/01/2019	425,000.00	2.000%	48,312.50	473,312.50	521,625.00
06/01/2020	-	-	44,062.50	44,062.50	-
12/01/2020	175,000.00	2.000%	44,062.50	219,062.50	263,125.00
06/01/2021	-	-	42,312.50	42,312.50	-
12/01/2021	875,000.00	2.000%	42,312.50	917,312.50	959,625.00
06/01/2022	-	-	33,562.50	33,562.50	-
12/01/2022	825,000.00	2.500%	33,562.50	858,562.50	892,125.00
06/01/2023	-	-	23,250.00	23,250.00	-
12/01/2023	925,000.00	3.000%	23,250.00	948,250.00	971,500.00
06/01/2024	-	-	9,375.00	9,375.00	-
12/01/2024	625,000.00	3.000%	9,375.00	634,375.00	643,750.00
Total	\$5,390,000.00	-	\$838,073.54	\$6,228,073.54	-

Yield Statistics

Bond Year Dollars	\$33,550.03
Average Life	6.224 Years
Average Coupon	2.4979817%
Net Interest Cost (NIC)	2.1924980%
True Interest Cost (TIC)	2.1543385%
Bond Yield for Arbitrage Purposes	1.9300332%
All Inclusive Cost (AIC)	2.1543385%
IRS Form 8038	
Net Interest Cost	1.9727084%
Weighted Average Maturity	6.257 Years

2014 GEN. FUND- 10-22 | SINGLE PURPOSE | 11/18/2014 | 1:02 PM

CITY OF WAUWATOSA

\$6,190,000.00 G.O. NOTES, SERIES 2014A
STORM SEWER

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2015	Serial Coupon	1.000%	0.300%	480,000.00	100.696%	-	-	-	483,340.80
12/01/2016	Serial Coupon	1.000%	0.450%	550,000.00	101.092%	-	-	-	556,006.00
12/01/2017	Serial Coupon	2.000%	0.700%	550,000.00	103.849%	-	-	-	571,169.50
12/01/2018	Serial Coupon	2.000%	1.020%	550,000.00	103.828%	-	-	-	571,054.00
12/01/2019	Serial Coupon	2.000%	1.300%	600,000.00	103.376%	-	-	-	620,256.00
12/01/2020	Serial Coupon	2.000%	1.600%	625,000.00	102.278%	-	-	-	639,237.50
12/01/2021	Serial Coupon	2.000%	1.900%	600,000.00	100.652%	-	-	-	603,912.00
12/01/2022	Serial Coupon	2.500%	2.150%	900,000.00	102.558%	-	-	-	923,022.00
12/01/2023	Serial Coupon	3.000%	2.250%	725,000.00	105.461%	c 2.324%	12/01/2022	100.000%	764,592.25
12/01/2024	Serial Coupon	3.000%	2.350%	610,000.00	104.713%	c 2.465%	12/01/2022	100.000%	638,749.30
Total	-	-	-	\$6,190,000.00	-	-	-	-	\$6,371,339.35

Bid Information

Par Amount of Bonds	\$6,190,000.00
Reoffering Premium or (Discount)	181,339.35
Gross Production	\$6,371,339.35
Total Underwriter's Discount (0.952%)	\$(58,935.69)
Bid (101.977%)	6,312,403.66
Total Purchase Price	\$6,312,403.66
Bond Year Dollars	\$36,187.81
Average Life	5.846 Years
Average Coupon	2.4046364%
Net Interest Cost (NIC)	2.0663908%
True Interest Cost (TIC)	2.0284373%

2014 STORM SEWER 10-22 | SINGLE PURPOSE | 11/18/2014 | 1:01 PM

CITY OF WAUWATOSA

\$6,190,000.00 G.O. NOTES, SERIES 2014A
STORM SEWER

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	65,310.14	65,310.14	-
12/01/2015	480,000.00	1.000%	65,675.00	545,675.00	610,985.14
06/01/2016	-	-	63,275.00	63,275.00	-
12/01/2016	550,000.00	1.000%	63,275.00	613,275.00	676,550.00
06/01/2017	-	-	60,525.00	60,525.00	-
12/01/2017	550,000.00	2.000%	60,525.00	610,525.00	671,050.00
06/01/2018	-	-	55,025.00	55,025.00	-
12/01/2018	550,000.00	2.000%	55,025.00	605,025.00	660,050.00
06/01/2019	-	-	49,525.00	49,525.00	-
12/01/2019	600,000.00	2.000%	49,525.00	649,525.00	699,050.00
06/01/2020	-	-	43,525.00	43,525.00	-
12/01/2020	625,000.00	2.000%	43,525.00	668,525.00	712,050.00
06/01/2021	-	-	37,275.00	37,275.00	-
12/01/2021	600,000.00	2.000%	37,275.00	637,275.00	674,550.00
06/01/2022	-	-	31,275.00	31,275.00	-
12/01/2022	900,000.00	2.500%	31,275.00	931,275.00	962,550.00
06/01/2023	-	-	20,025.00	20,025.00	-
12/01/2023	725,000.00	3.000%	20,025.00	745,025.00	765,050.00
06/01/2024	-	-	9,150.00	9,150.00	-
12/01/2024	610,000.00	3.000%	9,150.00	619,150.00	628,300.00
Total	\$6,190,000.00	-	\$870,185.14	\$7,060,185.14	-

Yield Statistics

Bond Year Dollars	\$36,187.81
Average Life	5.846 Years
Average Coupon	2.4046364%
Net Interest Cost (NIC)	2.0663908%
True Interest Cost (TIC)	2.0284373%
Bond Yield for Arbitrage Purposes	1.7997156%
All Inclusive Cost (AIC)	2.0284373%
IRS Form 8038	
Net Interest Cost	1.8422047%
Weighted Average Maturity	5.869 Years

2014 STORM SEWER 10-22 | SINGLE PURPOSE | 11/18/2014 | 1:01 PM

CITY OF WAUWATOSA

\$2,040,000.00 TAX EXEMPT G.O. NOTES

TID NO. 7

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2015	Serial Coupon	1.000%	0.300%	125,000.00	100.696%	125,870.00
12/01/2016	Serial Coupon	1.000%	0.450%	175,000.00	101.092%	176,911.00
12/01/2017	Serial Coupon	2.000%	0.700%	175,000.00	103.849%	181,735.75
12/01/2018	Serial Coupon	2.000%	1.020%	175,000.00	103.828%	181,699.00
12/01/2019	Serial Coupon	2.000%	1.300%	200,000.00	103.376%	206,752.00
12/01/2020	Serial Coupon	2.000%	1.600%	200,000.00	102.278%	204,556.00
12/01/2021	Serial Coupon	2.000%	1.900%	200,000.00	100.652%	201,304.00
12/01/2022	Serial Coupon	2.500%	2.150%	200,000.00	102.558%	205,116.00
12/01/2023	Serial Coupon	3.000%	2.250%	200,000.00	106.077%	212,154.00
12/01/2024	Serial Coupon	3.000%	2.350%	390,000.00	105.761%	412,467.90
Total	-	-	-	\$2,040,000.00	-	\$2,108,565.65

Bid Information

Par Amount of Bonds	\$2,040,000.00
Reoffering Premium or (Discount)	68,565.65
Gross Production	\$2,108,565.65
Total Underwriter's Discount (0.952%)	\$(19,423.06)
Bid (102.409%)	2,089,142.59
Total Purchase Price	\$2,089,142.59
Bond Year Dollars	\$12,594.33
Average Life	6.174 Years
Average Coupon	2.4783037%
Net Interest Cost (NIC)	2.0881077%
True Interest Cost (TIC)	2.0432933%

2014 TID 7 TAX EXEMPT 10- | SINGLE PURPOSE | 11/18/2014 | 12:59 PM

CITY OF WAUWATOSA

\$2,040,000.00 TAX EXEMPT G.O. NOTES

TID NO. 7

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	22,225.83	22,225.83	-
12/01/2015	125,000.00	1.000%	22,350.00	147,350.00	169,575.83
06/01/2016	-	-	21,725.00	21,725.00	-
12/01/2016	175,000.00	1.000%	21,725.00	196,725.00	218,450.00
06/01/2017	-	-	20,850.00	20,850.00	-
12/01/2017	175,000.00	2.000%	20,850.00	195,850.00	216,700.00
06/01/2018	-	-	19,100.00	19,100.00	-
12/01/2018	175,000.00	2.000%	19,100.00	194,100.00	213,200.00
06/01/2019	-	-	17,350.00	17,350.00	-
12/01/2019	200,000.00	2.000%	17,350.00	217,350.00	234,700.00
06/01/2020	-	-	15,350.00	15,350.00	-
12/01/2020	200,000.00	2.000%	15,350.00	215,350.00	230,700.00
06/01/2021	-	-	13,350.00	13,350.00	-
12/01/2021	200,000.00	2.000%	13,350.00	213,350.00	226,700.00
06/01/2022	-	-	11,350.00	11,350.00	-
12/01/2022	200,000.00	2.500%	11,350.00	211,350.00	222,700.00
06/01/2023	-	-	8,850.00	8,850.00	-
12/01/2023	200,000.00	3.000%	8,850.00	208,850.00	217,700.00
06/01/2024	-	-	5,850.00	5,850.00	-
12/01/2024	390,000.00	3.000%	5,850.00	395,850.00	401,700.00
Total	\$2,040,000.00	-	\$312,125.83	\$2,352,125.83	-

Yield Statistics

Bond Year Dollars	\$12,594.33
Average Life	6.174 Years
Average Coupon	2.4783037%
Net Interest Cost (NIC)	2.0881077%
True Interest Cost (TIC)	2.0432933%
Bond Yield for Arbitrage Purposes	1.8807801%
All Inclusive Cost (AIC)	2.0432933%
IRS Form 8038	
Net Interest Cost	1.8605084%
Weighted Average Maturity	6.209 Years

2014 TID 7 TAX EXEMPT 10- | SINGLE PURPOSE | 11/18/2014 | 12:59 PM

CITY OF WAUWATOSA

\$2,750,000.00 G.O. NOTES, SERIES 2014A
 SANITARY SEWER

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2015	Serial Coupon	1.000%	0.300%	300,000.00	100.696%	-	-	-	302,088.00
12/01/2016	Serial Coupon	1.000%	0.450%	25,000.00	101.092%	-	-	-	25,273.00
12/01/2017	Serial Coupon	2.000%	0.700%	50,000.00	103.849%	-	-	-	51,924.50
12/01/2018	Serial Coupon	2.000%	1.020%	50,000.00	103.828%	-	-	-	51,914.00
12/01/2019	Serial Coupon	2.000%	1.300%	200,000.00	103.376%	-	-	-	206,752.00
12/01/2020	Serial Coupon	2.000%	1.600%	250,000.00	102.278%	-	-	-	255,695.00
12/01/2021	Serial Coupon	2.000%	1.900%	250,000.00	100.652%	-	-	-	251,630.00
12/01/2022	Serial Coupon	2.500%	2.150%	925,000.00	102.558%	-	-	-	948,661.50
12/01/2023	Serial Coupon	3.000%	2.250%	350,000.00	105.461%	c 2.324%	12/01/2022	100.000%	369,113.50
12/01/2024	Serial Coupon	3.000%	2.350%	350,000.00	104.713%	c 2.465%	12/01/2022	100.000%	366,495.50
Total	-	-	-	\$2,750,000.00	-	-	-	-	\$2,829,547.00

Bid Information

Par Amount of Bonds	\$2,750,000.00
Reoffering Premium or (Discount)	79,547.00
Gross Production	\$2,829,547.00
Total Underwriter's Discount (0.952%)	\$(26,183.10)
Bid (101.941%)	2,803,363.90
Total Purchase Price	\$2,803,363.90
Bond Year Dollars	\$18,992.36
Average Life	6.906 Years
Average Coupon	2.5264050%
Net Interest Cost (NIC)	2.2454294%
True Interest Cost (TIC)	2.2110355%

2014 SAN. SEWER 10-22 | SINGLE PURPOSE | 11/18/2014 | 1:13 PM

CITY OF WAUWATOSA

\$2,750,000.00 G.O. NOTES, SERIES 2014A

SANITARY SEWER

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	31,511.46	31,511.46	-
12/01/2015	300,000.00	1.000%	31,687.50	331,687.50	363,198.96
06/01/2016	-	-	30,187.50	30,187.50	-
12/01/2016	25,000.00	1.000%	30,187.50	55,187.50	85,375.00
06/01/2017	-	-	30,062.50	30,062.50	-
12/01/2017	50,000.00	2.000%	30,062.50	80,062.50	110,125.00
06/01/2018	-	-	29,562.50	29,562.50	-
12/01/2018	50,000.00	2.000%	29,562.50	79,562.50	109,125.00
06/01/2019	-	-	29,062.50	29,062.50	-
12/01/2019	200,000.00	2.000%	29,062.50	229,062.50	258,125.00
06/01/2020	-	-	27,062.50	27,062.50	-
12/01/2020	250,000.00	2.000%	27,062.50	277,062.50	304,125.00
06/01/2021	-	-	24,562.50	24,562.50	-
12/01/2021	250,000.00	2.000%	24,562.50	274,562.50	299,125.00
06/01/2022	-	-	22,062.50	22,062.50	-
12/01/2022	925,000.00	2.500%	22,062.50	947,062.50	969,125.00
06/01/2023	-	-	10,500.00	10,500.00	-
12/01/2023	350,000.00	3.000%	10,500.00	360,500.00	371,000.00
06/01/2024	-	-	5,250.00	5,250.00	-
12/01/2024	350,000.00	3.000%	5,250.00	355,250.00	360,500.00
Total	\$2,750,000.00	-	\$479,823.96	\$3,229,823.96	-

Yield Statistics

Bond Year Dollars	\$18,992.36
Average Life	6.906 Years
Average Coupon	2.5264050%
Net Interest Cost (NIC)	2.2454294%
True Interest Cost (TIC)	2.2110355%
Bond Yield for Arbitrage Purposes	2.0149827%
All Inclusive Cost (AIC)	2.2110355%

IRS Form 8038

Net Interest Cost	2.0407912%
Weighted Average Maturity	6.932 Years

2014 SAN. SEWER 10-22 | SINGLE PURPOSE | 11/18/2014 | 1:13 PM

CITY OF WAUWATOSA

\$5,240,000 TAXABLE G.O. NOTES

SERIES 2014B

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2015	Serial Coupon	2.000%	0.400%	215,000.00	101.590%	218,418.50
12/01/2016	Serial Coupon	2.000%	0.850%	450,000.00	102.272%	460,224.00
12/01/2017	Serial Coupon	2.000%	1.250%	450,000.00	102.199%	459,895.50
12/01/2018	Serial Coupon	2.000%	1.600%	450,000.00	101.542%	456,939.00
12/01/2019	Serial Coupon	2.000%	1.900%	475,000.00	100.474%	477,251.50
12/01/2020	Serial Coupon	2.100%	2.100%	475,000.00	100.000%	475,000.00
12/01/2021	Serial Coupon	2.350%	2.350%	475,000.00	100.000%	475,000.00
12/01/2022	Serial Coupon	2.600%	2.600%	525,000.00	100.000%	525,000.00
12/01/2023	Serial Coupon	2.800%	2.800%	525,000.00	100.000%	525,000.00
12/01/2024	Serial Coupon	3.000%	3.000%	1,200,000.00	100.000%	1,200,000.00
Total	-	-	-	\$5,240,000.00	-	\$5,272,728.50

Bid Information

Par Amount of Bonds	\$5,240,000.00
Reoffering Premium or (Discount)	32,728.50
Gross Production	\$5,272,728.50
Total Underwriter's Discount (0.600%)	\$(31,440.00)
Bid (100.025%)	5,241,288.50
Total Purchase Price	\$5,241,288.50
Bond Year Dollars	\$33,725.44
Average Life	6.436 Years
Average Coupon	2.5853972%
Net Interest Cost (NIC)	2.5815767%
True Interest Cost (TIC)	2.5697303%

2014 TAXABLE G.O. - Sale | SINGLE PURPOSE | 11/18/2014 | 1:18 PM

CITY OF WAUWATOSA**\$5,240,000 TAXABLE G.O. NOTES****SERIES 2014B****Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	62,792.95	62,792.95	-
12/01/2015	215,000.00	2.000%	63,143.75	278,143.75	340,936.70
06/01/2016	-	-	60,993.75	60,993.75	-
12/01/2016	450,000.00	2.000%	60,993.75	510,993.75	571,987.50
06/01/2017	-	-	56,493.75	56,493.75	-
12/01/2017	450,000.00	2.000%	56,493.75	506,493.75	562,987.50
06/01/2018	-	-	51,993.75	51,993.75	-
12/01/2018	450,000.00	2.000%	51,993.75	501,993.75	553,987.50
06/01/2019	-	-	47,493.75	47,493.75	-
12/01/2019	475,000.00	2.000%	47,493.75	522,493.75	569,987.50
06/01/2020	-	-	42,743.75	42,743.75	-
12/01/2020	475,000.00	2.100%	42,743.75	517,743.75	560,487.50
06/01/2021	-	-	37,756.25	37,756.25	-
12/01/2021	475,000.00	2.350%	37,756.25	512,756.25	550,512.50
06/01/2022	-	-	32,175.00	32,175.00	-
12/01/2022	525,000.00	2.600%	32,175.00	557,175.00	589,350.00
06/01/2023	-	-	25,350.00	25,350.00	-
12/01/2023	525,000.00	2.800%	25,350.00	550,350.00	575,700.00
06/01/2024	-	-	18,000.00	18,000.00	-
12/01/2024	1,200,000.00	3.000%	18,000.00	1,218,000.00	1,236,000.00
Total	\$5,240,000.00	-	\$871,936.70	\$6,111,936.70	-

Yield Statistics

Bond Year Dollars	\$33,725.44
Average Life	6.436 Years
Average Coupon	2.5853972%

Net Interest Cost (NIC)	2.5815767%
True Interest Cost (TIC)	2.5697303%
Bond Yield for Arbitrage Purposes	2.4672524%
All Inclusive Cost (AIC)	2.5697303%

IRS Form 8038

Net Interest Cost	2.4815488%
Weighted Average Maturity	6.414 Years

CITY OF WAUWATOSA**\$3,190,000.00 TAXABLE G.O. NOTES****TID NO. 7****Pricing Summary**

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2015	Serial Coupon	2.000%	0.400%	40,000.00	101.590%	40,636.00
12/01/2016	Serial Coupon	2.000%	0.850%	250,000.00	102.272%	255,680.00
12/01/2017	Serial Coupon	2.000%	1.250%	250,000.00	102.199%	255,497.50
12/01/2018	Serial Coupon	2.000%	1.600%	250,000.00	101.542%	253,855.00
12/01/2019	Serial Coupon	2.000%	1.900%	275,000.00	100.474%	276,303.50
12/01/2020	Serial Coupon	2.100%	2.100%	275,000.00	99.999%	274,997.25
12/01/2021	Serial Coupon	2.350%	2.350%	275,000.00	99.999%	274,997.25
12/01/2022	Serial Coupon	2.600%	2.600%	300,000.00	99.999%	299,997.00
12/01/2023	Serial Coupon	2.800%	2.800%	300,000.00	99.999%	299,997.00
12/01/2024	Serial Coupon	3.000%	3.000%	975,000.00	99.999%	974,990.25
Total	-	-	-	\$3,190,000.00	-	\$3,206,950.75

Bid Information

Par Amount of Bonds	\$3,190,000.00
Reoffering Premium or (Discount)	16,950.75
Gross Production	\$3,206,950.75
Total Underwriter's Discount (0.531%)	\$(16,950.75)
Bid (100.000%)	3,190,000.00
Total Purchase Price	\$3,190,000.00
Bond Year Dollars	\$22,081.14
Average Life	6.922 Years
Average Coupon	2.6423822%
Net Interest Cost (NIC)	2.6423822%
True Interest Cost (TIC)	2.6310899%

2014 TID 7 TAXABLE 10-22 | SINGLE PURPOSE | 11/18/2014 | 10:57 AM

CITY OF WAUWATOSA**\$3,190,000.00 TAXABLE G.O. NOTES**

TID NO. 7

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	39,274.34	39,274.34	-
12/01/2015	40,000.00	2.000%	39,493.75	79,493.75	118,768.09
06/01/2016	-	-	39,093.75	39,093.75	-
12/01/2016	250,000.00	2.000%	39,093.75	289,093.75	328,187.50
06/01/2017	-	-	36,593.75	36,593.75	-
12/01/2017	250,000.00	2.000%	36,593.75	286,593.75	323,187.50
06/01/2018	-	-	34,093.75	34,093.75	-
12/01/2018	250,000.00	2.000%	34,093.75	284,093.75	318,187.50
06/01/2019	-	-	31,593.75	31,593.75	-
12/01/2019	275,000.00	2.000%	31,593.75	306,593.75	338,187.50
06/01/2020	-	-	28,843.75	28,843.75	-
12/01/2020	275,000.00	2.100%	28,843.75	303,843.75	332,687.50
06/01/2021	-	-	25,956.25	25,956.25	-
12/01/2021	275,000.00	2.350%	25,956.25	300,956.25	326,912.50
06/01/2022	-	-	22,725.00	22,725.00	-
12/01/2022	300,000.00	2.600%	22,725.00	322,725.00	345,450.00
06/01/2023	-	-	18,825.00	18,825.00	-
12/01/2023	300,000.00	2.800%	18,825.00	318,825.00	337,650.00
06/01/2024	-	-	14,625.00	14,625.00	-
12/01/2024	975,000.00	3.000%	14,625.00	989,625.00	1,004,250.00
Total	\$3,190,000.00	-	\$583,468.09	\$3,773,468.09	-

Yield Statistics

Bond Year Dollars	\$22,081.14
Average Life	6.922 Years
Average Coupon	2.6423822%

Net Interest Cost (NIC)	2.6423822%
True Interest Cost (TIC)	2.6310899%
Bond Yield for Arbitrage Purposes	2.5460732%
All Inclusive Cost (AIC)	2.6310899%

IRS Form 8038

Net Interest Cost	2.5597976%
Weighted Average Maturity	6.901 Years

2014 TID 7 TAXABLE 10-22 | SINGLE PURPOSE | 11/18/2014 | 10:57 AM

CITY OF WAUWATOSA**TAXABLE G.O. NOTES**

ABB

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2015	Serial Coupon	2.000%	0.400%	175,000.00	101.590%	177,782.50
12/01/2016	Serial Coupon	2.000%	0.850%	200,000.00	102.272%	204,544.00
12/01/2017	Serial Coupon	2.000%	1.250%	200,000.00	102.199%	204,398.00
12/01/2018	Serial Coupon	2.000%	1.600%	200,000.00	101.542%	203,084.00
12/01/2019	Serial Coupon	2.000%	1.900%	200,000.00	100.474%	200,948.00
12/01/2020	Serial Coupon	2.100%	2.100%	200,000.00	99.999%	199,998.00
12/01/2021	Serial Coupon	2.350%	2.350%	200,000.00	99.999%	199,998.00
12/01/2022	Serial Coupon	2.600%	2.600%	225,000.00	99.999%	224,997.75
12/01/2023	Serial Coupon	2.800%	2.800%	225,000.00	99.999%	224,997.75
12/01/2024	Serial Coupon	3.000%	3.000%	225,000.00	99.999%	224,997.75
Total	-	-	-	\$2,050,000.00	-	\$2,065,745.75

Bid Information

Par Amount of Bonds	\$2,050,000.00
Reoffering Premium or (Discount)	15,745.75
Gross Production	\$2,065,745.75
Total Underwriter's Discount (0.768%)	\$(15,745.75)
Bid (100.000%)	2,050,000.00
Total Purchase Price	\$2,050,000.00
Bond Year Dollars	\$11,644.31
Average Life	5.680 Years
Average Coupon	2.4773363%
Net Interest Cost (NIC)	2.4773363%
True Interest Cost (TIC)	2.4668536%

2014 ABB TAXABLES | SINGLE PURPOSE | 11/18/2014 | 10:59 AM

CITY OF WAUWATOSA**TAXABLE G.O. NOTES**

ABB

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/02/2014	-	-	-	-	-
06/01/2015	-	-	23,518.61	23,518.61	-
12/01/2015	175,000.00	2.000%	23,650.00	198,650.00	222,168.61
06/01/2016	-	-	21,900.00	21,900.00	-
12/01/2016	200,000.00	2.000%	21,900.00	221,900.00	243,800.00
06/01/2017	-	-	19,900.00	19,900.00	-
12/01/2017	200,000.00	2.000%	19,900.00	219,900.00	239,800.00
06/01/2018	-	-	17,900.00	17,900.00	-
12/01/2018	200,000.00	2.000%	17,900.00	217,900.00	235,800.00
06/01/2019	-	-	15,900.00	15,900.00	-
12/01/2019	200,000.00	2.000%	15,900.00	215,900.00	231,800.00
06/01/2020	-	-	13,900.00	13,900.00	-
12/01/2020	200,000.00	2.100%	13,900.00	213,900.00	227,800.00
06/01/2021	-	-	11,800.00	11,800.00	-
12/01/2021	200,000.00	2.350%	11,800.00	211,800.00	223,600.00
06/01/2022	-	-	9,450.00	9,450.00	-
12/01/2022	225,000.00	2.600%	9,450.00	234,450.00	243,900.00
06/01/2023	-	-	6,525.00	6,525.00	-
12/01/2023	225,000.00	2.800%	6,525.00	231,525.00	238,050.00
06/01/2024	-	-	3,375.00	3,375.00	-
12/01/2024	225,000.00	3.000%	3,375.00	228,375.00	231,750.00
Total	\$2,050,000.00	-	\$288,468.61	\$2,338,468.61	-

Yield Statistics

Bond Year Dollars	\$11,644.31
Average Life	5.680 Years
Average Coupon	2.4773363%
Net Interest Cost (NIC)	2.4477446%
True Interest Cost (TIC)	2.4345905%
Bond Yield for Arbitrage Purposes	2.3200361%
All Inclusive Cost (AIC)	2.4345905%
IRS Form 8038	
Net Interest Cost	2.3336941%
Weighted Average Maturity	5.657 Years

2014 ABB TAXABLES | SINGLE PURPOSE | 11/18/2014 | 10:50 AM

NEW ISSUES (BOOK ENTRY ONLY)
NOT BANK QUALIFIED

INVESTMENT RATING REQUESTED
MOODY'S INVESTORS SERVICE, INC.

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

In the opinion of Quarles & Brady LLP, Bond Counsel, under existing law interest on the Taxable Notes is included in gross income for federal income tax purposes. See "LEGAL MATTERS - Tax Status - The Taxable Notes" herein. The interest on the Taxable Notes is not exempt from present Wisconsin income or franchise taxes.

**CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN**

\$16,370,000 General Obligation Promissory Notes, Series 2014A

Dated: Date of Delivery

Due: December 1, 2015-202

As Shown Herei

The General Obligation Promissory Notes, Series 2014A (the "Notes") are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of the City of Wauwatosa, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Notes will be issued for public purposes, including paying the cost of storm and sanitary sewer improvements, Tax Incremental District No. 7 ("TID No. 7") projects and other public improvements included in the City's Capital Project Plan (the "Note Projects").

Principal of the Notes, payable annually each December 1, commencing December 1, 2015 and interest, payable each June 1 and December 1, commencing June 1, 2015, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein.

At the option of the City, the Notes maturing on December 1, 2023 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2022 or on any date thereafter at par plus accrued interest to the date of redemption.

\$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B

Dated: Date of Delivery

Due: December 1, 2015-202

As Shown Herei

The Taxable General Obligation Promissory Notes, Series 2014B (the "Taxable Notes") are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Taxable Notes will be general obligations of the City for which its full faith, credit and resources are pledged. The Taxable Notes are being issued for public purposes, including paying project costs of Tax Incremental District No. 6 ("TID No. 6") and TID No. 7 (the "Taxable Note Projects").

Principal of the Taxable Notes, payable annually each December 1, commencing December 1, 2015 and interest, payable each June 1 and December 1, commencing June 1, 2015, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Taxable Notes as described herein.

At the option of the City, the Taxable Notes maturing on December 1, 2023 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2022 or on any date thereafter at par plus accrued interest to the date of redemption.

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

The rates shown herein are the interest rates payable by the City resulting from the bids for the Securities on November 18, 2014, by the successful bidder(s). All information concerning the terms of the reoffering of the Securities, including yields or prices, should be obtained from the successful bidder(s) and not from the City. See "MISCELLANEOUS - Underwriting" herein.

The Securities are offered when, as and if issued, subject to the receipt of the approving opinions of Quarles & Brady LLP, Milwaukee, Wisconsin Bond Counsel. The Securities will be available for delivery on or about December 2, 2014, through the facilities of DTC in New York, New York.

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

Hutchinson, Shockey, Erley & Co.

Financial Advisor to the Issuer

BID OPENING: TUESDAY, NOVEMBER 18, 2014 AT 10:00 A.M. (CST)
AWARD: TUESDAY, NOVEMBER 18, 2014 AT 7:30 P.M. (CST)

Packet Pg. 28

This Near Final Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Near Final Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Near Final Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN

\$16,370,000 General Obligation Promissory Notes, Series 2014A
Dated: Date of Delivery

The Notes will mature December 1, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹
2015	\$ 1,720,000				2020	\$ 1,250,000			
2016	925,000				2021	1,925,000			
2017	1,050,000				2022	2,850,000			
2018	1,050,000				2023	2,200,000			
2019	1,425,000				2024	1,975,000			

Principal of the Notes, payable annually each December 1, commencing December 1, 2015 and interest, payable each June 1 and December 1 commencing June 1, 2015, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein.

At the option of the City, the Notes maturing on December 1, 2023 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2022 or on any date thereafter at par plus accrued interest to the date of redemption.

\$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B
Dated: Date of Delivery

The Taxable Notes will mature December 1, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> ¹
2015	\$ 215,000				2020	\$ 475,000			
2016	450,000				2021	475,000			
2017	450,000				2022	525,000			
2018	450,000				2023	525,000			
2019	475,000				2024	1,200,000			

Principal of the Taxable Notes, payable annually each December 1, commencing December 1, 2015 and interest, payable each June 1 and December 1, commencing June 1, 2015, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Taxable Notes as described herein.

At the option of the City, the Taxable Notes maturing on December 1, 2023 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2022 or on any date thereafter at par plus accrued interest to the date of redemption.

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

¹ See "CUSIP INFORMATION" herein.

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

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

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

This Official Statement is in a form deemed final by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

TABLE OF CONTENTS

SUMMARY – THE NOTES.....	1	CITY DEBT STRUCTURE continued	
SUMMARY – THE TAXABLE NOTES	2	Legal Debt Limit.....	20
INTRODUCTION.....	3	No Default on City Indebtedness.....	20
THE NOTES		Future Financings.....	21
Purpose.....	3	FINANCIAL INFORMATION	
Authority for Issuance	3	Annual Financial Statements.....	21
Description	3	Annual Budgets	21
Sources and Applications of Funds	3	Summary of Operations.....	23
Sources of Payment for the Notes	4	Pension Plan	25
Security for the Notes.....	4	Other Post-Employment Benefits	25
Redemption Provisions	4	LEGAL MATTERS	
THE NOTE RESOLUTIONS	4	Pending Litigation.....	25
THE TAXABLE NOTES		Levy Limits.....	25
Purpose.....	4	Approval of Legal Proceedings.....	26
Authority for Issuance	4	Statement Regarding Bond Counsel Participation	26
Description	5	Tax Exemption – The Notes.....	26
Sources and Applications of Funds	5	Original Issue Discount – The Notes.....	27
Sources of Payment for the Taxable Notes	5	Bond Premium – The Notes	28
Security for the Taxable Notes.....	5	Not Designated as Qualified Tax-Exempt Obligations –	
Redemption Provisions	5	The Notes	28
THE TAXABLE NOTE RESOLUTIONS	5	Tax Status – The Taxable Notes.....	28
BOOK-ENTRY-ONLY SYSTEM.....	6	Original Issue Discount – The Taxable Notes	28
Registrar and Fiscal Agent.....	7	Bond Premium – The Taxable Notes	29
CUSIP INFORMATION	7	Exemption From Securities Registration	29
THE CITY		Other Covenants of the City – The Notes.....	29
Introduction	7	MISCELLANEOUS	
Common Council.....	7	Rating	29
Board of Public Debt Commissioners	8	Continuing Disclosure.....	29
Administrative Organization	8	Underwriting	30
Services	8	Financial Advisor	30
Employee Relations and Collective Bargaining	8	CERTIFICATES CONCERNING OFFICIAL STATEMENT	30
Demographic Information.....	9	APPENDIX A	Financial Statements of the City of Wauwatosa
Economic Information	10		for the Year Ended December 31, 2013
Tax Levies and Collections.....	11	APPENDIX B	Proposed Form of Legal Opinion for the Notes
Equalized Valuation	12	APPENDIX C	Proposed Form of Legal Opinion for the Taxable Notes
Largest Taxpayers for 2013	13	APPENDIX D	Continuing Disclosure Certificate for the Notes
CITY DEBT STRUCTURE		APPENDIX E	Continuing Disclosure Certificate for the Taxable Notes
Total Outstanding General Obligation Debt Summary.....	13	APPENDIX F	Official Notice of Sale for the Notes
Total Outstanding Revenue Debt Summary	16	APPENDIX G	Official Notice of Sale for the Taxable Notes
Lease Revenue Debt	18	APPENDIX H	Official Bid Form for the Notes
Debt Ratios	19	APPENDIX I	Official Bid Form for the Taxable Notes
Indirect Debt.....	20		
Short Term Debt.....	20		

CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN

Kathleen Ehley
Mayor
(Term Expires April 2016)

COMMON COUNCIL

<u>Name</u>	<u>Aldermanic District</u>	<u>Term Expiration</u>
James Moldenhauer	1	April, 2016
Matt Stippich	1	April, 2018
Kathleen Causier	2	April, 2018
John J. Dubinski	2	April, 2016
Tim J. Hanson	3	April, 2018
Gregory Walz-Chojnacki	3	April, 2016
Dennis R. McBride (President)	4	April, 2016
Michael G. Walsh	4	April, 2018
Bobby Pantuso	5	April, 2018
Joel Tilleson	5	April, 2016
Allison L. Bryne	6	April, 2018
Jeffrey J. Roznowski	6	April, 2016
Cheryl Berdan	7	April, 2016
Jason Kofroth	7	April, 2018
Jason G. Wilke	8	April, 2016
Craig Wilson	8	April, 2018

ADMINISTRATIVE STAFF

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

BOND COUNSEL

Quarles & Brady LLP
Milwaukee, Wisconsin

UNDERWRITER

To be determined

FINANCIAL ADVISOR

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

REGISTRAR AND FISCAL AGENT

Officers of the City
City of Wauwatosa, Wisconsin *

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

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

SUMMARY – THE NOTES

This is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Notes to potential investors is made only by means of the entire Official Statement and all such documents.

Issuer	City of Wauwatosa, Milwaukee County, Wisconsin
Issue	\$16,370,000 General Obligation Promissory Notes, Series 2014A
Dated Date	Date of delivery
Principal Due	December 1, 2015 through 2024
Interest Payment Date	Commencing June 1, 2015 and on each June and December 1 thereafter. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.
Redemption Provision	At the option of the City, the Notes maturing on December 1, 2023 and thereafter are subject to redemption prior to maturity in whole or in part on December 1, 2022 or on any date thereafter at par plus accrued interest to the date of redemption. (See "THE NOTES – Redemption Provisions" herein.)
Purpose	The Notes will be issued for the public purpose of paying the cost of the Note Projects.
Security	The City pledges its full faith, credit and resources and there will be levied on all the taxable property in the City a direct, annual, irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes.
Authority	The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes, an initial resolution to be adopted by the Common Council on November 4, 2014, and an award resolution to be adopted by the Common Council on November 18, 2014.
Tax Exemption	Interest on the Notes is excludable from gross income for federal income tax purposes. (See "LEGAL MATTERS - Tax Exemption – The Notes" herein.)
Bank Qualification	The Notes have <u>not</u> been designated as "qualified tax-exempt obligations".
Credit Rating	A rating on the Notes has been requested from Moody's Investors Service, Inc.
Note Underwriter	To be determined by competitive sale to be conducted on November 18, 2014.
Registrar and Fiscal Agent	Officers of the City of Wauwatosa, Wisconsin
Record Date	The 15 th day of the month preceding an interest payment date.
Delivery Date and Place	On or about December 2, 2014 through the facilities of DTC in New York, New York.
Denominations	The Notes will be issued in denominations of \$5,000 each and integral multiples thereof.
Bond Years	101,324.53 Average Life 6.190 years
Continuing Disclosure	The City will covenant to provide annual reports, as required, and timely notice of certain events as set forth in the Continuing Disclosure Certificate for the Notes. (See Appendix D herein.)

OFFICIAL STATEMENT

CITY OF WAUWATOSA
MILWAUKEE COUNTY, WISCONSIN
\$16,370,000 General Obligation Promissory Notes, Series 2014A
\$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information in connection with the issuance of \$16,370,000 General Obligation Promissory Notes, Series 2014A and \$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B of the City of Wauwatosa, Wisconsin.

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

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

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

Information, including the City's prior years' financial statements, is available on the City's website at www.wauwatosa.net or upon request and upon payment to the City of a charge for any copying, mailing and handling if required, from Ms. Jean Plass, Office of the Finance Director, City of Wauwatosa, 7725 W. North Avenue, Wauwatosa, Wisconsin 53213-0068, telephone (414) 479-8922; jplass@wauwatosa.net, or from Hutchinson, Shockey, Erley & Co. at (414) 298-9898.

THE NOTES

Purpose

The Notes will be issued for the public purpose of paying the cost of the Note Projects.

Authority for Issuance

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, a Resolution Providing for the Sale of \$16,370,000 General Obligation Promissory Notes, Series 2014A (the "Initial Note Resolution") to be adopted by the Common Council on November 4, 2014, and a Resolution Authorizing the Issuance and Sale of \$16,370,000 General Obligation Promissory Notes, Series 2014A (the "Note Resolution") to be adopted by the Common Council on November 18, 2014.

Description

The Notes will be dated date of delivery and will bear interest from their dated date to their respective maturities. Principal of the Notes will be payable annually on each December 1, commencing December 1, 2015. Interest will be payable each June 1 and December 1, commencing June 1, 2015.

Sources and Applications of Funds

Sources of Funds

Par Amount of Notes	\$
Interest Income	_____
Total	\$ <u>_____</u>

Applications of Funds

Cost of the Note Projects	\$
Total	\$ <u>_____</u>

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

Sources of Payment for the Notes

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

Security for the Notes

As security for the Notes, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The tax will be levied under the Note Resolution for collection in each of the years 2015 through 2024 or monies to pay debt service will otherwise be appropriated.

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

Redemption Provisions

At the option of the City, the Notes maturing on December 1, 2023 and thereafter shall be subject to redemption prior to maturity on December 1, 2022 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Notes of a maturity are to be redeemed, selection of the Notes to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Notice of Redemption

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

THE NOTE RESOLUTIONS

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

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

THE TAXABLE NOTES

Purpose

The Taxable Notes will be issued for the public purpose of paying the cost of the Taxable Note Projects.

Authority for Issuance

The Taxable Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, a Resolution Providing for the Sale of \$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B (the "Initial Taxable Note Resolution") to be adopted by the Common Council on November 4, 2014, and a Resolution Authorizing the Issuance and Sale of \$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B (the "Taxable Note Resolution") to be adopted by the Common Council on November 18, 2014.

Description

The Taxable Notes will be dated date of delivery and will bear interest from their dated date to their respective maturities. Principal of the Taxable Notes will be payable annually on each December 1, commencing December 1, 2015. Interest will be payable each June 1 and December 1, commencing June 1, 2015.

Sources and Applications of Funds

Sources of Funds

Par Amount of Taxable Notes	\$
Interest Income	_____
Total	\$ _____

Applications of Funds

Cost of the Taxable Note Projects	\$ _____
Total	\$ _____

Sources of Payment for the Taxable Notes

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

Security for the Taxable Notes

As security for the Taxable Notes, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Taxable Notes. The tax will be levied under the Taxable Note Resolution for collection in each of the years 2015 through 2024 or monies to pay debt service will otherwise be appropriated.

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

Redemption Provisions

At the option of the City, the Taxable Notes maturing on December 1, 2023 and thereafter shall be subject to redemption prior to maturity on December 1, 2022 or on any date thereafter. Said Taxable Notes shall be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Taxable Notes of a maturity are to be redeemed, selection of the Taxable Notes to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Notice of Redemption

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

THE TAXABLE NOTE RESOLUTIONS

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

The Initial Taxable Note Resolution authorizes the issuance of the Taxable Notes. The Taxable Note Resolution awards the Taxable Notes to the Underwriter and establishes the form and terms of the Taxable Notes, including the dating, maturity schedule, interest payment dates and redemption provisions, as shown in this Official Statement, and approves the interest rates to be borne by the Taxable Notes. Pursuant to the Taxable Note Resolution, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Taxable Notes. The Taxable Note Resolution estab-

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

lishes, separate and distinct from all other funds of the City, a debt service fund with respect to payment of principal and interest on the Taxable Notes.

BOOK-ENTRY-ONLY SYSTEM

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

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.
2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.
6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Par-

participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

Registrar and Fiscal Agent

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

CUSIP INFORMATION

CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is provided for convenience of reference only. The City and Underwriter take no responsibility for the accuracy of such data.

THE CITY

Introduction

The City is adjacent to the City of Milwaukee in Milwaukee County. The City has been a municipal corporation since 1897. It encompasses 13.07 square miles and has a 2014 population estimate of 46,766.

The City has 433.76 full-time equivalent ("FTE") employees. City Aldermen are not included in this number.

Transportation

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

Common Council

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

Board of Public Debt Commissioners

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

The current Board members are:

John Ruggini, Finance Director
 Derik Summerfield, Assistant Finance Director
 Joel E. Simpson
 Marlyn Spear
 James P. Maloney

Administrative Organization

The policies of the City of Wauwatosa are set by a 16-member Council.

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

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

Services

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

Public Safety

The City has a police force of 119.5 FTE positions providing public safety and protection for the City's residents and a fire department of 105 FTEs providing fire protection and ambulance service.

Employee Relations and Collective Bargaining

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

<u>Union/Association</u>	<u>Contract Term</u>	<u>Number of Members</u>
Wauwatosa Professional Firefighter's Association	1/1/11 – 12/31/13 ¹	92
Wauwatosa Peace Officers Association	1/1/11 – 12/31/13 ¹	68

¹ New contracts are currently being negotiated.

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

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

Certain legal challenges have been brought with respect to the Act. On May 26, 2011, the Dane County Circuit Court (the "Circuit Court") issued a decision which voided the legislative action taken with respect to the Act due to violations of the State's Open Meetings Law. However, on June 14, 2011, the Supreme Court of Wisconsin overturned the Circuit Court's decision by vacating and declaring all orders and judgments of the Circuit Court with respect to the Act to be void. As a result, the Act took effect on June 29, 2011, the day after it was published in accordance with State statutes. On September 14, 2012, the Circuit Court issued a decision which declared that certain portions of the Act violated State Constitutional rights to freedom of speech and association and equal protection, including portions of the Act that prohibit collectively bargaining with municipal employees with respect to any factor or condition of employment except total base wages. On September 18, 2012, the State Attorney General filed an appeal to the Circuit Court's decision and requested a stay on the enforcement of the decision until such an appeal is decided. On October 22, 2012, the Circuit Court denied the motion for a stay until the appeal is decided.

On July 31, 2014, the Wisconsin Supreme Court in a 5-2 decision upheld the provisions of Act 10 as constitutional.

As a result of the amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety employees and transit employees, with respect to any factor or condition of employment except total base wages. The City or employee union has the option to pursue mediation and grievance arbitration. Voluntary impasse resolution procedures are prohibited for municipal employees, other than public safety employees and transit employees, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

Demographic Information

Population

The Wisconsin Department of Administration, Demographics Services Center has estimated the population trends to be as shown in the table below.

	Estimated <u>2014</u>	Estimated <u>2013</u>	Estimated <u>2012</u>	Estimated <u>2011</u>	Census <u>2010</u>
City of Wauwatosa	46,766	46,705	46,320	46,380	46,396
Milwaukee County	949,741	950,410	948,322	948,369	947,735
State of Wisconsin	5,732,981	5,717,110	5,703,525	5,694,236	5,686,986

Median Age

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

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

Source: U.S. Census Bureau

Income

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

<u>Year</u>	<u>City of Wauwatosa</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>
2012	\$ 68,860	\$ 44,460	\$ 49,900
2011	66,020	42,830	47,640
2010	64,160	41,932	46,958
2009	61,619	41,704	45,372
2008	63,718	43,557	47,046

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

Economic Information

Construction

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

<u>Year</u>	<u>Construction Value of Building Permits</u>
2014 ¹	\$ 160,223,959
2013	111,071,060
2012	41,927,585
2011	56,801,548
2010	28,066,090
2009	52,308,950

¹ 2014 as of October 2014.

Source: City of Wauwatosa

Employment

The Wisconsin Department of Workforce Development, Workforce Policy and Information Bureau has estimated the percentage of unemployment to be as follows:

	<u>Sept. 2014</u>	<u>2013 Average</u>	<u>2012 Average</u>	<u>2011 Average</u>	<u>2010 Average</u>	<u>2009 Average</u>
City of Wauwatosa	4.0%	5.5%	5.7%	5.9%	6.7%	6.7%
Milwaukee County	6.3	8.3	8.5	9.1	9.9	9.6
State of Wisconsin	4.7	6.7	6.9	7.5	8.5	8.7

Average Annual Employment

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
ALL INDUSTRIES	474,718	469,191	468,725	465,103	471,426
Construction	9,266	8,889	9,546	10,594	12,330
Education & Health Services	129,552	125,546	126,238	127,239	128,317
Financial Activities	32,056	32,855	33,812	34,686	36,117
Information	*	*	*	*	*
Leisure & Hospitality	47,093	46,040	44,420	43,556	43,760
Manufacturing	52,891	53,646	53,202	52,141	53,387
Natural Resources & Mining	73	96	90	85	87
Other Services	17,758	18,986	18,468	16,719	15,975
Professional & Business Services	77,626	74,539	73,065	69,880	69,036
Public Administration	21,009	21,446	21,457	21,965	22,037
Trade, Transportation, Utilities	78,095	77,634	78,597	78,609	79,690
Unclassified	*	*	*	*	*

* Data suppressed.

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information

Major Employers

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

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Milwaukee Regional Medical Center	Medical facilities	20,500
Bell Marquette I LLC, (formerly, GE Medical Systems, Inc.)	IT, ultrasound & e-commerce functions	1,400 ¹
Briggs & Stratton Corp.	Small engine manufacturer	1,100
Harley Davidson Inc.	Motorcycle manufacturer	850
Wauwatosa Unified School District	Education	811 FTE
St. Camillus Health System	Nursing homes, assisted living	540
J.C. Penney Company	Warehouse, catalog sales, store	530
Lutheran Home of the Aging, Inc.	Nursing home; assisted living	500
UnitedHealth Care	Insurance	465 ¹
City of Wauwatosa	Municipal government	434 FTE
ABB	Industrial drives and controls	300
Penzeys Spices	Corporate headquarters; store	235
	+ 32 contract employees	
Bostik Findley	Adhesives	233

¹ As of May 2013.

Source: Employer survey, October 2014.

Tax Levies and Collections

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

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

<u>Year of Collection</u>	<u>City Tax Levies</u>	<u>Levy Rate Per \$1000 of Assessed Valuation</u>
2014	\$37,949,568	\$ 7.69
2013	37,030,421	7.13
2012	36,555,123	7.00
2011	36,555,123	6.93
2010	35,827,935	6.79

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

Mill Rates

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
State	\$ 0.16	\$ 0.15	\$ 0.16	\$ 0.17	\$ 0.17
County	5.75	5.51	5.52	5.39	5.17
Sewer District	1.60	1.47	1.45	1.42	1.33
Technical College District	2.00	1.92	1.87	1.89	1.93
School District	8.81	8.72	8.18	8.31	7.99
City	7.69	7.13	7.00	6.92	6.79
School and County Tax Credits	<u>(2.26)</u>	<u>(2.20)</u>	<u>(2.27)</u>	<u>(2.26)</u>	<u>(2.23)</u>
Net Tax Rate	\$ 23.74	\$ 22.70	\$ 21.91	\$ 21.84	\$ 21.15
Ratio of Assessed to Equalized	106.4%	110.27%	104.23%	101.57%	99.02%

Equalized Valuations

The City has experienced (2.05)% change in equalized value (Tax Increment Value included) over the past five years. This trend is outlined in the table below.

	<u>Including</u> <u>Tax Increment Value</u>	<u>% Change</u>	<u>Excluding</u> <u>Tax Increment Value</u>	<u>% Change</u>
2014	\$5,350,627,100	8.47%	\$5,091,255,900	9.70%
2013	4,932,992,500	(0.62)	4,641,119,800	(1.46)
2012	4,963,918,700	(5.33)	4,709,725,000	(5.90)
2011	5,243,279,500	(4.01)	5,004,833,100	(3.87)
2010	5,462,436,300 ^{1,2}	(2.63)	5,206,269,800	(2.22)

¹ Assessed Valuation of GE Medical Systems Inc.

The GE Medical Systems building was reassessed as a manufacturing facility and the State of Wisconsin (which is responsible for assessing manufacturing facilities) lowered the assessment for 2010 to \$58.4 million from the 2009 assessment of \$78.0 million.

² Assessed Valuation of Covenant Healthcare

On July 19, 2011, the Wisconsin Supreme Court decided against the City of Wauwatosa in the matter of *Covenant Healthcare v. City of Wauwatosa*, 2011 WI 80.

The equalized value by class of property for 2014 is as follows:

Real Estate	
Residential	\$ 3,297,763,200
Commercial	1,700,938,800
Manufacturing	<u>133,992,300</u>
Total Real Estate	5,132,694,300
Total Personal Property	<u>217,932,800</u>
Total	<u>\$ 5,350,627,100</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Real Estate					
Residential	61.63%	63.92%	63.47%	63.98%	62.93%
Commercial	31.79	29.14	29.52	29.24	30.13
Manufacturing	2.50	2.73	2.75	2.62	2.66
Personal Property	<u>4.07</u>	<u>4.20</u>	<u>4.26</u>	<u>4.16</u>	<u>4.28</u>
	100.00%	100.00%	100.00%	100.00%	100.00%
Total Equalized Value (billions)	\$5.351	\$4.933	\$4.964	\$5.243	\$5.462

Largest Taxpayers for 2013

The table below shows the City's larger taxpayers for 2013.

<u>Name</u>	<u>Type of Business</u>	<u>2013 Assessed Valuation</u>	<u>Net Taxes Due in 2014</u>
Mayfair Property Inc. (Mayfair Mall)	Shopping center and office tower	\$ 400,728,500	\$ 9,511,627
Bell Marquette I LLC, (formerly, GE Medical Systems Inc.)	IT, ultrasound & e-commerce functions	61,620,900	1,462,573
H-D Capitol Drive LLC	Harley Davidson motorcycles	52,548,400	1,247,168
Covenant Healthcare System Inc	Healthcare provider	38,579,300	915,478
Briggs & Stratton Corp.	Small engine manufacturer	29,267,100	694,564
Bonstores Realty One LLC	Boston Store	28,179,500	668,808
J.C. Penney Properties Inc.	Warehouse; catalog sales; store	30,067,100	713,612
Innovation Partners LLC	Office building	26,238,800	622,744
North Mayfair 8	Office buildings	24,117,500	572,333
Mayfair Woods LLC	Office building	23,474,800	557,138
		<u>\$ 714,821,900</u>	<u>\$ 16,966,046</u>

CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of December 2, 2014)

General Obligation Debt by Issue

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Maturity Date</u>	<u>Current Amount Outstanding</u>
G.O. Prom. Notes, Series 2006	04/01/06	\$ 4,000,000	12/01/15	\$ 650,000
G.O. Prom. Notes, Series 2007	04/15/07	3,500,000	12/01/16	1,300,000
G.O. Prom. Notes, Series 2008	05/01/08	6,200,000	12/01/17	3,000,000
Taxable G.O. Refunding Bonds, Series 2010A	08/03/10	8,450,000	03/01/24	6,485,000
Taxable G.O. Ref & Street Imp. Bonds, Series 2010B (Build America Bonds – Direct Payment)	10/25/10	10,200,000	10/01/30	8,250,000
G.O. Prom. Notes, Series 2011	11/29/11	12,500,000	11/01/21	10,800,000
Taxable G.O. Prom. Notes, Series 2011	12/20/11	4,600,000	06/01/16	4,600,000
G.O. Prom. Notes, Series 2012	08/21/12	12,400,000	06/01/22	10,750,000
G.O. Prom. Notes, Series 2013	08/20/13	6,250,000	06/01/23	5,275,000
G.O. Refunding Bonds, Series 2013	08/20/13	3,315,000	12/01/18	2,640,000
G.O. Sewerage Bonds, Series 2013	11/19/13	9,475,000	11/01/33	9,325,000
G.O. Prom. Notes, Series 2014A	12/02/14	16,370,000	12/01/24	16,370,000 ¹
Taxable G.O. Prom. Notes, Series 2014B	12/02/14	5,240,000	12/01/24	5,240,000 ¹
		Total General Obligation Debt		84,685,000
		Less Remaining 2014 Principal Payments		(-)
		Net General Obligation Debt		<u>\$ 84,685,000</u>

¹ New issue.

General Obligation Debt Service Schedules

	<u>\$4,000,000 G O Notes</u> <u>Series 2006 - 4/01/06</u>		<u>\$3,500,000 G O Notes</u> <u>Series 2007 - 4/15/07</u>		<u>\$6,200,000 G O Notes</u> <u>Series 2008 - 5/01/08</u>		<u>\$8,450,000</u> <u>Taxable G O Ref Bonds,</u> <u>Ser 2010A - 8/03/10</u>	
	Principal		Principal		Principal		Principal	
	<u>12/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>	<u>03/01</u>	<u>Interest</u>
2014	\$ 625,000	\$ 51,000	\$ 500,000	\$ 72,000	\$ 900,000	\$ 132,875	\$ 515,000	\$ 285,932
2015	650,000	26,000	625,000	52,000	1,000,000	102,500	530,000	271,398
2016			675,000	27,000	1,000,000	68,750	550,000	253,847
2017					1,000,000	35,000	575,000	234,129
2018							600,000	211,348
2019							625,000	186,066
2020							650,000	158,160
2021							685,000	127,438
2022							720,000	94,420
2023							755,000	58,625
2024							795,000	19,875
	<u>1,275,000</u>	<u>77,000</u>	<u>1,800,000</u>	<u>151,000</u>	<u>3,900,000</u>	<u>339,125</u>	<u>7,000,000</u>	<u>1,901,238</u>
Less 2014 Payments	<u>625,000</u>	<u>51,000</u>	<u>500,000</u>	<u>72,000</u>	<u>900,000</u>	<u>132,875</u>	<u>515,000</u>	<u>285,932</u>
	\$ 650,000	\$ 26,000	\$ 1,300,000	\$ 79,000	\$ 3,000,000	\$ 206,250	\$ 6,485,000	\$ 1,615,306

	<u>\$10,200,000 Taxable</u> <u>G O Ref & St. Imp. Bonds,</u> <u>Ser 2010B (BABs) - 10/25/10 ¹</u>		<u>\$12,500,000 G O Notes,</u> <u>Ser 2011 - 11/29/11</u>		<u>\$4,600,000 Taxable G O</u> <u>Notes, Ser 2011 - 12/20/11</u>		<u>\$12,400,000 G O Notes,</u> <u>Ser 2012 - 8/21/12</u>	
	Principal		Principal		Principal		Principal	
	<u>10/01</u>	<u>Interest</u>	<u>11/01</u>	<u>Interest</u>	<u>6/01</u>	<u>Interest</u>	<u>6/01</u>	<u>Interest</u>
2014	\$ 425,000	\$ 315,638	\$ 500,000	\$ 256,500		\$ 92,000	\$ 775,000	\$ 226,437
2015	425,000	310,112	900,000	246,500		92,000	800,000	210,688
2016	425,000	303,313	1,100,000	228,500	\$ 4,600,000	46,000	900,000	193,687
2017	450,000	295,237	1,200,000	206,500			1,275,000	171,938
2018	450,000	284,663	1,500,000	182,500			1,550,000	143,687
2019	450,000	272,737	2,000,000	152,500			1,500,000	113,188
2020	475,000	259,013	2,000,000	102,500			1,575,000	82,437
2021	475,000	243,575	2,100,000	52,500			1,675,000	49,937
2022	500,000	226,950					1,475,000	16,594
2023	525,000	208,450						
2024	525,000	187,975						
2025	550,000	166,450						
2026	550,000	142,800						
2027	575,000	118,050						
2028	600,000	91,312						
2029	625,000	62,813						
2030	650,000	32,500						
	<u>8,675,000</u>	<u>3,521,588</u>	<u>11,300,000</u>	<u>1,428,000</u>	<u>4,600,000</u>	<u>230,000</u>	<u>11,525,000</u>	<u>1,208,593</u>
Less 2014 Payments	<u>425,000</u>	<u>315,638</u>	<u>500,000</u>	<u>256,500</u>	<u>-</u>	<u>92,000</u>	<u>775,000</u>	<u>226,437</u>
	\$ 8,250,000	\$ 3,205,950	\$ 10,800,000	\$ 1,171,500	\$ 4,600,000	\$ 138,000	\$ 10,750,000	\$ 982,156

¹ The Taxable G.O. Bonds, Series 2010B were issued as Build America Bonds-Direct Payment. The City received a reduced subsidy from the United States Treasury for the October 1, 2013 interest payment and a material event notice was published on October 18, 2013.

General Obligation Debt Service Schedules continued

	\$6,250,000 G O Notes Series 2013 – 8/20/13		\$3,315,000 G O Ref Bonds, Ser 2013 – 8/20/13		\$9,475,000 G O Sewerage Bonds, Ser 2013 – 11/19/13		\$16,370,000 G O Notes, Ser 2014A – 12/2/14 ¹	
	Principal		Principal		Principal		Principal	Estimated
	<u>6/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>	<u>11/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>
2014	\$ 975,000	\$ 176,891	\$ 675,000	\$ 99,450	\$ 150,000	\$ 327,216		
2015	575,000	120,500	675,000	79,200	150,000	340,687	\$ 1,720,000	\$ 299,148
2016	525,000	109,500	650,000	58,950	175,000	336,938	925,000	282,781
2017	625,000	98,000	650,000	39,450	200,000	332,562	1,050,000	273,531
2018	725,000	84,500	665,000	19,950	250,000	326,563	1,050,000	263,031
2019	750,000	69,750			250,000	319,062	1,425,000	249,906
2020	525,000	54,375			275,000	311,563	1,250,000	228,532
2021	500,000	39,000			325,000	303,312	1,925,000	206,656
2022	525,000	23,625			375,000	293,563	2,850,000	165,750
2023	525,000	7,875			350,000	282,312	2,200,000	101,625
2024					625,000	271,813	1,975,000	49,375
2025					625,000	253,062		
2026					675,000	232,750		
2027					675,000	205,750		
2028					700,000	178,750		
2029					725,000	150,750		
2030					725,000	121,750		
2031					725,000	92,750		
2032					750,000	63,750		
2033					750,000	31,875		
	<u>6,250,000</u>	<u>784,016</u>	<u>3,315,000</u>	<u>297,000</u>	<u>9,475,000</u>	<u>4,776,778</u>	<u>16,370,000</u>	<u>2,120,335</u>
Less 2014 Payments	<u>975,000</u>	<u>176,891</u>	<u>675,000</u>	<u>99,450</u>	<u>150,000</u>	<u>327,216</u>	-	-
	\$ 5,275,000	\$ 607,125	\$ 2,640,000	\$ 197,550	\$ 9,325,000	\$ 4,449,562	\$ 16,370,000	\$ 2,120,335

¹ New Issue.

	\$5,240,000 Taxable G O Notes, Ser 2014B – 12/2/14 ¹	
	Principal	Estimated
	<u>12/01</u>	<u>Interest</u>
2014		
2015	\$ 215,000	\$ 130,006
2016	450,000	128,219
2017	450,000	123,719
2018	450,000	116,969
2019	475,000	107,969
2020	475,000	96,094
2021	475,000	84,219
2022	525,000	71,156
2023	525,000	55,406
2033	<u>1,200,000</u>	<u>39,000</u>
	<u>5,240,000</u>	<u>952,757</u>
Less 2014 Payments	-	-
	\$ 5,240,000	\$ 952,757

¹ New Issue.

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

Total General Obligation Debt

	Total <u>Principal</u>	Total <u>Interest</u>	Total <u>Debt Service</u>	Less <u>Offsetting</u> <u>Revenues</u>	Net <u>Total</u> <u>Debt Service</u>
2014 ¹	\$ 6,040,000	\$ 2,035,939	\$ 8,075,939	\$ 4,116,650	\$ 3,959,289
2015	8,265,000	2,280,739	10,545,739	5,586,935	4,958,804
2016	11,975,000	2,037,485	14,012,485	5,455,684	8,556,801
2017	7,475,000	1,810,066	9,285,066	5,339,300	3,945,766
2018	7,240,000	1,633,211	8,873,211	5,095,551	3,777,660
2019	7,475,000	1,471,178	8,946,178	5,287,122	3,659,056
2020	7,225,000	1,292,674	8,517,674	5,362,668	3,155,006
2021	8,160,000	1,106,637	9,266,637	5,344,143	3,922,494
2022	6,970,000	892,058	7,862,058	4,698,824	3,163,234
2023	4,880,000	714,293	5,594,293	2,931,338	2,662,955
2024	5,120,000	568,038	5,688,038	3,569,351	2,118,687
2025	1,175,000	419,512	1,594,512	878,063	716,450
2026	1,225,000	375,550	1,600,550	907,750	692,800
2027	1,250,000	323,800	1,573,800	880,750	693,050
2028	1,300,000	270,062	1,570,062	878,750	691,312
2029	1,350,000	213,563	1,563,563	875,750	687,813
2030	1,375,000	154,250	1,529,250	846,750	682,500
2031	725,000	92,750	817,750	817,750	
2032	750,000	63,750	813,750	813,750	
2033	<u>750,000</u>	<u>31,875</u>	<u>781,875</u>	<u>781,875</u>	
	90,725,000	17,787,430	108,512,430	60,468,753	48,043,677
Less 2014 Payments	<u>6,040,000</u>	<u>2,035,939</u>	<u>8,075,939</u>	<u>4,116,650</u>	<u>3,959,289</u>
	\$ 84,685,000	\$ 15,751,491	\$ 100,436,491	\$ 56,352,103	\$ 44,084,388

¹ Total Debt Service for 2014 does not include the final payment of \$600,000 of principal and \$6,600 of interest on G.O. Notes, Series 2005 dated March 1, 2005 paid on the early redemption date of March 10, 2014.

Total Outstanding Revenue Debt Summary (As of December 2, 2014)

Waterworks System

Type of <u>Obligation</u>	Date <u>of Issue</u>	Original <u>Amount</u>	Maturity <u>Dates</u>	Current <u>Amount Outstanding</u>
Revenue Bonds, Series 2010	10/25/10	\$ 7,750,000	01/01/29	\$ 6,875,000
Revenue Bonds, Series 2011	11/29/11	2,400,000	01/01/22	2,000,000
Revenue Bonds, Series 2013	11/19/13	4,575,000	01/01/34	<u>4,575,000</u>
		Total Waterworks System Revenue Debt		13,450,000
		Less Remaining 2014 Principal Payments		(-)
		Net Waterworks System Revenue Debt		<u>\$ 13,450,000</u>

Revenue Debt Service Schedules (For Fiscal Year Ending January 1)

	\$7,750,000 Waterworks System Rev Bonds, Series 2010 - 10/25/10		\$2,400,000 Waterworks System Rev Ref Bonds, Series 2011 - 11/29/11		\$4,575,000 Waterworks System Rev Bonds, Series 2013 - 11/19/13	
	Principal 01/01	Interest	Principal 01/01	Interest	Principal 01/01	Interest
2014	\$ 225,000	\$ 255,687	\$ 200,000	\$ 52,875	\$ 175,000	\$ 177,536 ¹
2015	225,000	248,938	225,000	48,875	200,000	153,738
2016	225,000	242,187	225,000	44,375	200,000	147,737
2017	250,000	235,438	225,000	39,875	200,000	147,737
2018	250,000	227,937	250,000	35,375	175,000	141,738
2019	275,000	217,938	250,000	29,750	175,000	136,487
2020	275,000	206,937	250,000	23,500	200,000	131,238
2021	275,000	195,938	275,000	17,250	200,000	125,237
2022	275,000	187,687	300,000	9,000	200,000	119,238
2023	600,000	176,688			200,000	113,237
2024	625,000	157,188			200,000	107,238
2025	650,000	136,875			200,000	101,237
2026	700,000	110,875			175,000	95,238
2027	725,000	86,375			175,000	89,550
2028	750,000	61,000			200,000	83,644
2029	775,000	31,000			200,000	76,644
2030					300,000	68,644
2031					325,000	56,644
2032					350,000	43,643
2033					350,000	29,644
2034					375,000	15,468
	<u>7,100,000</u>	<u>2,778,688</u>	<u>2,200,000</u>	<u>300,875</u>	<u>4,575,000</u>	<u>2,013,780</u>
Less 2014 Payments	<u>225,000</u>	<u>255,687</u>	<u>200,000</u>	<u>52,875</u>	-	-
	\$ 6,875,000	\$ 2,523,001	\$ 2,000,000	\$ 248,000	\$ 4,575,000	\$ 2,013,780

¹ Includes \$98,042 paid July 1, 2014.

Total Waterworks System Revenue Debt and Coverage Ratio

	Total <u>Principal</u>	Total <u>Interest</u>	Total <u>Debt Service</u>	Coverage <u>Ratio</u> ¹
2014	\$ 425,000	\$ 308,562	\$ 733,562	2.85
2015	625,000	475,349	1,100,349	1.90
2016	650,000	440,300	1,090,300	1.92
2017	675,000	423,050	1,098,050	1.91
2018	675,000	405,050	1,080,050	1.94
2019	700,000	384,175	1,084,175	1.93
2020	725,000	361,675	1,086,675	1.93
2021	750,000	338,425	1,088,425	1.92
2022	775,000	315,925	1,090,925	1.92
2023	800,000	289,925	1,089,925	1.92
2024	825,000	264,426	1,089,426	1.92
2025	850,000	238,112	1,088,112	1.92
2026	875,000	206,113	1,081,113	1.94
2027	900,000	175,925	1,075,925	1.95
2028	950,000	144,644	1,094,644	1.91
2029	975,000	107,644	1,082,644	1.93
2030	300,000	68,644	368,644	5.68
2031	325,000	56,644	381,644	5.48
2032	350,000	43,643	393,643	5.32
2033	350,000	29,644	379,644	5.51
2034	<u>375,000</u>	<u>15,468</u>	<u>390,468</u>	5.36
	13,875,000	5,093,343	18,968,343	
Less 2014 Payments	<u>425,000</u>	<u>308,562</u>	<u>733,562</u>	
	\$ 13,450,000	\$ 4,784,781	\$ 18,234,781	

¹ Coverage based on audited 2013 net revenues of \$2,093,220.

Lease Revenue Debt

The Wauwatosa Redevelopment Authority (the "Authority") has Taxable Redevelopment Lease Revenue Bonds, Series 2004 dated August 15, 2004 (the "Lease Revenue Bonds") outstanding. The Lease Revenue Bonds are not general obligations of the Authority or the City and do not constitute indebtedness of the City within any constitutional or statutory limitation or provision. The Lease Revenue Bonds are limited obligations of the Authority payable solely from the revenues and income derived by the Authority pursuant to the terms of the lease agreement of the Lease Revenue Bonds between the Authority and the City (the "Lease Agreement").

The Lease Agreement generally provides for payments by the City to the Authority in amounts sufficient to pay the principal and interest on the Lease Revenue Bonds as they come due. It is the City's intent to annually budget the rental payments under the Lease Agreement, 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 Lease Revenue Bonds.

Lease Revenue Bonds Debt Service Schedules are shown on the following page.

Lease Revenue Bonds Debt Service Schedules

Following are the principal and interest requirements payable on the Lease Revenue Bonds:

	\$24,500,000		
	Redevelopment Authority		
	<u>Taxable Lease Revenue Bonds – 08/15/04</u>		
	Principal		Total
	<u>12/01</u>	<u>Interest</u>	<u>Debt Service</u>
2014	\$ 2,500,000	\$ 679,125	\$ 3,179,125
2015	2,600,000	549,125	3,149,125
2016	3,600,000	399,625	3,999,625
2017	<u>3,350,000</u>	<u>192,625</u>	<u>3,542,625</u>
	12,050,000	1,820,000	13,870,500
Less 2014			
Payments	<u>2,500,000</u>	<u>679,125</u>	<u>3,179,125</u>
	\$ 9,550,000	\$ 1,141,375	\$ 10,691,375

Debt Ratios

Outstanding general obligation direct debt as a percentage of equalized value and on a per capita basis for the current year as of December 2, 2014 and for the past five years ended December 31 follows:

Ratios of General Obligation Debt to
Equalized Valuation and Population

<u>Year</u>	<u>Outstanding General Obligation Debt</u>	<u>Equalized Valuation</u>	<u>Percent of Equalized Value</u>	<u>Population</u> ¹	<u>Per Capita</u>
2014	\$ 84,685,000	\$ 5,350,627,100	1.58%	46,766	\$ 1,810.82
2013	69,115,000	4,932,992,500	1.40	46,705	1,479.82
2012	60,205,000	4,963,918,700	1.21	46,320	1,299.76
2011	52,957,932	5,243,279,500	1.01	46,380	1,141.83
2010	40,935,983	5,462,436,300	0.75	46,396	882.32
2009	34,985,756	5,610,122,800	0.62	45,800	763.88

¹ Estimated by the Wisconsin Department of Administration. 2010 is per the 2010 U.S. Census.

² Unaudited.

Indirect Debt

The indirect general obligation debt of the City as of November 1, 2014 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of November 1, 2014 (Less: 2014 Sinking Funds)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Wauwatosa School District	\$ - 0 -	100.00%	\$ - 0 -
Milwaukee County ¹	707,870,530	9.15	64,770,154
Milwaukee Metro Sewerage District ²	916,077,814	9.32	85,378,452
Milwaukee Area Technical College District ³	111,620,000	7.38	<u>8,237,556</u>
			\$ 158,386,162

¹ The County will be issuing \$39.24M in general obligation debt in November 2014.

² The Sewerage District expects to draw approximately \$7,651,000 in Clean Water Fund Loans ("CWF Loans") by 2014 year-end. The CWF Loans are supported by the full faith and credit of the Sewerage District.

³ Anticipated financings through November 2015 total approximately \$36.0 million.

Total Indirect Debt	\$ 158,386,162
Indirect Debt Per Capita	\$ 3,386.78
Indirect Debt as a % of Equalized Value	2.96%
Total Direct Debt	\$ 84,685,000
Direct Debt Per Capita	\$ 1,810.82
Direct Debt as a % of Equalized Value	1.58%
Total Direct and Indirect Debt	\$ 243,071,162
Total Direct and Indirect Debt Per Capita	\$ 5,197.60
Total Direct and Indirect Debt as a % of Equalized Value	4.54%

Short Term Debt

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

Legal Debt Limit

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

The City's unused borrowing capacity is as follows:

Equalized Value of Taxable Property in the City for 2014		\$ 5,350,627,100
Total General Obligation Debt Outstanding as of December 2, 2014, Including New Issues	\$ 84,685,000	
Less: Remaining 2014 Principal Payments	(-)	
Net General Obligation Debt Outstanding		\$ 84,685,000
Legal Debt Capacity (5% of Equalized Value)		\$ 267,531,355
Unused Margin of Indebtedness		\$ 182,846,355
Unused Legal Debt Capacity		68.35%

No Default on City Indebtedness

The City has never defaulted on any of its prior or outstanding indebtedness.

Future Financings

The City does not anticipate issuing additional general debt in 2014.

FINANCIAL INFORMATION

Annual Financial Statements

The City is audited annually by an independent public accounting firm. Copies of the City's audited Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2013 are available from the Office of the Finance Director or on the City's website at www.wauwatosa.net.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This is the second consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

Annual Budgets

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

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

Summaries of the 2014 Adopted Budget and 2015 *Proposed Budget* are shown on following page. A more detailed budget can be found on the City's website at www.wauwatosa.net.

City of Wauwatosa General Fund Budgets

	2014 Adopted Budget	2015 Proposed Budget	Percent of Total
REVENUES			
General Property Tax Levy	\$ 35,574,842	\$ 36,679,025	70.03%
Other Taxes	1,450,561	1,451,403	2.77
Special Charges	20,900	19,100	0.04
State Shared Revenues	2,296,100	2,458,346	4.69
State Grants and Aids	2,074,006	2,262,031	4.32
Federal Shared Revenues/Grants	348,019	252,154	0.48
Licenses & Permits	1,340,100	1,341,070	2.56
Fines, Forfeits & Penalties	1,269,000	1,269,000	2.42
Public Charges for Services	3,179,038	3,122,846	5.96
Intergovernmental Charges	1,634,181	1,575,462	3.01
Miscellaneous Revenue	557,500	481,000	0.92
Transfers from Other Funds & Use of Equity			
Transfer from Amortization Fund	500,000	500,000	0.95
Transfer from Water Utility	848,000	936,447	1.79
Transfer from T.I.F.	25,000	25,000	0.05
Appropriated Surplus Applied	<u>242,849</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 51,360,096</u>	<u>\$ 52,372,884</u>	<u>100.00%</u>
EXPENDITURES			
General Government	\$ 5,261,751	\$ 5,186,503	9.90%
Public Safety	29,028,358	29,235,558	55.82
Transportation – General	4,941,595	4,891,541	9.34
Sanitation	2,118,749	2,142,295	4.09
Health	1,432,522	1,485,071	2.84
Leisure Activities	1,675,638	1,691,846	3.23
Non-Departmental & General	972,544	951,500	1.82
Transfers to Other Funds & Equity Use:			
Amortization Fund	620,000	532,000	1.02
Debt Service Fund	3,493,931	3,968,080	7.58
Parks Reserve	932,008	1,047,544	2.00
Other Funds	950,000	1,090,946	2.08
Insurance Reserve Funds	<u>(67,000)</u>	<u>150,000</u>	<u>0.29</u>
TOTAL	<u>\$ 51,360,096</u>	<u>\$ 52,372,884</u>	<u>100.00%</u>

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

Summary of Operations

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES:			
Taxes	\$ 33,466,592	\$ 33,663,169	\$ 37,707,053
Intergovernmental revenues	4,609,449	4,662,550	5,752,331
Licenses and permits	1,719,500	1,371,438	1,482,632
Penalties and forfeitures	1,080,323	1,024,231	1,015,512
Public improvement revenues	35,045	9,929	35,184
Public charges for services	3,039,890	2,696,966	2,908,432
Intergovernmental charges for services	1,568,660	1,475,747	1,610,098
Commercial revenues	<u>251,134</u>	<u>1,098,060</u>	<u>1,425,318</u>
Total Revenues	45,770,593	46,002,090	51,936,560
EXPENDITURES:			
Current			
General government	4,785,158	4,607,161	13,103,386
Protection of persons and property	29,143,209	29,282,911	30,104,871
Health and sanitation	3,741,837	3,950,891	4,103,163
Highway and transportation	5,383,042	4,809,421	5,449,165
Education and recreation	49,736	52,006	51,955
Conservation and development	1,406,508	1,307,821	1,330,195
Unclassified	392,257	390,931	360,293
Debt service			
Interest and other fiscal charges	-	-	32,685
Capital outlay	<u>156,122</u>	<u>-</u>	<u>-</u>
Total Expenditures	45,057,869	44,401,142	54,535,713
Excess of Revenues Over (Under) Expenditures	712,724	1,600,948	(2,599,153)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	4,339,758
Proceeds from sale of capital assets	-	74,449	-
Operating transfers in	902,692	792,975	1,716,426
Operating transfers out	<u>(1,574,650)</u>	<u>(3,103,336)</u>	<u>(2,235,436)</u>
Net change in fund balances	40,766	(634,964)	1,221,595
FUND BALANCES – BEGINNING OF YEAR	<u>19,025,467</u>	<u>19,660,431</u>	<u>18,438,836</u>
FUND BALANCES - END OF YEAR	<u>\$ 19,066,233</u>	<u>\$ 19,025,467</u>	<u>\$ 19,660,431</u>
FUND BALANCES			
Nonspendable	\$ 5,621,848	\$ 334,387	\$ 348,886
Committed	\$ 242,849	\$ 500,000	\$ 982,506
Assigned	\$ 2,302,959	\$ 2,351,424	\$ 1,400,393
Unassigned	\$ 10,898,577	\$ 15,839,656	\$ 16,928,646

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES:			
Taxes	\$ 45,185,474	\$ 43,775,220	\$ 48,207,730
Intergovernmental revenues	9,137,594	6,764,477	8,382,093
Licenses and permits	1,719,500	1,371,438	1,482,632
Penalties and forfeitures	1,080,323	1,024,231	1,015,512
Public improvement revenues	405,240	466,471	526,828
Public charges for services	3,790,087	3,496,318	3,688,378
Intergovernmental charges for services	1,568,660	1,475,747	1,610,098
Commercial revenues	<u>527,909</u>	<u>1,474,619</u>	<u>1,680,596</u>
 Total Revenues	 63,414,787	 59,848,521	 66,593,867
EXPENDITURES:			
General government	4,785,158	4,607,161	13,103,386
Protection of persons and property	29,143,209	29,282,911	30,104,871
Health and sanitation	3,741,837	3,950,891	4,103,163
Highway and transportation	5,383,042	4,809,421	5,449,165
Education and recreation	4,166,067	3,689,289	3,629,583
Conservation and development	7,556,660	2,993,522	3,389,417
Unclassified	392,257	390,931	360,293
Debt service			
Principal	8,054,402	11,518,306	5,359,445
Interest	2,230,080	2,086,725	2,379,499
Capital outlay	<u>17,318,171</u>	<u>9,357,602</u>	<u>4,089,973</u>
 Total Expenditures	 82,770,883	 72,686,759	 71,968,795
Excess of Revenues Over (Under) Expenditures	(19,356,096)	(12,838,238)	(5,374,928)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	7,446,280	6,675,000	6,372,190
Premium on long term debt	308,530	248,000	234,038
Proceeds from sale of capital assets	-	74,449	-
Operating transfers in	20,182,405	15,023,200	12,483,444
Operating transfers out	<u>(18,302,131)</u>	<u>(13,071,513)</u>	<u>(7,887,807)</u>
 Net change in fund balances	 (9,721,012)	 (3,889,102)	 5,826,937
 FUND BALANCES - BEGINNING OF YEAR	 <u>47,441,531</u>	 <u>51,330,633</u>	 <u>45,503,696</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 37,720,519</u>	 <u>\$ 47,441,531</u>	 <u>\$ 51,330,633</u>
FUND BALANCES			
Nonspendable	\$ 5,681,477	\$ 2,394,016	\$ 362,025
Restricted	\$ 17,596,944	\$ 24,885,738	\$ 30,401,900
Committed	\$ 242,849	\$ 500,000	\$ 982,506
Assigned	\$ 3,300,672	\$ 3,822,121	\$ 2,655,556
Unassigned	\$ 10,898,577	\$ 15,839,656	\$ 16,928,646

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

Pension Plan

All eligible City employees participate in the Wisconsin Retirement System ("System"), a cost-sharing multiple-employer, defined benefit public employee retirement system (PERS). All permanent employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 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 employee's date of hire are eligible to participate in the System.

Covered employees are required to contribution 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 2013 are as follows:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	15.15%
Protective without Social Security	6.65%	17.75%

The payroll for City employees covered by the System for the year ended December 31, 2013 was \$28,400,771; the employer's total payroll was \$29,135,253. The total required contribution for the year ended December 31, 2013 was \$5,267,429. This amount consisted of \$3,378,386 or 11.6% of covered payroll from the employer and \$1,889,043 or 6.48% of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$4,747,322 and \$4,639,555, respectively, equal to the required contribution for each year.

See Note 5-A of the City's Financial Statements for the Year Ended December 31, 2013 attached as Appendix A for more detailed information on the City's retirement plan.

The City has no pension related debt as of December 31, 2013.

Other Post-Employment Benefits

The City provides other post-employment benefits ("OPEB") to its retirees for health insurance.

See Note 5-C of the City's Financial Statements for the Year Ended December 31, 2013 attached as Appendix A for more detailed information.

LEGAL MATTERS

Pending Litigation

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

The City is currently involved in property tax litigation with General Growth Properties, the owner of Mayfair Mall. The matter is titled as Mayfair Mall LLC v. City of Wauwatosa, Milwaukee County Circuit Court Case No. 14-CV-003776. The case involves a dispute in the taxable value of the City's largest taxpayer, Mayfair Mall, and involves a difference of opinion approximating \$100,000,000. The matter is in its early stages, so no decision is expected in the next twelve months. The City is comfortable that its position in this matter is well-supported and that the chances of losing the litigation are minimal, but the potential size of the litigation requires its disclosure.

Levy Limits

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

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

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

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

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

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

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

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

Approval of Legal Proceedings

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

Statement Regarding Bond Counsel Participation

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation, except with respect to the sections entitled "LEGAL MATTERS – Tax Exemption – The Notes", "LEGAL MATTERS - Tax Status – The Taxable Notes", Appendix B "Proposed Form of Legal Opinion for the Notes" and Appendix C "Proposed Form of Legal Opinion for the Taxable Notes" and has not performed any investigation as to its accuracy, completeness or sufficiency.

Tax Exemption – The Notes

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

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The

Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

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

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

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

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

Original Issue Discount – The Notes

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

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

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

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

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

Bond Premium – The Notes

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

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

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

Not Designated As Qualified Tax-Exempt Obligations – The Notes

The City will not designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Tax Status – The Taxable Notes

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion stating that under existing law, interest on the Taxable Notes is included in gross income for present Federal income tax purposes.

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

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

Original Issue Discount – The Taxable Notes

To the extent that the initial public offering price of certain of the Taxable Notes is less than the stated principal amount payable at maturity, such Taxable Notes will be considered to be issued with original issue discount unless the amount of original issue discount is "de minimis". The amount of original issue discount with respect to the Taxable Notes will be "de minimis" if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to the Taxable Notes is considered "de minimis", then the amount of original issue discount with respect to the Taxable Notes will be zero. In that case, owners of those Taxable Notes will not be required to include any amount of original issue discount in income until the principal amount is repaid, at which time the owner will recognize capital gain (assuming the Taxable Notes is held as a capital asset) equal to the excess of the amount received at maturity over the issue price.

If the amount of discount with respect to the Taxable Notes is more than "de minimis", then such Taxable Notes will contain original issue discount and owners of the Taxable Notes will be required to include original issue discount in income. The Internal Revenue Code of 1986, as amended (the "Code") contains a number of very complex provisions requiring owners of debt instruments with original issue discount to include such original issue discount in income as it accrues economically over the life of the debt instrument. In the case of the Taxable Notes, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner's regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to the Taxable Notes will increase the owner's tax basis in the Taxable Notes.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the Taxable Notes. Owners who do not purchase Taxable Notes in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of Taxable Notes.

Owners who purchase Taxable Notes in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Taxable Notes was sold to the public should consult their own tax advisors with respect to the tax consequences of the ac-

quisition and ownership of the Taxable Notes. Owners of the Taxable Notes should consult their own tax advisors with respect to the state and local consequences of owning the Taxable Notes.

Bond Premium – The Taxable Notes

To the extent that the initial offering price of certain of the Taxable Notes is more than the principal amount payable at maturity, the Taxable Notes (the "Taxable Premium Bonds") will be considered to have "bond premium" equal to the difference between the issue price and the stated redemption price at maturity.

Any Taxable Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. Owners of Taxable Premium Bonds, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner's adjusted tax basis in the Taxable Premium Bond by a corresponding amount. The adjusted tax basis in a Taxable Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Taxable Premium Bond. If the election is made, it is effective for all Taxable Premium Bonds acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Taxable Premium Bonds should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

Owners of the Taxable Premium Bonds who do not purchase such Taxable Premium Bonds in the initial offering at the issue price should consult with their tax advisors regarding the tax consequences of owning the Taxable Premium Bonds.

Owners of Taxable Premium Bonds should consult with their tax advisors regarding the state and local tax consequences of owning such Taxable Premium Bonds.

Exemption From Securities Registration

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

Other Covenants of the City – The Notes

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

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

MISCELLANEOUS

Rating

A rating on the Securities has been requested by Moody's Investors Service, Inc. ("Moody's"), New York, New York.

Currently, Moody's maintains the "Aaa" rating on the City's outstanding general obligation unlimited tax debt.

The rating when issued, reflects only the view of the rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either upward or downward, or withdrawn entirely, by the rating agency, if, in their judgment, circumstances so warrant.

Continuing Disclosure

Undertaking to Provide Continuing Disclosure. In order to assist an Underwriter which will reoffer the Securities in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Note Resolution and Taxable Note Resolution adopted by the Common Council to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Securities to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well

as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificates to be executed and delivered by the City at the time the Securities are delivered. Such Certificates will be in substantially the form attached hereto as Appendices D and E. A failure by the City to comply with the Undertaking will not constitute an event of default on the Securities (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Securities in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Securities and their market price.

In the previous five years, the City has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. However, in 2010, the City was required to file its annual report by Monday, September 27 but did not make the filing until Friday, October 1.

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

Underwriting

The Securities are to be purchased by competitive bidding to be conducted on November 18, 2014.

The award of the Notes was made to _____ (the "Note Underwriter"). The public reoffering price or yield of the Notes may be obtained from the successful Note Underwriter.

The award of the Taxable Notes was made to _____ (the "Taxable Note Underwriter"). The public reoffering price or yield of the Taxable Notes may be obtained from the successful Taxable Note Underwriter.

Financial Advisor

Hutchinson, Shockey, Erley & Co., Milwaukee, Wisconsin, is under contract with the City to provide financial advisory services to the City, as well as assistance with the competitive sale of the City's Securities on November 18, 2014.

CERTIFICATES CONCERNING OFFICIAL STATEMENT

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

APPENDIX A**Audited Financial Statements
of the
City of Wauwatosa
For the Year Ended December 31, 2013**

The Comprehensive Annual Financial Report for the City of Wauwatosa for the Year Ended December 31, 2013, including the Auditor's Opinion Letter is available upon request to the City's Finance Director.

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF WAUWATOSA, WISCONSIN
Milwaukee County, Wisconsin**

For the year ended December 31, 2013

Prepared by:

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

TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
Management's Discussion and Analysis	11
Basic Financial Statements	
Statement of Net Position.....	25
Statement of Activities	26
Balance Sheet - Governmental Funds.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund Tax Incremental District Fund	31
Statement of Net Position - Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	33
Statement of Cash Flows - Proprietary Funds	34
Statement of Fiduciary Net Position - Fiduciary Funds	36
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	37
Notes to Financial Statements	38
Required Supplementary Information	
Schedule of Funding Progress - Other Postemployment Benefits - Retiree Health and Life Insurance	85

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

FINANCIAL SECTION

This page intentionally left blank

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, 2013. 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 \$143,424,605 (net position) as of December 31, 2013.
- ◆ As of December 31, 2013, the City of Wauwatosa's governmental funds reported combined ending fund balances of \$37,720,519. Of this balance, \$10,898,577 is available for spending at the government's discretion (unassigned fund balance)
- ◆ At the end of the current fiscal year, \$10,898,577 of unassigned fund balance for the general fund is equal to 23.37% of general fund expenditures and transfers out.
- ◆ The City's net Other Post Employment Benefit (OPEB) obligation increased \$3,494,779 to \$20,688,683.
- ◆ Total primary government debt decreased \$371,746 to \$51,296,365 while business-type debt increased \$13,579,440 to \$48,247,598 largely 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 Sewer 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 38-83.

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.

The supplementary information can be found on pages 84-111.

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 \$143,424,605 at the close of 2013 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, 2013

	<u>2013</u>	<u>2012 (1)</u>	<u>Change</u>
Governmental activities:			
Net investment in capital assets	\$ 64,419,399	58,712,117	5,707,282
Restricted	17,395,491	24,825,826	(7,430,335)
Unrestricted	<u>(23,244,368)</u>	<u>(18,849,361)</u>	<u>(4,395,007)</u>
Total governmental activities net position	<u>58,570,522</u>	<u>64,688,582</u>	<u>(6,118,060)</u>
Business-type activities:			
Net investment in capital assets	\$ 71,559,243	72,641,361	(1,082,118)
Restricted	440,543	425,000	15,543
Unrestricted	<u>12,854,297</u>	<u>4,938,581</u>	<u>7,915,716</u>
Total business-type activities net position	<u>84,854,083</u>	<u>78,004,942</u>	<u>6,849,141</u>
Primary government:			
Net investment in capital assets	\$ 135,978,642	129,296,985	6,681,657
Restricted	17,836,034	25,250,826	(7,414,792)
Unrestricted	<u>(10,390,071)</u>	<u>(11,854,287)</u>	<u>1,464,216</u>
Total primary government net position	<u>143,424,605</u>	<u>142,693,524</u>	<u>731,081</u>

(1) 2012 Net Position restated due to implementation of GASB 65

Change in Net Position

Net position of the City of Wauwatosa increased by \$731,081 (0.5%) in 2013 as decreases in governmental net position were slightly offset by increases in business net position. See details below. Net position of the City's governmental activities totaled \$58,570,522 as of December 31, 2013, a decrease of \$6,118,060. 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 \$84,854,083, an increase of \$6,849,141. The following is a summary of the changes in net position for the City of Wauwatosa.

Governmental Activities

Governmental activities for 2013 decreased the City's net position by \$6,118,060 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 increased largely due to a \$415,929 increase in building permit revenue that was the result of a 157% increase in the value of permitted construction associated with a higher level of building activity and several large projects.
- ◆ Capital grants increased \$2,160,156 due entirely to the receipt of a Federal Economic Development Agency grant of \$2,269,282. This is a pass through grant associated with the construction of a business accelerator building at the newly developed Innovation Campus at the former County Grounds location.
- ◆ Property tax revenue increased \$1,430,558. This was the result of a 1.3% property tax levy increase which raised \$475,291 in revenues as well as a \$953,620 increase in tax increment revenue. The increase in tax increment revenue was largely generated by Tax Increment Districts 2 and 3 whose value increased and District 6 which collected \$320,974 in its initial year.
- ◆ Investment revenue declined \$969,476 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 most significantly impacted by a negative mark-to-market adjustment at year-end.

Expenses

- ◆ Health and sanitation charges decreased \$966,543 due to a one-time \$800,000 expenditure for residential refuse carts in 2012 and operating budget savings due to the in-sourcing of residential curb-side recycling and yard waste pick-up.
- ◆ Highway and transportation expenditures increased \$1,255,241 due largely to increased depreciation expense, reclassification of capital outlay as an expense and increased operating costs.
- ◆ Education and recreation spending increased \$609,760 due largely to a one-time transfer of \$500,000 to the Library Foundation
- ◆ Conservation and Development increased \$5,819,684 due to Tax Incremental District related expenditures. The \$2,269,282 in federal grants referenced above were disbursed to the University of Wisconsin – Milwaukee Real Estate Foundation to finance the construction of the business accelerator building. \$1,355,101 was spent to construct the ABB parking structure. As this asset will not be owned by the City of Wauwatosa but by the developer of the project, this expense was not capitalized. Finally, Tax Increment District 4 which facilitated the creation of the Arvada Place was closed and its fund balance disbursed which resulted in a \$435,295 expenditure.
- ◆ Interest and fiscal charges decreased 180,317 due largely to a decrease in interest expense of \$112,000 as well as a decrease in accrued interest.
- ◆ Transfers decreased \$3,608,472 largely due to nearly \$4.1 million in capital assets that that were transferred from the governmental to the proprietary funds. The majority of these capital assets were purchased by the Tax Incremental District special revenue fund.

Figure 2
CHANGE IN NET POSITION- GOVERNMENTAL ACTIVITIES
For The Years Ended December 31, 2013 and 2012

	Governmental		
	2013	2012	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 6,465,885	\$ 5,747,623	718,262
Operating grants	4,122,070	4,229,361	(107,291)
Capital grants/ contributions	4,552,526	2,392,370	2,160,156
General Revenues:			
Property taxes	43,710,965	42,280,407	1,430,558
Other taxes	1,474,509	1,494,813	(20,304)
Grants not restricted to specific programs	2,617,256	2,631,507	(14,251)
Investments	104,428	1,073,904	(969,476)
Gain -sales/disposal of capital assets	-	74,449	(74,449)
Total revenues	\$ 63,047,639	\$ 59,924,434	3,123,205
Expenses:			
General government	\$ 5,232,823	\$ 4,944,296	288,527
Protection of persons and property	32,035,870	31,971,250	64,620
Health and sanitation	3,919,856	4,894,825	(974,969)
Highway and transportation	8,679,402	7,436,831	1,242,571
Education and recreation	4,816,367	4,211,093	605,274
Conservation and development	8,915,617	3,100,189	5,815,428
Unclassified	392,257	390,931	1,326
Interest and fiscal charges	1,891,502	2,071,819	(180,317)
Total gov't activities expense	\$ 65,883,694	\$ 59,021,234	6,862,460
Increase (decrease) in net assets before transfers	\$ (2,836,055)	\$ 903,200	(3,739,255)
Net Transfers	(3,282,005)	326,467	(3,608,472)
Change in net position	\$ (6,118,060)	\$ 1,229,667	(7,347,727)
Net position- beginning	64,688,582	63,458,915	1,229,667
Net position- ending	\$ 58,570,522	\$ 64,688,582	(6,118,060)

* 2012 Net Position restated due to implementation of GASB 65

Business Activities

Business activities for 2013 increased the City's net assets by \$6,849,141 as detailed above. Some of the significant changes in revenues and expenses as shown in Figure 3 that contributed to that change were as follows:

Revenues

- ◆ Higher charges for service are due to water, storm and sanitary rate increases necessary to fund increasing capital improvement costs associated with aging infrastructure.
- ◆ The decrease in capital grants/contributions is due to one-time reimbursements to the Water Utility of nearly \$400,000 associated with two capital projects in 2012.

Expenses

- ◆ Water expenses increase 2.8% largely due to cost of living increases and other inflationary pressures.
- ◆ Sanitary expenses decreased 15.8% due to a \$112,084 reduction in wage and benefit expenses due to a decrease in time charged to the utility; a \$568,714 reduction in spending in the Lateral Pilot Program; and a \$517,657 reduction in spending on sewer analysis due to large carryovers in 2012. These expense increases were offset slightly by reductions in other line items.
- ◆ Storm water expenses increased 14.0% due largely to a \$85,276 increases in wage and benefit costs as more time was charged by public works staff to the fund; a \$61,507 increase in depreciation expense; a \$36,157 increase in sundry contractual as the yard waste composting costs were charged to the fund and a \$16,740 increase in interest costs.
- ◆ Transfers decreased \$3,608,472 largely due to nearly \$4.1 million in capital assets that that were transferred from the governmental to the proprietary funds. The majority of these capital assets were purchased by the Tax Incremental District special revenue fund.

Figure 3
CHANGE IN NET POSITION- BUSINESS ACTIVITIES
For The Years Ended December 31, 2013 and 2013

	<u>2013</u>	<u>Business Activities 2012</u>	<u>Variance</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 17,103,940	\$ 15,618,762	1,485,178
Capital grants/ contributions	225,813	581,927	(356,114)
General Revenues:			
Investments	25,137	41,857	(16,720)
Total revenues	<u>\$ 17,354,890</u>	<u>\$ 16,242,546</u>	<u>1,112,344</u>
Expenses:			
Water Utility	\$ 6,262,927	\$ 6,100,282	162,645
Sanitary sewer	5,412,934	6,431,091	(1,018,157)
Storm water management	2,111,893	1,856,232	255,661
Total business activities expense	<u>\$ 13,787,754</u>	<u>\$ 14,387,605</u>	<u>(599,851)</u>
Increase (decrease) in net assets before transfers	<u>\$ 3,567,136</u>	<u>\$ 1,854,941</u>	<u>1,712,195</u>
Net Transfers	3,282,005	(326,467)	3,608,472
Change in net position	<u>\$ 6,849,141</u>	<u>\$ 1,528,474</u>	<u>5,320,667</u>
Net position- beginning	<u>78,004,942</u>	<u>76,476,468</u>	<u>1,528,474</u>
Net position- ending	<u>\$ 84,854,083</u>	<u>\$ 78,004,942</u>	<u>6,849,141</u>

* 2012 Net Position restated due to the implementation of GASB 65

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, 2013, the City of Wauwatosa's governmental funds reported combined ending balances of \$37,720,519, a reduction of \$9,721,012 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 Tax Incremental District fund balance of \$10,208,202 due to \$14.8 million in capital project spending associated with

Innovation Campus. Of this total, \$2.3 million was associated with the construction of the Accelerator Building and paid for through a grant of \$2,269,282 from the Federal Economic Development Administration.

- The General Fund balance increased \$40,766 to \$19,066,233. The unassigned Fund Balance decreased to \$10,898,577 due to an internal advance from the General Fund to Tax Incremental District 6 in the amount of \$5,576,000. This advance is in substitution of a Note Anticipation Note and will be refinanced with General Obligation bonds and repaid in 2015 once final costs with the Discovery Parkway project are determined. Of the \$10,898,577 in the unassigned fund balance, \$7,099,059 is held in the Amortization Fund but considered unassigned.
- Debt Service fund balance decreased \$227,696 due to the utilization of bond premium and payment of capitalized interest as required. The \$2,316,145 in fund balance is made up of \$2,000,000 advanced to TIF 6 to be repaid in 2015 when General Obligations Bonds are issued as well as capitalized interest on that debt and bond premium.
- The Library fund balance decreased \$507,708 due to the transfer of \$500,000 to the Library Foundation which is an independent organization with its own separate financial statements.
- The Parks Fund increased by \$140,149 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 Information Systems Equipment fund decreased \$105,425 due to the replacement of information technology equipment.
- The Capital Projects and Fleet Equipment Fund balance grew by \$1,147,077 due largely to unspent bond proceeds.

Figure 4
CHANGE IN GOVERNMENTAL FUND BALANCES

	General Fund	TIF	Debt Service	Library	Parks	Redevelopment Lease	Information Systems Equipment	Capital Projects	Total
Beginning year balance	\$ 19,025,467	\$ 20,105,216	\$ 2,543,841	\$ 697,967	\$ 563,331	\$ -	\$ 209,399	\$ 4,296,310	\$ 47,441,531
Current Year Activity	\$ 40,766	\$ (10,208,202)	\$ (227,696)	\$ (507,708)	\$ 140,149	\$ 27	\$ (105,425)	\$ 1,147,077	\$ (9,721,012)
End of Year Balance	\$ 19,066,233	\$ 9,897,014	\$ 2,316,145	\$ 190,259	\$ 703,480	\$ 27	\$ 103,974	\$ 5,443,387	\$ 37,720,519
Non-spendable	\$ 5,621,848	\$ 59,629							\$ 5,681,477
Restricted		\$ 9,837,385	\$ 2,316,145			\$ 27		\$ 5,443,387	\$ 17,596,944
Committed	\$ 242,849								\$ 242,849
Assigned	\$ 2,302,959			\$ 190,259	\$ 703,480		\$ 103,974		\$ 3,300,672
Unassigned	\$ 10,898,577								\$ 10,898,577

Proprietary Funds

Revenue and Expenditure highlights related to Water, Sanitary Sewer and Storm Water funds are discussed above. Internal Service Funds showed a decrease in net position of \$2,921,551. This is due to an increase in the net Other Post Employment Benefit (OPEB) obligation by \$3,494,779 to a total of \$20,688,683 in the Health/Life Fund. The annual OPEB cost was \$5,461,251 representing 36.01% 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 \$429,485 (0.94% of total) and a positive expenditure variance of \$997,977 (2.21% of total). The following explains these variances:

Revenues

- ◆ Licenses and permits were \$274,795 over budget due to a very strong construction year in which multiple large projects and increased construction overall drove revenue higher than budget.
- ◆ Fines, penalties and forfeitures were \$153,677 under budget due largely to parking violation revenue and court penalties. A slow-down in parking violation revenue resulted in a loss of \$73,588 (13.65% of budget). Court penalties never recovered from a slow start resulting in a \$88,187 deficit or 14.11% . The parking violation deficit is attributed to vacancies in the police department which has resulted in less night-time parking enforcement. Temporary help in the Court Clerk's office has contributed to the improved results by eliminating the driver licenses suspension backlog and providing additional warrant processing; however, the impact of this strategy will take longer than anticipated; however, is showing positive signs in 2014.
- ◆ Commercial revenues were \$715,181 below budget due to a mark to market adjustment of a negative \$651,788 or nearly 75% of the budgeted amount. Without this adjustment, interest earnings would have been \$826,219 as compared to a budget of \$891,000. Instead, earnings were \$174,431. This loss occurred largely because of a spike in yields in the spring resulting in a decrease of bond prices. Due to uncertainty of where the market would end up on 12/31/13, the budget was not adjusted for the mark-to-market changes.

Expenditures

- ◆ General Government expenditures were \$121,149 less than budget due largely to wages and benefit savings as well as several uncompleted projects that were carried over.
- ◆ \$652,186 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 and fire department as well as decreased utilization of fleet services.

- ◆ Conservation and development had a positive \$99,523 variance to budget due largely to unspent economic development incentives and unspent funds set-aside in the event of an emerald ash borer infestation.

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, 2013 increased \$18,253,444 to \$202,053,334 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 8.0% for governmental and 11.4% for business-type functions. This significant increase reflects the continuation of the City's enhanced capital improvement plan to replace infrastructure (largely roads, bridges and sewer mains) that are past-their useful life or of insufficient capacity.

Major capital assets improvements during 2013 included the following:

- ◆ 19,610 linear feet of reconstructed and resurfaced streets.
- ◆ 25,705 linear feet of replaced or relined sanitary sewer mains
- ◆ 11,750 linear feet of replaced or relined storm sewer mains
- ◆ 13,351 linear feet of replaced water mains
- ◆ \$463,602 in public building upgrades including the remodeling of the health department to allow for more efficient use of space and energy and upgrades to the Public Works building internal lighting.
- ◆ \$129,200 in replacement of street light fixtures with LED upgrades

Additional information on the City of Wauwatosa's capital assets can be found on pages 60-61.

Debt Administration

At the end of the current fiscal year, the City of Wauwatosa had total bonded debt outstanding of \$95,639,979. Of this amount \$69,714,979 is backed by the full faith and credit of the City. The City of Wauwatosa issued \$15,725,000 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 \$246,649,625 of which the City has utilized 28.26% for its current outstanding general obligation debt.

The remainder of the City of Wauwatosa's debt represents bonds secured solely by specific revenue sources. The Wauwatosa Water Utility has outstanding revenue bond debt of \$13,875,000 and maintains a Aa2 rating from Moody's. The balance of \$12,050,000 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 \$6,550,816 were \$2,609,187 higher than the prior year due to the refinancing of 2009 Build America Bonds.

Additional information on the City of Wauwatosa's long-term debt can be found in note G on pages 64-70 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 \$4.51 billion in 2004 to \$4.93 billion in 2013.
- ◆ The unemployment rate for the City of Wauwatosa is currently 5.3% as of December 2013. This compares favorably to the state's average of 6.2% and Milwaukee County's average rate of 8.0%.
- ◆ 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 2014 fiscal year operating budget for the General Fund includes \$54,138,507 in projected revenues and expenditures. The budget includes \$242,849 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 2015. 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 and stormwater are planned for 2014 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, 2013**

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 47,575,819	\$ 12,322,873	\$ 59,898,692
Receivables (net of allowance for uncollectible accounts)	51,923,067	4,268,960	56,192,027
Note and loan receivable	121,911	-	121,911
Internal balances	1,195,028	(1,195,028)	-
Inventories	111,359	120,562	231,921
Prepaid items	59,879	7,011	66,890
Investment in Cities and Villages Mutual Insurance Company	1,329,152	-	1,329,152
Restricted assets - cash and investments	-	4,608,968	4,608,968
Non-utility property	-	2,684	2,684
Capital assets, not being depreciated	23,476,445	940,819	24,417,264
Capital assets, being depreciated, net of accumulated depreciation	63,626,620	114,009,450	177,636,070
Total assets	<u>189,419,280</u>	<u>135,086,299</u>	<u>324,505,579</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized maintenance costs	-	65,229	65,229
LIABILITIES			
Accounts payable and other current liabilities	10,561,302	1,406,822	11,968,124
Accrued interest payable	261,055	137,970	399,025
Deposits	-	6,507	6,507
Unearned revenue	118,408	-	118,408
Liabilities payable from restricted assets	-	923,548	923,548
Noncurrent liabilities:			
Due within one year	8,375,098	3,158,615	11,533,713
Due in more than one year	45,133,010	44,663,983	89,796,993
Accrued net other postemployment benefits obligation	20,688,683	-	20,688,683
Total liabilities	<u>85,137,556</u>	<u>50,297,445</u>	<u>135,435,001</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year tax levy	45,711,202	-	45,711,202
NET POSITION			
Net investment in capital assets	64,419,399	71,559,243	135,978,642
Restricted for debt service	17,395,491	440,543	17,836,034
Unrestricted (deficit)	(23,244,368)	12,854,297	(10,390,071)
TOTAL NET POSITION	<u>\$ 58,570,522</u>	<u>\$ 84,854,083</u>	<u>\$ 143,424,605</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, 2013

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ 5,232,823	\$ 1,216,109	\$ 64,463	\$ -	\$ (3,952,251)	\$ -	\$ (3,952,251)
Protection of persons and property	32,035,870	4,261,916	2,076,760	233,028	(25,464,166)	-	(25,464,166)
Health and sanitation	3,919,856	191,010	419,550	50,000	(3,259,296)	-	(3,259,296)
Highway and transportation	8,679,402	256,095	122,461	4,269,498	(4,031,348)	-	(4,031,348)
Education and recreation	4,816,367	500,162	304,960	-	(4,011,245)	-	(4,011,245)
Conservation and development	8,915,617	40,593	1,133,876	-	(7,741,148)	-	(7,741,148)
Unclassified	392,257	-	-	-	(392,257)	-	(392,257)
Interest and fiscal charges	1,891,502	-	-	-	(1,891,502)	-	(1,891,502)
Total governmental activities	65,883,694	6,465,885	4,122,070	4,552,526	(50,743,213)	-	(50,743,213)
Business-type activities:							
Water Utility	6,262,927	7,078,366	-	51,682	-	867,121	867,121
Sanitary Sewer	5,412,934	7,146,181	-	174,131	-	1,907,378	1,907,378
Storm Water Management	2,111,893	2,879,393	-	-	-	767,500	767,500
Total business-type activities	13,787,754	17,103,940	-	225,813	-	3,541,999	3,541,999
Total	\$ 79,671,448	\$ 23,569,825	\$ 4,122,070	\$ 4,778,339	(50,743,213)	3,541,999	(47,201,214)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					34,255,378	-	34,255,378
Property taxes, levied for debt service					2,776,684	-	2,776,684
Property taxes, levied for TIF					6,678,903	-	6,678,903
Other taxes					1,474,509	-	1,474,509
Intergovernmental revenues not restricted to specific programs					2,617,256	-	2,617,256
Investment income					104,428	25,137	129,565
Total general revenues					47,907,158	25,137	47,932,295
Transfers					(3,282,005)	3,282,005	-
Change in net position					(6,118,060)	6,849,141	731,081
NET POSITION - BEGINNING OF YEAR - RESTATED					64,688,582	78,004,942	142,693,524
NET POSITION - END OF YEAR					\$ 58,570,522	\$ 84,854,083	\$ 143,424,605

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

CITY OF WAUWATOSA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	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	\$ 15,163,415	\$ 17,428,382	\$ 7,510,993	\$ 1,343,697	\$ 41,446,487
Taxes receivable	35,642,291	7,736,036	-	3,710,943	47,089,270
Delinquent personal property taxes	44,964	-	-	-	44,964
Special assessments receivable:					
Due in installments	-	-	-	381,612	381,612
Deferred	-	-	-	18,175	18,175
Accounts receivable, net	1,090,256	-	-	-	1,090,256
Accrued investment income receivable	153,078	-	-	-	153,078
Note receivable	121,911	-	-	-	121,911
Other accrued receivables	322,207	2,269,282	254,027	10,325	2,855,841
Due from other funds	1,075,179	-	-	-	1,075,179
Prepayments	250	59,629	-	-	59,879
Inventories	634	-	-	-	634
Advance to other funds	5,576,000	-	-	2,000,000	7,576,000
TOTAL ASSETS	\$ 59,190,185	\$ 27,493,329	\$ 7,765,020	\$ 7,464,752	\$ 101,913,286
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,767,405	\$ 2,279,279	\$ 2,321,633	\$ 84,242	\$ 8,452,559
Accrued payroll	867,109	-	-	-	867,109
Unearned revenues	96,342	5,000	-	17,066	118,408
Due to other funds	789,950	-	-	155,841	945,791
Advance from other funds	-	7,576,000	-	-	7,576,000
Total liabilities	5,520,806	9,860,279	2,321,633	257,149	17,959,867
DEFERRED INFLOWS OF RESOURCES					
Subsequent year tax levy	34,481,235	7,736,036	-	3,493,931	45,711,202
Special assessments	-	-	-	399,787	399,787
Long-term note receivable	121,911	-	-	-	121,911
	<u>34,603,146</u>	<u>7,736,036</u>	<u>-</u>	<u>3,893,718</u>	<u>46,232,900</u>
FUND BALANCES					
Nonspendable	5,621,848	59,629	-	-	5,681,477
Restricted	-	9,837,385	5,443,387	2,316,172	17,596,944
Committed	242,849	-	-	-	242,849
Assigned	2,302,959	-	-	997,713	3,300,672
Unassigned	10,898,577	-	-	-	10,898,577
Total fund balances	19,066,233	9,897,014	5,443,387	3,313,885	37,720,519
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 59,190,185	\$ 27,493,329	\$ 7,765,020	\$ 7,464,752	

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.	82,579,385
Internal service funds net position	(8,571,760)
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Special assessments	399,787
Loan receivable	121,911
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.	(53,679,320)
	<u>\$ 58,570,522</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, 2013

	General Fund	Special Revenue Fund Tax Incremental District Fund	Capital Projects		Total Governmental Funds
			General Obligation Debt Issue Fund	Nonmajor Governmental Funds	
REVENUES					
Taxes	\$ 33,466,592	\$ 6,678,903	\$ -	\$ 5,039,979	\$ 45,185,474
Intergovernmental revenues	4,609,449	2,872,052	555,993	1,100,100	9,137,594
Licenses and permits	1,719,500	-	-	-	1,719,500
Penalties and forfeitures	1,080,323	-	-	-	1,080,323
Public improvement revenues	35,045	-	-	370,195	405,240
Public charges for services	3,039,890	-	-	750,197	3,790,087
Intergovernmental charges for services	1,568,660	-	-	-	1,568,660
Commercial revenues	251,134	30,698	3,882	242,195	527,909
Total revenues	45,770,593	9,581,653	559,875	7,502,666	63,414,787
EXPENDITURES					
Current					
General government	4,785,158	-	-	-	4,785,158
Protection of persons and property	29,143,209	-	-	-	29,143,209
Health and sanitation	3,741,837	-	-	-	3,741,837
Highway and transportation	5,383,042	-	-	-	5,383,042
Education and recreation	49,736	-	-	4,116,331	4,166,067
Conservation and development	1,406,508	5,050,052	-	1,100,100	7,556,660
Unclassified	392,257	-	-	-	392,257
Debt service					
Principal	-	334,306	-	7,720,096	8,054,402
Interest and other fiscal charges	-	221,735	-	2,008,345	2,230,080
Capital outlay	156,122	-	16,968,151	193,898	17,318,171
Total expenditures	45,057,869	5,606,093	16,968,151	15,138,770	82,770,883
Excess of revenues over (under) expenditures	712,724	3,975,560	(16,408,276)	(7,636,104)	(19,356,096)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	1,880,000	3,440,000	2,126,280	7,446,280
Premium on long term debt	-	-	-	308,530	308,530
Transfers in	902,692	-	14,172,249	5,107,464	20,182,405
Transfers out	(1,574,650)	(16,063,762)	(56,896)	(606,823)	(18,302,131)
Net change in fund balances	40,766	(10,208,202)	1,147,077	(700,653)	(9,721,012)
FUND BALANCES - BEGINNING OF YEAR	19,025,467	20,105,216	4,296,310	4,014,538	47,441,531
FUND BALANCES - END OF YEAR	\$ 19,066,233	\$ 9,897,014	\$ 5,443,387	\$ 3,313,885	\$ 37,720,519

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

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, 2013**

Net change in fund balances - total governmental funds	\$	(9,721,012)
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 (\$9,753,817) were more than depreciation (\$3,717,057) in the current period.		6,036,760
Governmental funds do not report long term assets contributed. However in the statement of activities, the value of these contributed assets are reported as revenues		46,666
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 (\$7,446,280) were less than the repayments (\$8,077,149).		630,869
Governmental funds report debt premiums, discounts, as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or adjustments to long-term debt. They are amortized over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Premium on debt issued		(308,530)
Amortization of debt premium		72,154
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(165,821)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the decrease in accrued interest payable (65,097), and the increase in accrued vacation payable (\$134,220).		(69,123)
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.		5,409
The net revenue (expense) of internal service funds is reported with governmental activities.		<u>(2,645,432)</u>
Change in net assets of governmental activities	\$	<u>(6,118,060)</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 -
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 33,396,310	\$ 33,347,082	\$ 33,466,592	\$ 119,510
Intergovernmental revenues	4,475,667	4,628,633	4,609,449	(19,184)
Licenses and permits	1,207,965	1,444,705	1,719,500	274,795
Fines, penalties and forfeitures	1,259,000	1,234,000	1,080,323	(153,677)
Public improvement revenues	26,150	25,178	35,045	9,867
Public charges for services	2,979,358	3,001,583	3,039,890	38,307
Intergovernmental charges for services	1,527,891	1,552,582	1,568,660	16,078
Commercial revenues	1,022,250	966,315	251,134	(715,181)
Total revenues	<u>45,894,591</u>	<u>46,200,078</u>	<u>45,770,593</u>	<u>(429,485)</u>
EXPENDITURES				
General government	4,608,152	4,906,307	4,785,158	121,149
Protection of persons and property	29,411,067	29,795,395	29,143,209	652,186
Health and sanitation	3,790,383	3,925,998	3,741,837	184,161
Highway and transportation	5,244,164	5,366,110	5,383,042	(16,932)
Education and recreation	42,930	45,502	49,736	(4,234)
Conservation and development	1,485,663	1,506,031	1,406,508	99,523
Unclassified	558,036	383,003	392,257	(9,254)
Capital outlay	100,000	127,500	156,122	(28,622)
Total expenditures	<u>45,240,395</u>	<u>46,055,846</u>	<u>45,057,869</u>	<u>997,977</u>
Excess of revenues over (under) expenditures	654,196	144,232	712,724	568,492
OTHER FINANCING SOURCES (USES)				
Transfers in	823,190	810,988	902,692	91,704
Transfers out	<u>(1,586,386)</u>	<u>(1,086,386)</u>	<u>(1,574,650)</u>	<u>(488,264)</u>
Net change in fund balances	<u>\$ (109,000)</u>	<u>\$ (131,166)</u>	40,766	<u>\$ 171,932</u>
FUND BALANCES - BEGINNING OF YEAR			<u>19,025,467</u>	
FUND BALANCES - END OF YEAR			<u>\$ 19,066,233</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 -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND TAX INCREMENTAL DISTRICT FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 6,103,387	\$ 6,678,903	\$ 6,678,903	\$ -
Intergovernmental revenues	561,528	597,429	2,872,052	2,274,623
Commercial revenues	18,815	27,338	30,698	3,360
Total revenues	<u>6,683,730</u>	<u>7,303,670</u>	<u>9,581,653</u>	<u>2,277,983</u>
EXPENDITURES				
Conservation and development	407,036	874,703	5,050,052	(4,175,349)
Debt service				
Principal	312,000	334,306	334,306	-
Interest and other fiscal charges	76,550	276,550	221,735	54,815
Total expenditures	<u>719,036</u>	<u>1,209,009</u>	<u>5,384,358</u>	<u>(4,175,349)</u>
Excess of revenues over expenditures	5,964,694	6,094,661	4,197,295	(1,897,366)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	1,880,000	1,880,000
Transfers in	1,468	27	-	(27)
Transfers out	<u>(5,615,817)</u>	<u>(18,266,584)</u>	<u>(16,063,762)</u>	<u>2,202,822</u>
Net change in fund balance	<u>\$ 350,345</u>	<u>\$ (12,171,896)</u>	<u>(9,986,467)</u>	<u>\$ 2,185,429</u>
FUND BALANCE - BEGINNING OF YEAR			<u>20,105,216</u>	
FUND BALANCE - END OF YEAR			<u>\$ 10,118,749</u>	

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

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	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	\$ 2,927,446	\$ 6,524,060	\$ 2,118,118	\$ 753,249	\$ 12,322,873	\$ 6,129,332
Receivables, net	1,905,441	2,030,289	333,230	-	4,268,960	289,871
Due from other funds	381,655	352,086	100,908	-	834,659	-
Inventories	120,562	-	-	-	120,562	110,725
Restricted assets - special redemption fund - bond principal and interest fund	611,291	-	-	-	611,291	-
Prepayments	7,011	-	-	-	7,011	-
Total current assets	5,953,406	8,906,445	2,552,256	753,249	18,165,356	6,529,928
NONCURRENT ASSETS						
Restricted assets:						
Special redemption fund - reserve fund	1,100,349	-	-	-	1,100,349	-
Water system improvement funds	2,897,328	-	-	-	2,897,328	-
Non-Utility property	2,684	-	-	-	2,684	-
Investment in Cities and Villages Mutual Insurance Company	-	-	-	-	-	1,329,152
Capital assets:						
Land	81,405	-	-	-	81,405	22,617
Buildings	789,794	-	-	-	789,794	1,385,804
Improvements other than buildings	48,387,773	60,335,829	46,632,220	-	155,355,822	-
Machinery and equipment	1,590,505	1,144,930	-	-	2,735,435	11,870,545
Construction in progress	11,363	848,051	-	-	859,414	-
Less: Accumulated depreciation	(13,924,762)	(20,750,832)	(10,196,007)	-	(44,871,601)	(8,755,286)
Total capital assets, net	36,936,078	41,577,978	36,436,213	-	114,950,269	4,523,680
Total noncurrent assets	40,936,439	41,577,978	36,436,213	-	118,950,630	5,852,832
Total assets	46,889,845	50,484,423	38,988,469	753,249	137,115,986	12,382,760
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized maintenance costs	65,229	-	-	-	65,229	-
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	283,354	795,967	163,304	-	1,242,625	1,241,634
Accrued payroll	67,455	-	-	-	67,455	-
Due to other funds	938,760	25,287	-	-	964,047	-
Customer deposits	6,507	-	-	-	6,507	-
Current portion of long-term debt	-	1,337,696	1,789,433	-	3,127,129	-
Current portion of refunding bond	21,963	3,621	5,902	-	31,486	-
Accrued interest payable	6,231	76,830	54,909	-	137,970	-
Other accrued liabilities	96,742	-	-	-	96,742	89,843
Liabilities payable from restricted assets:						
Accounts payable - construction account	327,800	-	-	-	327,800	-
Current portion of long-term debt	425,000	-	-	-	425,000	-
Accrued interest payable	170,748	-	-	-	170,748	-
Total current liabilities	2,344,560	2,239,401	2,013,548	-	6,597,509	1,331,477
NONCURRENT LIABILITIES						
Bonds payable	13,538,655	16,240,489	14,488,362	-	44,267,506	-
Refunding bond	276,559	45,594	74,324	-	396,477	-
Accrued net other postemployment benefits obligation	-	-	-	-	-	20,688,683
Total non-current liabilities	13,815,214	16,286,083	14,562,686	-	44,663,983	20,688,683
Total liabilities	16,159,774	18,525,484	16,576,234	-	51,261,492	22,020,160
NET POSITION						
Net investment in capital assets	25,958,406	24,355,212	21,245,625	-	71,559,243	4,523,680
Restricted for debt service	440,543	-	-	-	440,543	-
Unrestricted	4,396,351	7,603,727	1,166,610	753,249	13,919,937	(14,161,080)
Total net position	\$ 30,795,300	\$ 31,958,939	\$ 22,412,235	\$ 753,249	85,919,723	\$ (9,637,400)

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

Net position of business-type activities

(1,065,640)
\$ 84,854,083

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, 2013

	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	\$ 6,739,978	\$ 7,146,181	\$ 2,879,393	\$ -	\$ 16,765,552	\$ 14,722,367
Other operating revenues	338,388	-	-	-	338,388	1,444,041
Total operating revenues	<u>7,078,366</u>	<u>7,146,181</u>	<u>2,879,393</u>	<u>-</u>	<u>17,103,940</u>	<u>16,166,408</u>
OPERATING EXPENSES						
Operation and maintenance	4,900,368	4,256,914	1,007,068	-	10,164,350	18,850,895
Depreciation	751,346	834,743	606,219	-	2,192,308	1,006,664
Taxes	90,478	-	-	-	90,478	-
Total operating expenses	<u>5,742,192</u>	<u>5,091,657</u>	<u>1,613,287</u>	<u>-</u>	<u>12,447,136</u>	<u>19,857,559</u>
Operating income (loss)	<u>1,336,174</u>	<u>2,054,524</u>	<u>1,266,106</u>	<u>-</u>	<u>4,656,804</u>	<u>(3,691,151)</u>
NON-OPERATING REVENUES (EXPENSES)						
Dividend income	-	-	-	-	-	61,365
Investment income	5,700	10,244	8,485	708	25,137	149,753
Gain on sale or trade of assets	-	-	-	-	-	73,829
Interest on long-term debt	(353,991)	(295,363)	(415,145)	-	(1,064,499)	-
Total non-operating revenues (expenses)	<u>(348,291)</u>	<u>(285,119)</u>	<u>(406,660)</u>	<u>708</u>	<u>(1,039,362)</u>	<u>284,947</u>
Income (loss) before capital contributions and transfers	987,883	1,769,405	859,446	708	3,617,442	(3,406,204)
CAPITAL CONTRIBUTIONS	2,208,500	1,199,785	1,016,076	-	4,424,361	1,495,050
TRANSFERS IN	20,694	-	-	-	20,694	40,000
TRANSFERS OUT	<u>(855,236)</u>	<u>(14,641)</u>	<u>(67,360)</u>	<u>-</u>	<u>(937,237)</u>	<u>(1,050,397)</u>
Change in net assets	2,361,841	2,954,549	1,808,162	708	7,125,260	(2,921,551)
NET POSITION - BEGINNING OF YEAR - RESTATED	<u>28,433,459</u>	<u>29,004,390</u>	<u>20,604,073</u>	<u>752,541</u>		<u>(6,715,849)</u>
NET POSITION - END OF YEAR	<u>\$ 30,795,300</u>	<u>\$ 31,958,939</u>	<u>\$ 22,412,235</u>	<u>\$ 753,249</u>		<u>\$ (9,637,400)</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.					(276,119)	
Change in net position of business-type activities					<u>\$ 6,849,141</u>	

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

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	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	\$ 6,841,051	\$ 6,872,434	\$ 2,831,325	\$ -	\$ 16,544,810	\$ 1,289,362
Payments from other funds	-	-	-	-	-	14,625,215
Payments to suppliers	(3,525,493)	(6,219,882)	(1,019,735)	-	(10,765,110)	(13,310,749)
Payments to employees	(1,255,598)	(263,703)	(252,696)	-	(1,771,997)	(1,836,970)
Net cash provided by operating activities	<u>2,059,960</u>	<u>388,849</u>	<u>1,558,894</u>	<u>-</u>	<u>4,007,703</u>	<u>766,858</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal paid on noncapital debt	(21,536)	(3,550)	(5,789)	-	(30,875)	-
Interest paid on noncapital debt	(12,809)	(2,083)	(3,395)	-	(18,287)	-
Payments from other funds	-	-	2,000,282	-	2,000,282	40,000
Payments to other funds	(792,975)	-	-	-	(792,975)	(1,050,397)
Net cash provided by (used in) noncapital financing activities	<u>(827,320)</u>	<u>(5,633)</u>	<u>1,991,098</u>	<u>-</u>	<u>1,158,145</u>	<u>(1,010,397)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from long-term debt	4,575,000	10,610,340	2,863,380	-	18,048,720	-
Premium from issuance of long-term debt	-	124,654	28,823	-	153,477	-
Acquisition and construction of capital assets	(2,474,425)	(3,210,315)	(3,921,899)	-	(9,606,639)	-
Proceeds from the sale of property, plant and equipment	-	-	-	-	-	177,828
Grant funds received	-	-	-	-	-	-
Assets transferred from (to) other funds	20,694	-	(67,360)	-	(46,666)	-
Principal paid on capital debt	(425,000)	(1,942,184)	(2,211,856)	-	(4,579,040)	-
Interest paid on capital debt	(340,332)	(254,191)	(425,795)	-	(1,020,318)	-
Net cash provided by (used in) capital and related financing activities	<u>1,355,937</u>	<u>5,328,304</u>	<u>(3,734,707)</u>	<u>-</u>	<u>2,949,534</u>	<u>177,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	5,700	10,244	8,485	708	25,137	66,419
Net cash provided by investing activities	<u>5,700</u>	<u>10,244</u>	<u>8,485</u>	<u>708</u>	<u>25,137</u>	<u>66,419</u>
Net increase (decrease) in cash and cash equivalents	2,594,277	5,721,764	(176,230)	708	8,140,519	708
CASH AND CASH EQUIVALENTS - BEGINNING 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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,536,414</u>	<u>\$ 6,524,060</u>	<u>\$ 2,118,118</u>	<u>\$ 753,249</u>	<u>\$ 16,931,841</u>	<u>\$ 6,129,332</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, 2013

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Sanitary Sewer	Storm Water Management	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 1,336,174	\$ 2,054,524	\$ 1,266,106	\$ -	\$ 4,656,804	\$ (3,691,151)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	751,346	834,743	606,219	-	2,192,308	1,006,664
Depreciation charged to other accounts	39,836	-	-	-	39,836	-
Tax equivalent charged to sewer utility	14,641	(14,641)	-	-	-	-
Amortization of maintenance costs	100,230	-	-	-	100,230	-
Loss on disposal of capital assets	2,100	-	-	-	2,100	-
(Increase) Decrease:						
Accounts receivable	(245,328)	(273,747)	(48,068)	-	(567,143)	(154,679)
Due from other funds	(7,628)	6,697	-	-	(931)	-
Inventories	27,530	-	-	-	27,530	4,457
Prepaid items	(489)	-	-	-	(489)	-
Increase (Decrease):						
Accounts payable	50,523	(254,059)	(265,363)	-	(468,899)	212,892
Accrued payroll	10,364	-	-	-	10,364	-
Customer deposits	1,000	-	-	-	1,000	-
Other accrued liabilities	7,479	-	-	-	7,479	3,485,827
Due to other funds	(27,818)	(1,964,668)	-	-	(1,992,486)	-
Total adjustments	723,786	(1,665,675)	292,788	-	(649,101)	4,555,161
Net cash provided by operating activities	<u>\$ 2,059,960</u>	<u>\$ 388,849</u>	<u>\$ 1,558,894</u>	<u>\$ -</u>	<u>\$ 4,007,703</u>	<u>\$ 864,010</u>
Noncash investing, capital and financing activities						
Capital additions contributed						
City of Wauwatosa	\$ 2,156,818	\$ 1,025,654	\$ 1,016,076	\$ -	\$ 4,198,548	\$ 1,495,050
Sanitary Sewer	20,694	-	-	-	20,694	-
Developers	51,682	174,131	-	-	225,813	-
	<u>\$ 2,229,194</u>	<u>\$ 1,199,785</u>	<u>\$ 1,016,076</u>	<u>\$ -</u>	<u>\$ 4,445,055</u>	<u>\$ 1,495,050</u>
Reconciliation of cash and cash equivalents to the statement of net assets - proprietary funds						
Unrestricted cash and cash equivalents	\$ 2,927,446	\$ 6,524,060	\$ 2,118,118	\$ 753,249	\$ 12,322,873	\$ 6,129,332
Restricted cash and cash equivalents						
Special redemption funds						
Bond reserve fund	1,100,349	-	-	-	1,100,349	-
Bond principal and interest fund	611,291	-	-	-	611,291	-
Waterworks system improvement fund	2,897,328	-	-	-	2,897,328	-
Cash and cash equivalents end of year	<u>\$ 7,536,414</u>	<u>\$ 6,524,060</u>	<u>\$ 2,118,118</u>	<u>\$ 753,249</u>	<u>\$ 16,931,841</u>	<u>\$ 6,129,332</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, 2013**

	Private Purpose Trust Funds	Agency Funds
	<u>Total</u>	<u>Total</u>
ASSETS		
Cash and investments	\$ 155,270	\$ 59,471,390
Interest receivable	-	-
Taxes receivable	-	<u>26,552,630</u>
 Total assets	 155,270	 <u>\$ 86,024,020</u>
LIABILITIES		
Special deposits	-	47,255
Due to other taxing units	-	<u>85,976,765</u>
Total liabilities	<u>-</u>	<u>\$ 86,024,020</u>
 NET POSITION - RESTRICTED	 <u>\$ 155,270</u>	

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

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, 2013

	Private Purpose Trust Funds
ADDITIONS	
Contributions	\$ 54,673
Investment income	58
Total additions	54,731
DEDUCTIONS	
Changes in net assets	52,443
NET POSITION - BEGINNING OF YEAR	102,827
NET POSITION - END OF YEAR	\$ 155,270

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, and provides services almost entirely to the primary government. 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, 2013**

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, 2013**

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, 2013**

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 inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

All Financial Statements

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association authorized to transact business in the state, which mature in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, 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, 2013**

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 - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	March 31, 2014
Third installment due	May 31, 2014
Personal property taxes in full	January 31, 2014
Tax deed - 2013 delinquent real estate taxes	October 2016

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, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-wide Statements

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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. 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, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. *Compensated Absences* (continued)

Accumulated vacation liabilities at December 31, 2013 are determined on the basis of current salary rates and include salary related payments. Employees hired after January 1, 2008 that meet certain length of service or age requirements upon retirement, will receive their accumulated sick days paid into a retiree health savings plan at the rate of pay in effect upon retirement. The liability for the accrued sick leave is recorded in the government-wide and proprietary financial statements to the extent that it is probable that the City will compensate the employees for the benefits through cash payments at the time of the employees' retirement rather than be taken as absences. The City has not estimated the probability of cash payments on accumulated sick leave, as the total accumulated sick leave earned by employees hired after January 1, 2008 is immaterial to the financial statements. Based on historical trends all compensated absences accrued at the end of the year are anticipated to be used within the next fiscal year. As such all absences are reported as current liabilities.

7. *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, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. 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.

9. 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, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Equity Classifications (continued)

Fund Statements (continued)

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

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

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

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

Unassigned fund balance is the residual classification for the General Fund.

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

E. Other Policies - Tax Incremental Districts

1. In 1994, the City adopted Resolution #94-319 creating "City of Wauwatosa Tax Incremental District No. 2" to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with Wisconsin Statutes. Project costs are estimated at \$10 million and have been financed from 1995 and 1997 debt issues. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the debt issue.

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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.

On May 21, 2013, the City adopted Resolution #13-94 authorizing the termination of Tax Incremental District No 4.

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, 2013**

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.

6. In 2012, the City adopted the Resolution #12-211 creating "City of Wauwatosa Tax Incremental District No. 7" to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$10.8 million. The costs are to be paid by future debt issues and other available funds. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the debt issue.

F. Other Policies - New Accounting Pronouncements

In November 2010, the GASB issued an accounting standard which amended previous guidance related to the definition of the reporting entity. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The City implemented the requirements of this standard beginning with the year ending December 31, 2013.

In March 2012, the GASB issued an accounting standard regarding financial reporting of deferred outflows of resources, deferred inflows of resources, and net position. The objective of this statement is to clarify the reporting of certain items previously reported as assets and liabilities. The City implemented the requirements of this standard beginning with the year ending December 31, 2013.

In March 2012, the GASB issued an accounting standard which contains technical corrections for previously issued standards to resolve conflicting guidance. The City implemented the requirements of this standard beginning with the year ending December 31, 2013.

In June 2012, the GASB issued an accounting standard which establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The City will implement the requirements of this standard beginning with the year ending December 31, 2014.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Other Policies - New Accounting Pronouncements (continued)

In June 2012, the GASB issued an accounting standard that replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The City will implement the requirements of this standard beginning with the year ending December 31, 2015.

In January 2013, the GASB issued an accounting standard that establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The City will implement the requirements of this standard beginning with the year ending December 31, 2014.

In November 2013, the GASB issued an accounting standard that amends Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The requirements of this standard will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual basis financial statements and nonemployer contributing entities.

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	\$ 50,618,426
Bond Premium	677,939
Compensated absences	1,964,203
Accrued interest payable	261,055
Landfill postclosure liability	<u>157,697</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 53,679,320</u>

CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. A budget has been adopted for all funds in accordance with Wisconsin Statute Section 65.90.

The 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 \$901,906. Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$600,456. Expenditures are monitored by management at the department level for all funds.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Petty cash	\$ 36,500	\$ 36,500
Deposits		
Demand deposits	45,278,236	45,846,965
Certificates of deposit	1,555,611	1,555,611
Total deposits	<u>46,833,847</u>	<u>47,402,576</u>
Investments		
U.S. Agency Securities	12,648,001	12,648,001
Municipal Securities	12,847,806	12,847,806
Corporate Securities	1,536,425	1,536,425
Investment pools:		
Local Government Investment Pool (LGIP)	50,231,741	50,231,741
Total investments	<u>77,263,973</u>	<u>77,263,973</u>
Total cash and investments	<u>\$ 124,134,320</u>	<u>\$ 124,703,049</u>
Reconciliation to the Statement of Net Position:		
Unrestricted cash and investments	\$ 59,898,692	
Restricted cash and investments	4,608,968	
Fiduciary Funds:		
Private purpose trust funds	155,270	
Agency funds	<u>59,471,390</u>	
Total cash and investments	<u>\$ 124,134,320</u>	

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

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

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2013, 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.

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, 2013, \$40,621,724 of the City's bank balance of \$47,402,576 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, 2013, \$16,867,960 of the City's investment balance of \$77,263,973 was exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013 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	50,231,741	Unrated
U.S. Agency Securities	12,648,001	AAA
Municipal Securities	997,336	AAA
Municipal Securities	9,969,478	AA
Municipal Securities	1,820,742	A
Municipal Securities	60,250	Unrated
Corporate Securities	1,536,425	AA
Total fair value of investments subject to credit risk	<u>\$ 77,263,973</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, 2013 the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Months)</u>
U.S. Agency Securities	\$ 12,648,001	59.1
Municipal Securities	12,847,806	23.9
Local Government Investment Pool	50,231,741	3.0
Corporate Securities	1,536,425	35.5

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk

As of December 31, 2013, 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, 2013, an allowance for uncollectible accounts has been established for ambulance billings of \$75,000.

C. Deferred Inflows

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

	<u>Unavailable</u>	<u>Tax Levy</u>	<u>Total</u>
Property taxes receivable	\$ -	\$ 45,711,202	\$ 45,711,202
Loan receivable	121,911	-	121,911
Special assessments	399,787	-	399,787
	<u>\$ 521,698</u>	<u>\$ 45,711,202</u>	<u>\$ 46,232,900</u>

CITY OF WAUWATOSA, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Restricted Assets

Following is a list of restricted assets at December 31, 2013:

Business-type activities	
Cash and investments	
Special Redemption Funds	
Bond Reserve Fund	\$ 1,100,349
Bond Principal and Interest Fund	<u>611,291</u>
Total Special Redemption Funds	1,711,640
Waterworks System Improvement Fund	<u>2,897,328</u>
 Total business-type activities	 <u>\$ 4,608,968</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 23,439,778	\$ -	\$ -	\$ 23,439,778
Construction in progress	<u>1,048,498</u>	<u>36,668</u>	<u>1,048,499</u>	<u>36,667</u>
Total capital assets not being depreciated	<u>24,488,276</u>	<u>36,668</u>	<u>1,048,499</u>	<u>23,476,445</u>
Capital assets being depreciated				
Buildings	22,960,208	775,910	-	23,736,118
Improvements	5,090,195	1,058,204	-	6,148,399
Machinery and equipment	18,263,537	1,961,969	1,389,335	18,836,171
Infrastructure	<u>66,192,816</u>	<u>8,511,280</u>	<u>2,144,214</u>	<u>72,559,882</u>
Total capital assets being depreciated	<u>112,506,756</u>	<u>12,307,363</u>	<u>3,533,549</u>	<u>121,280,570</u>
Less: accumulated depreciation for				
Buildings	10,235,487	505,830	-	10,741,317
Improvements	1,030,660	306,642	-	1,337,302
Machinery and Equipment	11,690,110	1,403,859	1,285,337	11,808,632
Infrastructure	<u>33,403,523</u>	<u>2,507,390</u>	<u>2,144,214</u>	<u>33,766,699</u>
Total accumulated depreciation	<u>56,359,780</u>	<u>4,723,721</u>	<u>3,429,551</u>	<u>57,653,950</u>
Capital assets being depreciated, net of depreciation	<u>56,146,976</u>	<u>7,583,642</u>	<u>103,998</u>	<u>63,626,620</u>
Total capital assets, net of depreciation	<u>\$ 80,635,252</u>	<u>\$ 7,620,310</u>	<u>\$ 1,152,497</u>	<u>\$ 87,103,065</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 63,436
Protection of persons and property	668,754
Health and sanitation	7,935
Highway and transportation, which includes the depreciation of infrastructure	2,526,318
Education and recreation	450,614
Depreciation expense-allocated with Internal Service Fund	<u>1,006,664</u>
Total governmental activities depreciation expense	<u>\$ 4,723,721</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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	61,153	859,414	61,153	859,414
Total capital assets not being depreciated	<u>142,558</u>	<u>859,414</u>	<u>61,153</u>	<u>940,819</u>
Capital assets being depreciated				
Buildings	789,794	-	-	789,794
Machinery & equipment	2,619,214	116,221	-	2,735,435
Improvements other than buildings	143,769,001	13,105,393	1,518,572	155,355,822
Total capital assets being depreciated	<u>147,178,009</u>	<u>13,221,614</u>	<u>1,518,572</u>	<u>158,881,051</u>
Less: accumulated depreciation for				
Buildings	504,368	25,273	-	529,641
Machinery & equipment	2,002,812	92,974	-	2,095,786
Improvements other than buildings	41,648,749	2,113,897	1,516,472	42,246,174
Total accumulated depreciation	<u>44,155,929</u>	<u>2,232,144</u>	<u>1,516,472</u>	<u>44,871,601</u>
Capital assets being depreciated, net of depreciation	<u>103,022,080</u>	<u>10,989,470</u>	<u>2,100</u>	<u>114,009,450</u>
Total capital assets, net of depreciation	<u>\$ 103,164,638</u>	<u>\$ 11,848,884</u>	<u>\$ 63,253</u>	<u>\$ 114,950,269</u>

Depreciation expense was charged to functions as follows:

Business-type activities	
Water Utility	
Depreciation	\$ 751,346
Depreciation charged to Water Utility operation and maintenance expenses	14,913
Depreciation charged to Sanitary Sewer expenses	24,923
	<u>791,182</u>
Sanitary Sewer	834,743
Storm Water Management	<u>606,219</u>
Total business-type activities depreciation expense	<u>\$ 2,232,144</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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	\$ 919,338
General Fund	Nonmajor governmental funds	<u>155,841</u>
		<u>1,075,179</u>
Proprietary Funds		
Sanitary Sewer	Water Utility	19,422
Sanitary Sewer	General Fund	332,674
Storm Water Management	General Fund	100,908
Water Utility	General Fund	356,368
Water Utility	Sanitary Sewer	<u>25,287</u>
		<u>834,659</u>
Total interfund receivables		<u>\$ 1,909,838</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 2013 through 2016. This advance was paid in full during 2013.

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, 2013 was \$2,000,000.

The General fund advanced \$5,576,000 to the Special Revenue Fund - Tax Incremental District in 2012. This advance earns interest at 3.0%. The advance was issued to provide interim financing until the District obtains external long term financing. The outstanding balance as of December 31, 2013 was \$5,576,000.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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	\$ 855,236
	Sanitary Sewer	14,641
	Special Revenue Funds	
	Tax Incremental District	<u>32,815</u>
		<u>902,692</u>
Debt Service Fund	General Fund	598,264
	Special Revenue Funds	
	Tax Incremental District	13,192
	Parks	236,628
	Capital Projects - General Obligation	
	Debt Issue Fund	<u>56,896</u>
	<u>904,980</u>	
Capital Projects Fund - General Obligation Debt Issue Fund	Special Revenue Funds	
	Tax Incremental District	12,840,130
	Special Assessments	370,195
	Internal Service Funds	<u>961,924</u>
	<u>14,172,249</u>	
Capital Projects Fund - Redevelopment Authority Lease Revenue Bond	Special Revenue Fund -	
	Tax Incremental District	<u>3,177,625</u>
Capital Projects Fund - Information Systems Equipment	Internal Service Fund	<u>88,473</u>
Special Revenue Fund - Parks	General Fund	<u>936,386</u>
Internal Service Funds	General Fund	<u>40,000</u>
Water Utility	Storm Water Management	<u>20,694</u>
		<u>\$ 20,243,099</u>

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

Additionally, a transfer out is recorded in the Storm Water Management Fund for \$46,666 which represent general governmental assets purchased by the business type fund. The related transfer in and asset are recorded on the government wide financial statements.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation debt					
Promissory notes and bonds	\$ 35,362,686	\$ 5,566,280	\$ 5,345,096	\$ 35,583,870	\$ 3,481,394
Bond Premium	441,563	308,530	72,154	677,939	-
Total general obligation debt	35,804,249	5,874,810	5,417,250	36,261,809	3,481,394
Redevelopment lease revenue bond	14,425,000	-	2,375,000	12,050,000	2,500,000
Municipal revenue obligation	1,438,862	1,880,000	334,306	2,984,556	334,306
Total bonds and notes payable	<u>51,668,111</u>	<u>7,754,810</u>	<u>8,126,556</u>	<u>51,296,365</u>	<u>6,315,700</u>
Other Liabilities					
Accrued unused vacation	1,928,778	2,126,558	2,001,290	2,054,046	2,054,046
Landfill postclosure liability	163,106	-	5,409	157,697	5,352
MADACC obligation	22,747	-	22,747	-	-
Total other liabilities	<u>2,114,631</u>	<u>2,126,558</u>	<u>2,029,446</u>	<u>2,211,743</u>	<u>2,059,398</u>
Total governmental activities long-term liabilities	<u>\$ 53,782,742</u>	<u>\$ 9,881,368</u>	<u>\$ 10,156,002</u>	<u>\$ 53,508,108</u>	<u>\$ 8,375,098</u>
Business-type activities					
Bonds and notes payable					
General obligation debt	\$ 24,842,304	\$ 13,473,720	\$ 4,184,915	\$ 34,131,109	\$ 3,158,615
Revenue bonds	9,725,000	4,575,000	425,000	13,875,000	425,000
Unamortized bond premium	100,854	153,477	12,842	241,489	-
Total business-type activities long-term liabilities	<u>\$ 34,668,158</u>	<u>\$ 18,202,197</u>	<u>\$ 4,622,757</u>	<u>\$ 48,247,598</u>	<u>\$ 3,583,615</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

Governmental Activities Debt

General Obligation Debt

General obligation debt of the governmental activities is shown below.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/13</u>
Promissory notes	03/15/05	12/01/14	3.375 - 4.0	1,003,200	182,400
	04/01/06	12/01/15	3.625 - 4.0	1,803,000	574,843
	04/15/07	12/01/16	4.0	1,142,382	587,502
	05/01/08	12/01/17	3.0 - 3.5	1,906,000	1,198,750
	11/29/11	11/01/21	2.0-2.5	1,772,190	1,602,060
	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	6,025,000
	08/20/13	06/01/23	2.0-3.0	6,250,000	<u>3,440,000</u>
					<u>18,210,555</u>
Refunding bonds	08/03/10	03/01/24	1.75-5.0	7,933,387	6,572,035
	10/25/10	10/01/30	.85 - 5.0	10,200,000	8,675,000
	08/20/13	12/01/18	3.0	3,315,000	<u>2,126,280</u>
					<u>17,373,315</u>
Total general obligation debt					<u>\$ 35,583,870</u>

Redevelopment Lease Revenue Bond

The Wauwatosa Redevelopment Authority has the following debt outstanding:

<u>Type</u>	<u>Date of Loan</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance 12/31/13</u>
Redevelopment Lease Revenue Bond	08/15/04	12/01/17	5.40%	\$ 24,500,000	<u>\$ 12,050,000</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 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 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.

On June 1, 2012 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. 3 project costs as described in the project plan. The Developer completed eligible costs of \$1,500,000 and became eligible for repayment in 2013. 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. 3.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

***Municipal Revenue Obligation* (continued)**

On November 29, 2012 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. 3 project costs as described in the project plan. The Developer completed eligible costs of \$380,000 and became eligible for repayment in 2013. 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. 3.

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 12/31/13
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	\$ 7,100,000
Series 2011	11/29/11	2.0 - 3.0	1/1/13-22	1/1&7/1	2,400,000	2,200,000
Series 2013	11/19/13	1.75-4.125	1/1/15-34	1/1&7/1	4,575,000	4,575,000
						13,875,000
General Obligation						
Refunding Bonds						
	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	360,359	298,522
Total Water Utility						14,173,522
SANITARY SEWER						
Promissory Notes						
Series 2005	05/01/05	3.375 - 4.0	12/1/06-14	6/1&12/1	1,303,500	230,280
Series 2006	04/01/06	3.625 - 4.0	12/1/07-15	6/1&12/1	1,382,000	440,513
Series 2007	04/15/07	4.0	12/1/08-16	6/1&12/1	1,043,018	536,440
Series 2008	05/01/08	3.0 - 3.5	12/1/09-17	6/1&12/1	1,141,000	717,800
Series 2011	11/29/11	2.0-2.5	11/1/12-21	5/1&11/1	3,560,487	3,218,680
Series 2012	08/21/12	.35-2.25	6/1/13-22	6/1&12/1	1,825,000	1,700,000
Series 2013	08/20/13	2.0-3.0	6/1/14-23	6/1&12/1	2,250,000	2,250,000
Series 2013	08/20/13	3.0	12/1/14-18	6/1&12/1	660,340	660,340
Series 2013	11/19/13	2.5-4.25	11/1/14-33	5/1&11/1	7,700,000	7,700,000
						17,454,053
General Obligation						
Refunding Bonds						
	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	59,409	49,215
Total Sanitary Sewer						17,503,268

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 12/31/13
STORM WATER MAINTENANCE						
Promissory Notes						
Series 2005	05/01/05	3.375 - 4.0	12/1/06-14	6/1&12/1	\$ 1,030,260	\$ 187,320
Series 2006	04/01/06	3.625 - 4.0	12/1/07-15	6/1&12/1	815,000	259,603
Series 2007	04/15/07	4.0	12/1/08-16	6/1&12/1	1,314,600	676,080
Series 2008	05/01/08	3.0 - 3.5	12/1/09-17	6/1&12/1	3,153,000	1,983,450
Series 2011	11/29/11	2.0-2.5	11/1/12-21	5/1&11/1	7,167,323	6,479,260
Series 2012	08/21/12	.35-2.25	6/1/13-22	6/1&12/1	3,900,000	3,800,000
Series 2013	08/20/13	2.0-3.0	6/1/14-23	6/1&12/1	560,000	560,000
Series 2013	08/20/13	3.0	12/1/14-18	6/1&12/1	528,380	528,380
Series 2013	11/19/13	2.5-4.25	11/1/14-33	5/1&11/1	1,775,000	1,775,000
						16,249,093
General Obligation Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	96,845	80,226
Total Storm Water Maintenance						16,329,319
Total business-type activities debt						\$ 48,006,109

The Water Utility has \$13,875,000 in Waterworks System Revenue Bonds outstanding at December 31, 2013. 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, 2013**

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:

	<u>Governmental Long-Term Debt</u>		<u>Business-type Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 5,981,394	\$ 1,758,645	\$ 3,583,615	\$ 1,381,650
2015	5,687,804	1,519,438	3,867,196	1,329,823
2016	11,067,048	1,238,613	3,782,952	1,219,173
2017	6,233,895	905,959	3,766,105	1,113,533
2018	2,802,520	633,197	3,612,480	1,014,626
2019-2023	11,039,823	2,046,790	15,295,177	3,693,660
2024-2028	3,546,386	725,477	7,748,584	2,094,167
2029-2034	1,275,000	95,312	6,350,000	728,740
Totals	<u>\$ 47,633,870</u>	<u>\$ 8,923,431</u>	<u>\$ 48,006,109</u>	<u>\$ 12,575,372</u>

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

Margin of Indebtedness

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2013, was \$246,649,625. Total general obligation debt outstanding at year end was \$69,714,979.

Current Refunding

On August 20, 2013, the City retired the remaining \$3,500,000 balance of the 2009 General Obligation Promissory Notes by issuing \$3,315,000 in General Obligation Refunding Bonds and utilizing \$185,000 of available City funds. The debt service requirements on the old debt balance totaled \$4,016,075. The debt service requirements on the new debt balance totaled \$3,612,000. The economic gain on the refunding using a 3% effective interest rate was \$372,188.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 \$157,697 over the next 20 years. The liability for landfill closure and postclosure care is an estimate subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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, 2013

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, 2013 includes the following:

Governmental Activities

Net investment in capital assets	
Nondepreciated	\$ 23,476,445
Depreciated	63,626,620
Less: related debt excluding unspent bond proceeds	(22,683,666)
Total net investment in capital assets	64,419,399
Restricted for debt service	17,395,491
Unrestricted	<u>(23,244,368)</u>
 Total governmental activities net assets	 <u>\$ 58,570,522</u>

Business-type Activities

Net investment in capital assets	
Land	\$ 81,405
Construction in progress	859,414
Other capital assets, net of accumulated depreciation	114,009,450
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(43,391,026)
Total net investment in capital assets	71,559,243
Restricted net position	
Restricted for debt service	440,543
Unrestricted	<u>12,854,297</u>
 Total business-type activities net assets	 <u>\$ 84,854,083</u>

CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013 include the following:

Nonspendable	
Major Funds	
General Fund -	
Prepayments and inventories	\$ 884
Non-current receivables	5,620,964
	<u>5,621,848</u>
Special Revenue Fund - Tax Incremental District	
Prepayments and inventories	59,629
Total non-spendable fund balance	<u>5,681,477</u>
Restricted	
Major Funds	
Special Revenue Fund - Tax Incremental District - debt service	9,837,385
Capital Projects Fund - General Obligation Debt Issue Fund	5,443,387
Nonmajor Funds	
Capital Projects Redevelopment Authority	27
Debt Service Fund	2,316,145
Total restricted fund balance	<u>17,596,944</u>
Committed	
Major Funds - General Fund - budget appropriations	<u>242,849</u>
Assigned	
Major Funds	
General Fund	
Subsequent year's expenditures	600,456
Capital improvements	1,202,572
Parks	499,931
	<u>2,302,959</u>
Nonmajor Funds	
Special Revenue Fund - Parks Fund	703,480
Special Revenue Fund - Library Fund	190,259
Capital Projects Fund - Informations Systems Equipment	103,974
Total assigned fund balance	<u>3,300,672</u>
Unassigned	
Major Funds - General Fund	<u>10,898,577</u>
Total governmental fund balance	<u>\$ 37,720,519</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	15.15%
Protective without Social Security	6.65%	17.75%

The payroll for City employees covered by the System for the year ended December 31, 2013 was \$28,400,771; the employer's total payroll was \$29,135,253. The total required contribution for the year ended December 31, 2013 was \$5,267,429. This amount consisted of \$3,378,386 or 11.6% of payroll from the employer and \$1,889,043, or 6.48% of payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$4,747,322 and \$4,639,555, respectively, equal to the required contribution for each year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013.

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, 2013. 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, 2013**

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, 2013. CVMIC continues to pay dividends that are used to pay the City's insurance premiums.

Complete financial statements for the year ended December 31, 2013 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, 2013 was 4.74% or \$1,180,000.
- 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, 2013 was 3.74% or \$149,152.

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, 2013**

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, 2013, the Risk Management General Liability Fund had net position of \$1,630,576, which includes the City's Investment in CVMIC of \$1,329,152.

Changes in the claim liability amounts for the years ended December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Unpaid claims - Beginning of Year	\$ 106,516	\$ 196,302
Current year claims and changes in estimates	77,628	160,618
Claim payments	<u>43,128</u>	<u>250,404</u>
Unpaid claims - End of Year	<u>\$ 141,016</u>	<u>\$ 106,516</u>

CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 \$518,555 reported in the Internal Service Fund at December 31, 2013, 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, 2013 and 2012 were as follows:

		<u>Beginning Balance</u>		<u>Current Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Ending Balance</u>
2012	\$	620,648	\$	6,476,370	\$	6,466,879	\$	630,139
2013		630,139		6,947,727		7,059,311		518,555

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

Employee insurance		\$ 3,486,602
Other post employment obligation		<u>(20,688,683)</u>
Total		<u>\$ (17,202,081)</u>

CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 2013, City and plan members receiving benefits paid approximately \$1,966,472 toward medical claims and administrative expenses for retirees. This represents 7.42% of total covered payroll for the year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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)	\$ 5,780,238
Interest on Net OPEB Obligation	559,671
Adjustment to ARC	<u>(878,658)</u>
Annual OPEB Cost	5,461,251
Contribution made	<u>(1,966,472)</u>
Increase in net OPEB Obligation	3,494,779
Net OPEB obligation- beginning of year	<u>17,193,904</u>
 Net OPEB obligation - end of year	 <u>\$ 20,688,683</u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 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>
12/31/2011	\$ 5,026,477	35.34%	\$ 13,666,025
12/31/2012	5,354,611	34.12%	17,193,904
12/31/2013	5,461,251	36.01%	20,688,683

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, 2013**

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.

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

Actuarial Methods and Assumptions

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

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

The OPEB valuation uses 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 using the level dollar method.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 \$212,579.

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

2014	\$	234,954
2015		216,866
2016		226,544
2017		236,657
2018		247,226
Thereafter		<u>13,186,002</u>
		<u>\$ 14,348,249</u>

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

E. Commitments and Contingencies

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

The City participates in a number of State and Federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for or including the year ended December 31, 2013 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 2013 was \$427,864. Cumulative payments made through 2013 are \$1,856,216.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 5 - OTHER INFORMATION (continued)

F. Restatement

The City of Wauwatosa adopted GASB Statement No. 65 *Items Previously Recognized as Assets and Liabilities* as of January 1, 2013. GASB Statement No. 65 impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The standard eliminates the provision for capitalizing and amortizing debt issue costs. Debt issue costs are considered expense at the time the debt is issued.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Water</u>
Net position December 31, 2012, as previously reported	\$ 65,119,657	\$ 78,057,763	\$ 28,486,280
Adjustment for debt issuance costs	<u>(431,075)</u>	<u>(52,821)</u>	<u>(52,821)</u>
Net position December 31, 2012 as restated	<u>\$ 64,688,582</u>	<u>\$ 78,004,942</u>	<u>\$ 28,433,459</u>

G. Subsequent Events

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 and 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 anticipated 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. As of April 2014 the redeveloper achieved the development benchmarks and became eligible for reimbursements of project costs approximating \$5,228,288.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 3, 4, 5, 6 AND 7

A. Plan Summaries

The City has created six 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, December 6, 2009, and October 9, 2012. The amendments did not affect the dissolution date. Tax Incremental District No. 4 was created on January 1, 2002 and was dissolved on May 21, 2013. 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. Tax Incremental District No. 7 was created on January 1, 2013 and has a dissolution date of January 1, 2040

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 2013 to 2016. The outstanding balance was paid in full as of December 31, 2013.

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 3.0%. 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 General Fund advanced \$5,576,000 to the City of Wauwatosa Tax Incremental District No. 6 in 2013. This advance incurs interest at a rate of 3.0%. 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 \$112,128 to the City of Wauwatosa Tax Incremental District No. 7 in 2013. This advance incurs interest at a rate of 3%. 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, 2013**

NOTE 6 - TAX INCREMENTAL DISTRICTS 2, 3, 4, 5, 6 AND 7 (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, 2013, \$15,184,097 is available in the Special Revenue TIF for debt payments.

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 12,050,000</u>	<u>\$ 1,820,504</u>	<u>\$ 13,870,504</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>
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	18,458	2,246	20,704
2019-2021	75,062	3,784	78,846
	<u>\$ 139,050</u>	<u>\$ 17,572</u>	<u>\$ 156,622</u>

E. Supplemental Information

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

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

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

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, 2013

Year Ending	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial 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%

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B

PROPOSED FORM OF LEGAL OPINION
FOR THE NOTES

Quarles & Brady LLP
 411 East Wisconsin Avenue
 Milwaukee, WI 53202

December 2, 2014

Re: City of Wauwatosa, Wisconsin ("Issuer")
 \$16,370,000 General Obligation Promissory Notes, Series 2014A,
 dated December 2, 2014 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$1,720,000	_____ %
2016	925,000	_____
2017	1,050,000	_____
2018	1,050,000	_____
2019	1,425,000	_____
2020	1,250,000	_____
2021	1,925,000	_____
2022	2,850,000	_____
2023	2,200,000	_____
2024	1,975,000	_____

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2015.

The Notes maturing on December 1, 2023 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2022 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____, _____ and _____ are subject to mandatory redemption by lot as provided in the resolution authorizing the Notes at the redemption price of par plus accrued interest to the date of redemption and without premium.]

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

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

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.
3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

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

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

QUARLES & BRADY LLP

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX C

PROPOSED FORM OF LEGAL OPINION
FOR THE TAXABLE NOTES

Quarles & Brady LLP
 411 East Wisconsin Avenue
 Milwaukee, WI 53202

December 2, 2014

Re: City of Wauwatosa, Wisconsin ("Issuer")
 \$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B,
 dated December 2, 2014 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ 215,000	_____ %
2016	450,000	_____
2017	450,000	_____
2018	450,000	_____
2019	475,000	_____
2020	475,000	_____
2021	475,000	_____
2022	525,000	_____
2023	525,000	_____
2024	1,200,000	_____

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2015.

The Notes maturing on December 1, 2023 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2022 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____, _____ and _____ are subject to mandatory redemption by lot as provided in the resolution authorizing the Notes at the redemption price of par plus accrued interest to the date of redemption and without premium.]

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

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

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.
3. The interest on the Notes is included for federal income tax purposes in the gross income of the owners of the Notes.

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

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

QUARLES & BRADY LLP

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX D

CONTINUING DISCLOSURE CERTIFICATE
FOR THE NOTES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Wauwatosa, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$16,370,000 General Obligation Promissory Notes, Series 2014A, dated December 2, 2014 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on November 4, 2014 and November 18, 2014 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated November 18, 2014 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2014, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

1. Total Outstanding General Obligation Debt Summary
2. Total Outstanding Revenue Debt Summary (if any)
3. Debt Ratios (including Equalized Value)

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

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

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

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to the MSRB an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the holders of the Securities, but only upon the delivery by the Issuer to the MSRB of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses

to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 2nd day of December, 2014.

Kathleen Ehley
Mayor

(SEAL)

Carla A. Ledesma
City Clerk

APPENDIX E

CONTINUING DISCLOSURE CERTIFICATE
FOR THE TAXABLE NOTES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Wauwatosa, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B, dated December 2, 2014 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on November 4, 2014 and November 18, 2014 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated November 18, 2014 delivered in connection with the Securities, which is available from the MSRB.

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

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

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

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

"SEC" means the Securities and Exchange Commission.

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

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2014, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

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

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

1. Total Outstanding General Obligation Debt Summary
2. Total Outstanding Revenue Debt Summary (if any)
3. Debt Ratios (including Equalized Value)

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

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

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

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to the MSRB an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the holders of the Securities, but only upon the delivery by the Issuer to the MSRB of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses

to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 2nd day of December, 2014.

Kathleen Ehley
Mayor

(SEAL)

Carla A. Ledesma
City Clerk

APPENDIX F

OFFICIAL NOTICE OF SALE
FOR THE NOTES

THIS PAGE INTENTIONALLY LEFT BLANK

OFFICIAL NOTICE OF SALE

\$16,370,000
 CITY OF WAUWATOSA
 MILWAUKEE COUNTY, WISCONSIN
 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2014A
 DATED DECEMBER 2, 2014 (THE "NOTES")

NOTICE IS HEREBY GIVEN that bids will be received by the Common Council, City of Wauwatosa, Milwaukee County, Wisconsin for the purchase of all but no part of its Notes at the offices of the City's financial advisor, Hutchinson, Shockey, Erley & Co. ("HSE"), 1110 North Old World Third Street, Suite 630, Milwaukee, WI 53203, Attention: Paul M. Thompson, Executive Vice President until 10:00 a.m. (Central Time) on

November 18, 2014

at which time the bids will be publicly opened and read. Bids may be mailed, delivered or submitted by fax to HSE at the address set forth above or faxed to (414) 298-9893, or submitted electronically via PARITY, as described below. Signed bids, without final price or coupons, may be submitted to HSE prior to the time of sale. The bidder shall be responsible for submitting to HSE the final bid price and coupons, by telephone (414) 298-9898 or fax (414) 298-9893 for inclusion in the submitted bid. Bids which are mailed or delivered should be directed to HSE and plainly marked "Bid for City of Wauwatosa General Obligation Promissory Notes, Series 2014A". Bids will only be considered if the required good faith deposit has been received. A meeting of the Common Council will be held on said date at 7:30 p.m. for the purpose of taking action on such bids as may be received.

Dates and Maturities: The Notes will be dated December 2, 2014 and will mature on December 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2015	\$1,720,000
2016	925,000
2017	1,050,000
2018	1,050,000
2019	1,425,000
2020	1,250,000
2021	1,925,000
2022	2,850,000
2023	2,200,000
2024	1,975,000

Interest: Interest on the Notes will be payable semi-annually on June 1 and December 1 of each year, commencing on June 1, 2015 to the registered owners of the Notes appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the MSRB.

Optional Redemption: The Notes maturing on December 1, 2023 and thereafter will be subject to redemption prior to maturity, at the option of the City, on December 1, 2022 or on any date thereafter. Said Notes will be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Term Bonds at Bidder's Option: Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

Mandatory Redemption: Any term bonds specified shall be subject to mandatory sinking fund redemption in part prior to their scheduled maturity dates on December 1 of certain years, as more fully described in the Dates and Maturities section herein, at a price of par plus accrued interest to the date of redemption.

Security and Purpose: The Notes are general obligations of the City. The principal of and interest on the Notes will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable property located in the City. The Notes will be issued for public purposes, including paying the cost of storm and sanitary sewer improvements, Tax Incremental District No. 7 projects and other public improvements included in the City's Capital Project Plan.

Registration: The Notes will be issued as fully-registered Notes without coupons and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC").

DTC Book Entry Only System: UTILIZATION OF DTC IS REQUIRED. BIDS FOR THE NOTES MAY NOT PROVIDE FOR THE NOTES TO BE ISSUED ON A NON-DTC BASIS. DTC will act as securities depository of the Notes. A single Note certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry form only pursuant to the rules and procedures established between DTC and its participants, in the denomination of \$5,000 or any integral multiple thereof. Individual purchasers will not receive certificates evidencing their ownership of the Notes purchased. The successful bidder shall be required to deposit the Note certificates with DTC as a condition to delivery of the Notes. The City will make payments of principal and interest on the Notes to DTC or its nominee as registered owner of the Notes in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will

make prompt transfer of the payments as required by DTC rules and procedures. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Notes.

Depository: In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, fully-registered certificated Notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Notes.

Fiscal Agent: The Notes shall be distributed to the owners in fully-registered form by the fiscal agent for the City (the "Fiscal Agent") in the denomination of \$5,000 or any integral multiple thereof. Such Fiscal Agent may be the City Finance Director and will be designated by the City at the time of the sale of the Notes. The Notes shall be payable as to interest by check or draft of the Fiscal Agent mailed to the registered owners whose names appear on the books of the Fiscal Agent at the close of business on the fifteenth day of each calendar month next preceding each interest payment date and as to principal by presentation of the Notes at the office of the Fiscal Agent. The City will pay all costs relating to the registration of the Notes.

No Designation as Qualified Tax-Exempt Obligations: The Notes will not be designated "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Bid Specifications: Bids will be received on an interest rate basis in integral multiples of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid but the difference between the highest and lowest rate bid shall not exceed Two Percent (2.0%). All Notes of the same maturity shall bear the same interest rate. No bid for less than One Hundred Percent (100%) of the principal amount of the Notes (\$16,370,000) nor more than One Hundred Two Percent (102%) of the principal amount of the Notes (\$16,697,400) plus accrued interest to the date of delivery will be considered. The Notes will be awarded to a responsible bidder whose proposal results in the lowest true interest cost to the City.

Type of Bid – Amount: Bids must be submitted either: (1) to HSE as set forth herein; or (2) electronically via PARITY, in accordance with this Official Notice of Sale, within a one hour period prior to the time of sale, but no bids will be received after the time established above for the opening of bids. If any provisions in this Notice are conflicting with any instructions or directions set forth in PARITY, this Official Notice of Sale shall control. The normal fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders may contact Hutchinson, Shockey, Erley & Co., Suite 630, 1110 North Old World Third Street, Milwaukee, Wisconsin 53203 or PARITY, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The City and HSE assume no responsibility or liability for bids submitted through PARITY. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the City, its agents nor PARITY shall have any duty or obligation to undertake registration to bid for any

prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY. The City is using the services of PARITY solely as a communication mechanism to conduct the electronic bidding for the Notes, and PARITY is not an agent of the City.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described in this Official Notice of Sale and in the written form of Official Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Official Bid Form.

Good Faith Deposit: A cashier's check in the amount of \$327,400 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$327,400 shall be made by the winning bidder by federal wire transfer as directed by the Finance Director to be received by the City no later than 2:00 p.m. prevailing Central Time on the day of the bid opening (November 18, 2014) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Notes. The good faith deposit will be applied to the purchase price of the Notes. In the event the successful bidder fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Notes shall be made at the closing. Good faith checks of unsuccessful bidders will be returned by overnight delivery for next day receipt sent not later than the first business day following the sale.

Bond Insurance at Bidder's Option: If the Notes qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder. Each bidder shall indicate if it is obtaining bond insurance and shall list the name of the bond insurer on the bidder's Official Bid Form. Any increased costs of issuance of the Notes resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the City has requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Notes have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Notes.

Delivery: The Notes will be delivered in printed form, one Note per maturity, registered in the name of CEDE & CO., as nominee of The Depository Trust Company, securities depository of the Notes for the establishment of book-entry accounts at the direction of the successful bidder, within approximately forty-five (45) days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within forty-five (45) days after the date of the sale of the Notes, the successful bidder may, prior to tender of the Notes, at its option, be relieved of its obligation under the contract to purchase the Notes and its good faith deposit shall be returned, but no interest shall be allowed thereon.

Legality: The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles & Brady LLP of Milwaukee, Wisconsin. A transcript of the proceedings relative to the issuance of the Notes (including an arbitrage certificate and a no-litigation certificate) will be furnished to the successful bidder without cost. A Continuing Disclosure Certificate will be delivered at closing setting forth the details and terms of the City's undertaking and such Certificate is a condition of closing.

CUSIP Numbers: The City will assume no obligation for the assignment of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon. The City will permit such numbers to be assigned and printed at the expense of the successful bidder, but neither the failure to print such numbers on any Notes nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the Notes.

Reoffering Prices: Simultaneously with or before delivery of the Notes, the successful bidder shall furnish to the City a certificate, made on the best knowledge, information and belief of the successful bidder, acceptable to bond counsel, stating the initial reoffering prices to the public of each maturity of the Notes and further stating that a substantial amount of each maturity of the Notes was sold to the public or final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering prices.

Official Statement: Bidders may obtain a copy of the Near Final Official Statement by request to the City's financial advisor prior to the bid opening. By submitting a bid, the successful bidder agrees to supply to the City within 24 hours after the award of the Notes all necessary pricing information and any underwriter identification necessary to complete the Near Final Official Statement. Within seven days of the award of the Notes, the successful bidder will be provided with 25 copies of the Official Statement without cost. If the successful bidder is the manager of an underwriting syndicate, the successful bidder shall be responsible for distributing copies of the Official Statement to syndicate members.

Certification Regarding Official Statement: The City will deliver, at closing, a certificate, executed by appropriate officers of the City acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the City and the Notes are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The City also agrees to notify the successful bidder of any material developments impacting the City or the Notes of which the City becomes aware within 60 days after the delivery of the Notes.

Undertaking to Provide Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the City will covenant to undertake (pursuant to a Resolution to be adopted by the Common Council), to provide annual reports and timely notice of certain events for the benefit of holders of the Notes. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the City, a form of which is included in the Near Final Official Statement and in the Final Official Statement.

Irregularities: The City reserves the right to reject any and all bids and to waive any and all irregularities.

Information: Copies of the Near Final Official Statement and additional information may be obtained by addressing inquiries to: Hutchinson, Shockey, Erley & Co., 1110 North Old World Third Street, Suite 630, Milwaukee, WI 53203; Attention: Paul M. Thompson, Executive Vice President, (414) 298-9898 or the undersigned.

John Ruggini
Finance Director
City of Wauwatosa
7725 West North Avenue
Wauwatosa, WI 53213
Phone: (414) 479-8962

APPENDIX G

OFFICIAL NOTICE OF SALE
FOR THE TAXABLE NOTES

THIS PAGE INTENTIONALLY LEFT BLANK

OFFICIAL NOTICE OF SALE

\$5,240,000
 CITY OF WAUWATOSA
 MILWAUKEE COUNTY, WISCONSIN
 TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2014B
 DATED DECEMBER 2, 2014 (THE "NOTES")

NOTICE IS HEREBY GIVEN that bids will be received by the Common Council, City of Wauwatosa, Milwaukee County, Wisconsin for the purchase of all but no part of its Notes at the offices of the City's financial advisor, Hutchinson, Shockey, Erley & Co. ("HSE"), 1110 North Old World Third Street, Suite 630, Milwaukee, WI 53203, Attention: Paul M. Thompson, Executive Vice President until 10:00 a.m. (Central Time) on

November 18, 2014

at which time the bids will be publicly opened and read. Bids may be mailed, delivered or submitted by fax to HSE at the address set forth above or faxed to (414) 298-9893, or submitted electronically via PARITY, as described below. Signed bids, without final price or coupons, may be submitted to HSE prior to the time of sale. The bidder shall be responsible for submitting to HSE the final bid price and coupons, by telephone (414) 298-9898 or fax (414) 298-9893 for inclusion in the submitted bid. Bids which are mailed or delivered should be directed to HSE and plainly marked "Bid for City of Wauwatosa Taxable General Obligation Promissory Notes, Series 2014B". Bids will only be considered if the required good faith deposit has been received. A meeting of the Common Council will be held on said date at 7:30 p.m. for the purpose of taking action on such bids as may be received.

Dates and Maturities: The Notes will be dated December 2, 2014 and will mature on December 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2015	\$ 215,000
2016	450,000
2017	450,000
2018	450,000
2019	475,000
2020	475,000
2021	475,000
2022	525,000
2023	525,000
2024	1,200,000

Interest: Interest on the Notes will be payable semi-annually on June 1 and December 1 of each year, commencing on June 1, 2015 to the registered owners of the Notes appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the MSRB.

Optional Redemption: The Notes maturing on December 1, 2023 and thereafter will be subject to redemption prior to maturity, at the option of the City, on December 1, 2022 or on any date thereafter. Said Notes will be redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Term Bonds at Bidder's Option: Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

Mandatory Redemption: Any term bonds specified shall be subject to mandatory sinking fund redemption in part prior to their scheduled maturity dates on December 1 of certain years, as more fully described in the Dates and Maturities section herein, at a price of par plus accrued interest to the date of redemption.

Security and Purpose: The Notes are general obligations of the City. The principal of and interest on the Notes will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable property located in the City. The Notes will be issued for public purposes, including paying project costs of Tax Incremental Districts No. 6 and No. 7.

Registration: The Notes will be issued as fully-registered Notes without coupons and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC").

DTC Book Entry Only System: UTILIZATION OF DTC IS REQUIRED. BIDS FOR THE NOTES MAY NOT PROVIDE FOR THE NOTES TO BE ISSUED ON A NON-DTC BASIS. DTC will act as securities depository of the Notes. A single Note certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry form only pursuant to the rules and procedures established between DTC and its participants, in the denomination of \$5,000 or any integral multiple thereof. Individual purchasers will not receive certificates evidencing their ownership of the Notes purchased. The successful bidder shall be required to deposit the Note certificates with DTC as a condition to delivery of the Notes. The City will make payments of principal and interest on the Notes to DTC or its nominee as registered owner of the Notes in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The City

assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Notes.

Depository: In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, fully-registered certificated Notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Notes.

Fiscal Agent: The Notes shall be distributed to the owners in fully-registered form by the fiscal agent for the City (the "Fiscal Agent") in the denomination of \$5,000 or any integral multiple thereof. Such Fiscal Agent may be the City Finance Director and will be designated by the City at the time of the sale of the Notes. The Notes shall be payable as to interest by check or draft of the Fiscal Agent mailed to the registered owners whose names appear on the books of the Fiscal Agent at the close of business on the fifteenth day of each calendar month next preceding each interest payment date and as to principal by presentation of the Notes at the office of the Fiscal Agent. The City will pay all costs relating to the registration of the Notes.

Bid Specifications: Bids will be received on an interest rate basis in integral multiples of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid but the difference between the highest and lowest rate bid shall not exceed Three Percent (3.0%). All Notes of the same maturity shall bear the same interest rate. No bid for less than One Hundred Percent (100%) of the principal amount of the Notes (\$5,240,000) nor more than One Hundred Three Percent (103%) of the principal amount of the Notes (\$5,397,200) plus accrued interest to the date of delivery will be considered. The Notes will be awarded to a responsible bidder whose proposal results in the lowest true interest cost to the City.

Type of Bid – Amount: Bids must be submitted either: (1) to HSE as set forth herein; or (2) electronically via PARITY, in accordance with this Official Notice of Sale, within a one hour period prior to the time of sale, but no bids will be received after the time established above for the opening of bids. If any provisions in this Notice are conflicting with any instructions or directions set forth in PARITY, this Official Notice of Sale shall control. The normal fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders may contact Hutchinson, Shockey, Erley & Co., Suite 630, 1110 North Old World Third Street, Milwaukee, Wisconsin 53203 or PARITY, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The City and HSE assume no responsibility or liability for bids submitted through PARITY. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the City, its agents nor PARITY shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY. The City is using the

services of PARITY solely as a communication mechanism to conduct the electronic bidding for the Notes, and PARITY is not an agent of the City.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described in this Official Notice of Sale and in the written form of Official Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Official Bid Form.

Good Faith Deposit: A cashier's check in the amount of \$104,800 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$104,800 shall be made by the winning bidder by federal wire transfer as directed by the Finance Director to be received by the City no later than 2:00 p.m. prevailing Central Time on the day of the bid opening (November 18, 2014) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Notes. The good faith deposit will be applied to the purchase price of the Notes. In the event the successful bidder fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Notes shall be made at the closing. Good faith checks of unsuccessful bidders will be returned by overnight delivery for next day receipt sent not later than the first business day following the sale.

Bond Insurance at Bidder's Option: If the Notes qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder. Each bidder shall indicate if it is obtaining bond insurance and shall list the name of the bond insurer on the bidder's Official Bid Form. Any increased costs of issuance of the Notes resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the City has requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Notes have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Notes.

Delivery: The Notes will be delivered in printed form, one Note per maturity, registered in the name of CEDE & CO., as nominee of The Depository Trust Company, securities depository of the Notes for the establishment of book-entry accounts at the direction of the successful bidder, within approximately forty-five (45) days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within forty-five (45) days after the date of the sale of the Notes, the successful bidder may, prior to tender of the Notes, at its option, be relieved of its obligation under the contract to purchase the Notes and its good faith deposit shall be returned, but no interest shall be allowed thereon.

Legality: The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles & Brady LLP of Milwaukee, Wisconsin. A transcript of the proceedings relative to the issuance of the Notes (including an arbitrage certificate and a no-litigation certificate) will be furnished to the successful bidder without cost. A Continuing

Disclosure Certificate will be delivered at closing setting forth the details and terms of the City's undertaking and such Certificate is a condition of closing.

CUSIP Numbers: The City will assume no obligation for the assignment of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon. The City will permit such numbers to be assigned and printed at the expense of the successful bidder, but neither the failure to print such numbers on any Notes nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the Notes.

Reoffering Prices: Simultaneously with or before delivery of the Notes, the successful bidder shall furnish to the City a certificate, made on the best knowledge, information and belief of the successful bidder, acceptable to bond counsel, stating the initial reoffering prices to the public of each maturity of the Notes and further stating that a substantial amount of each maturity of the Notes was sold to the public or final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering prices.

Official Statement: Bidders may obtain a copy of the Near Final Official Statement by request to the City's financial advisor prior to the bid opening. By submitting a bid, the successful bidder agrees to supply to the City within 24 hours after the award of the Notes all necessary pricing information and any underwriter identification necessary to complete the Near Final Official Statement. Within seven days of the award of the Notes, the successful bidder will be provided with 25 copies of the Official Statement without cost. If the successful bidder is the manager of an underwriting syndicate, the successful bidder shall be responsible for distributing copies of the Official Statement to syndicate members.

Certification Regarding Official Statement: The City will deliver, at closing, a certificate, executed by appropriate officers of the City acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the City and the Notes are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The City also agrees to notify the successful bidder of any material developments impacting the City or the Notes of which the City becomes aware within 60 days after the delivery of the Notes.

Undertaking to Provide Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the City will covenant to undertake (pursuant to a Resolution to be adopted by the Common Council), to provide annual reports and timely notice of certain events for the benefit of holders of the Notes. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the City, a form of which is included in the Near Final Official Statement and in the Final Official Statement.

Irregularities: The City reserves the right to reject any and all bids and to waive any and all irregularities.

Information: Copies of the Near Final Official Statement and additional information may be obtained by addressing inquiries to: Hutchinson, Shockey, Erley & Co., 1110 North Old World Third Street, Suite 630, Milwaukee, WI 53203; Attention: Paul M. Thompson, Executive Vice President, (414) 298-9898 or the undersigned.

John Ruggini
Finance Director
City of Wauwatosa
7725 West North Avenue
Wauwatosa, WI 53213
Phone: (414) 479-8962

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

APPENDIX H

OFFICIAL BID FORM
FOR THE NOTES

THIS PAGE INTENTIONALLY LEFT BLANK

SALE DATE: November 18, 2014

OFFICIAL BID FORM

CITY OF WAUWATOSA, WISCONSIN
\$16,370,000 General Obligation Promissory Notes, Series 2014A
Dated December 2, 2014

Finance Director
City of Wauwatosa
c/o Hutchinson, Shockey, Erley & Co.
1110 N. Old World Third Street, Suite 630
Milwaukee, Wisconsin 53203

We offer to purchase all but no part of your \$16,370,000 General Obligation Promissory Notes, Series 2014A dated December 2, 2014 (the "Notes"). This bid is made subject to all the terms and conditions of the Official Notice of Sale heretofore received which is incorporated herein by reference and is made a part of the bid described herein.

Terms of Notes. The Notes shall bear interest at the following rate or rates per annum (on a 360-day basis), and we will pay you the price of par plus a premium, if any, of \$ _____ (which purchase price shall not be less than 100.00% [\$16,370,000] nor more than 102.00% [\$16,697,400] of the principal amount of the Notes) plus accrued interest, if any, from December 2, 2014, the dated date, to the date of delivery and payment. The Notes shall bear interest as follows:

Table with columns: December 1, Principal Amount, Interest Rate, December 1, Principal Amount, Interest Rate. Rows for years 2015-2019 and 2020-2024.

Bond Years: 101,324.53

Good-Faith Deposit. In accordance with the terms of the Official Notice of Sale, a good-faith deposit is enclosed in the form of a cashier's check in the amount of \$327,400 or a deposit in the amount of \$327,400 shall be made by federal wire transfer to be received by the City no later than 2:00 p.m. Central Time on the sale date of November 18, 2014.

If this bid is accepted by the City, the proceeds of the good-faith deposit are to be retained by the City to be applied to the purchase price of the Notes or in the event that we should fail to take up and pay for the Notes in compliance with the bid described herein, the good-faith deposit will be retained by the City as full and complete liquidated damages. The amount of the good-faith deposit is to be returned to us on the failure on the part of the City to perform in accordance with the terms of the Official Notice of Sale and this bid.

Closing and Delivery. We agree to accept delivery of and pay for the Notes awarded to us in federal funds or other immediately available funds on or about December 2, 2014.

Certification of Price. We agree to certify to the City, prior to delivery of the Notes, the initial offering price to the public of the Notes, together with such other information as may be required by the City to enable it to determine the "issue price" of the Notes awarded to us as defined in Section 1274 of the Internal Revenue Code of 1986.

Our calculation of the true interest cost rate, computed in accordance with the Official Notice of Sale but not a part of the above bid, is:

Net Interest Cost: \$ _____ True Interest Rate: _____%

Respectfully submitted,

Firm Name _____

Direct Contact and Phone Number _____

By _____

The foregoing offer is hereby accepted this 18th day of November, 2014 by Members of the Common Council and in recognition therefore is signed by the Officers empowered and authorized to make such acceptance.

Mayor _____

City Clerk _____

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX I
OFFICIAL BID FORM
FOR THE TAXABLE NOTES

THIS PAGE INTENTIONALLY LEFT BLANK

SALE DATE: November 18, 2014

OFFICIAL BID FORM
CITY OF WAUWATOSA, WISCONSIN
\$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B
Dated December 2, 2014

Finance Director
 City of Wauwatosa
 c/o Hutchinson, Shockey, Erley & Co.
 1110 N. Old World Third Street, Suite 630
 Milwaukee, Wisconsin 53203

We offer to purchase all but no part of your \$5,240,000 Taxable General Obligation Promissory Notes, Series 2014B dated December 2, 2014 (the "Notes"). This bid is made subject to all the terms and conditions of the Official Notice of Sale heretofore received which is incorporated herein by reference and is made a part of the bid described herein.

Terms of Notes. The Notes shall bear interest at the following rate or rates per annum (on a 360-day basis), and we will pay you the price of par plus a premium, if any, of \$ _____ (which purchase price shall not be less than 100.00% [\$5,240,000] nor more than 103.00% [\$5,397,200] of the principal amount of the Notes) plus accrued interest, if any, from December 2, 2014, the dated date, to the date of delivery and payment. The Notes shall bear interest as follows:

<u>December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>December 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ 215,000	_____ %	2020	\$ 475,000	_____ %
2016	450,000	_____	2021	475,000	_____
2017	450,000	_____	2022	525,000	_____
2018	450,000	_____	2023	525,000	_____
2019	475,000	_____	2024	1,200,000	_____

Bond Years: 33,725.44

Good-Faith Deposit. In accordance with the terms of the Official Notice of Sale, a good-faith deposit is enclosed in the form of a cashier's check in the amount of \$104,800 or a deposit in the amount of \$104,800 shall be made by federal wire transfer to be received by the City no later than 2:00 p.m. Central Time on the sale date of November 18, 2014.

If this bid is accepted by the City, the proceeds of the good-faith deposit are to be retained by the City to be applied to the purchase price of the Notes or in the event that we should fail to take up and pay for the Notes in compliance with the bid described herein, the good-faith deposit will be retained by the City as full and complete liquidated damages. The amount of the good-faith deposit is to be returned to us on the failure on the part of the City to perform in accordance with the terms of the Official Notice of Sale and this bid.

Closing and Delivery. We agree to accept delivery of and pay for the Notes awarded to us in federal funds or other immediately available funds on or about December 2, 2014.

Our calculation of the true interest cost rate, computed in accordance with the Official Notice of Sale but not a part of the above bid, is:

Net Interest Cost: \$ _____ True Interest Rate: _____%

Respectfully submitted,

Firm Name _____

Direct Contact and Phone Number _____

By _____

 The foregoing offer is hereby accepted this 18th day of November, 2014 by Members of the Common Council and in recognition therefore is signed by the Officers empowered and authorized to make such acceptance.

 Mayor

 City Clerk

Attachment: Near Final Official Statement 2014 GO (2610 : 2014 GO Taxable and Tax Exempt Bond Sale)

THIS PAGE INTENTIONALLY LEFT BLANK