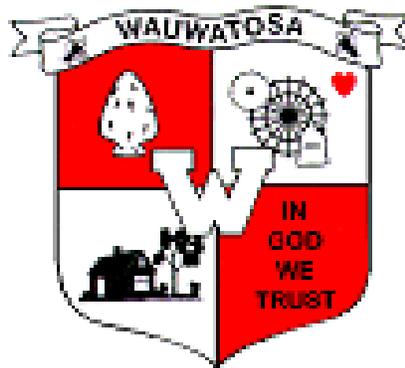


**CITY OF WAUWATOSA,
WISCONSIN**



Comprehensive Annual Financial Report

For the Year Ended December 31, 2011

CITY OF WAUWATOSA, WISCONSIN
Milwaukee County, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2011

Prepared by:

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

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INTRODUCTORY SECTION

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CITY OF WUWATOSA

Finance Department
7725 W. North Avenue
Wauwatosa, WI 53213

June 20, 2012

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

Wisconsin Statutes and the Wisconsin Administrative Code require that cities with a population greater than 25,000 publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to those requirements, the Comprehensive Annual Financial Report of the City of Wauwatosa for the fiscal year ended December 31, 2011 is hereby submitted.

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

As indicated above, state law requires that the City's financial records be audited annually by independent certified public accountants. Based upon the recommendation of the Budget and Finance Committee and the approval of the Common Council, the City retained the services of CliftonLarsonAllen, LLP to perform its audit. CliftonLarsonAllen, LLP concluded based upon its audit procedures that the City's financial statements for the year ended December 31, 2011 are fairly presented in accordance with GAAP. The auditor's opinion is included as the first item in the financial section of this report.

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

PROFILE OF THE CITY OF WAUWATOSA

The City of Wauwatosa is located in Milwaukee County, approximately five miles from downtown Milwaukee, in the southeast corner of Wisconsin. Incorporated in 1892, the City of Wauwatosa covers thirteen square miles and has a population of 46,380 (per state Department of Administration). The City operates under the Council-Administrator form of government. The sixteen aldermen represent eight districts, serving four-year staggered terms, with one alderman per district elected every two years. The Mayor is elected to serve a four-year term while the City Administrator is appointed by the Common Council to manage the day-to-day operations of the City. Wauwatosa provides a full range of services typical of municipal governments, including police, fire and emergency medical protection; public works activities such as highway and street maintenance, refuse and recycling collection, water utility and wastewater treatment services; public library; parks and recreation activities; community development activities including planning and zoning enforcement, economic development, and construction inspection; and general and financial administration.

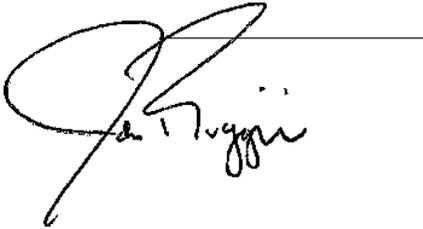
The annual budget process serves as the City's basis for financial planning and control. Departmental budgets are prepared on an annual basis by department heads and are submitted for examination in August of each year. The initial review of these budgets is conducted by the Mayor, City Administrator,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

ACKNOWLEDGEMENTS

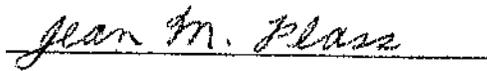
2012 marks the first year the City of Wauwatosa prepared a Comprehensive Annual Financial Report (CAFR), previously having just issued financial statements. As such, this document will be submitted to the Government Finance Officers Association of the United States and Canada for consideration of a certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR.

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

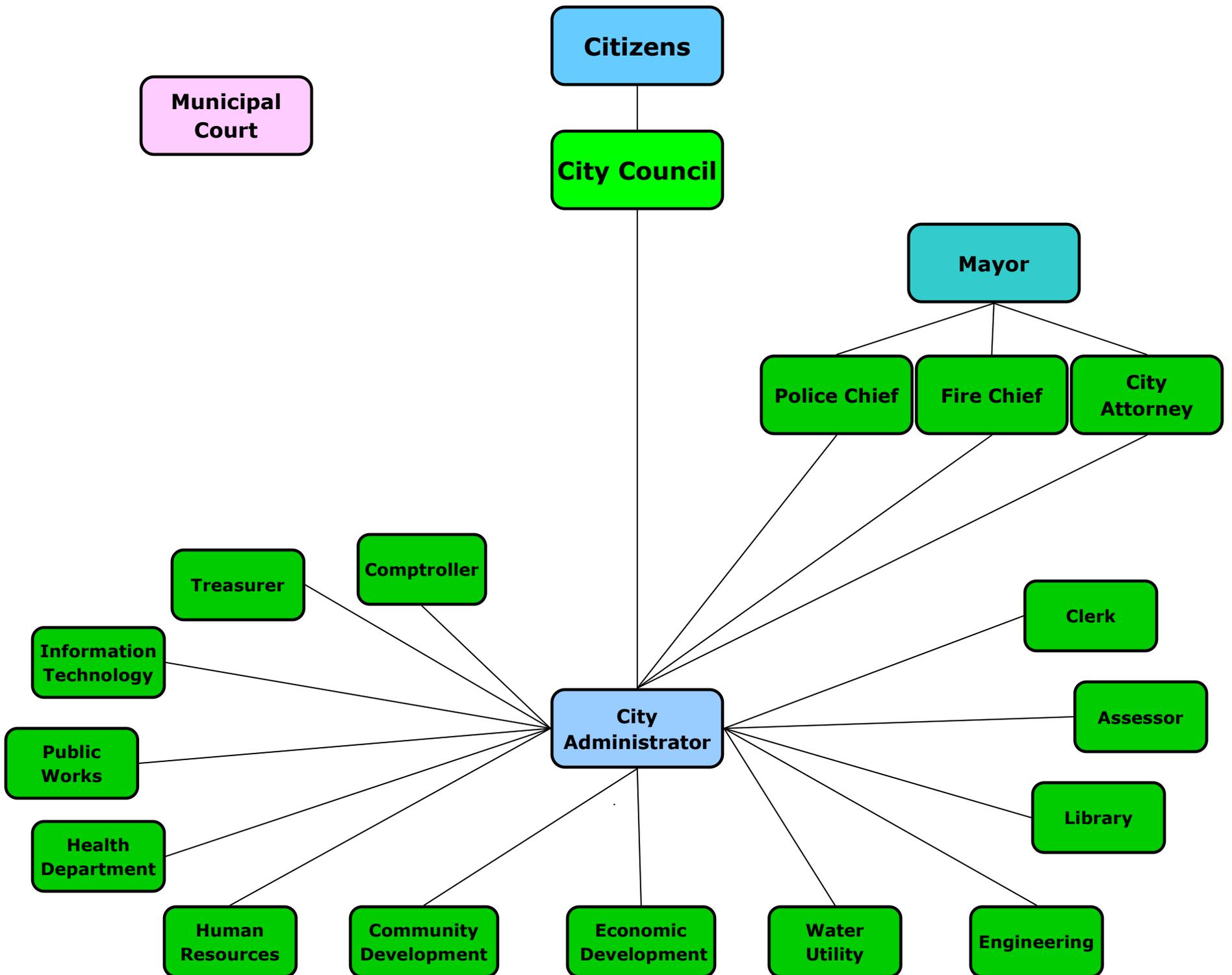
Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Ruggini", is written over a horizontal line.

John Ruggini
Director of Finance

A handwritten signature in black ink, appearing to read "Jean M. Plass", is written over a horizontal line.

Jean Plass
Accounting Manager



City Council

Boards, Commissions and Committees Defined by State Statues

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

Mayor

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

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

Boards, Commissions and Committees Adopted by the City—Resolution

- Citizens Advisory Solid Waste Recycling Committee

Boards, Commissions and Committees Adopted by the City—Ordinance

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

Repealed Boards, Commissions and Committees

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended December 31, 2011

THE CITY OF WAUWATOSA, WISCONSIN

7725 W North Avenue
WAUWATOSA, WISCONSIN 53213

Kathleen Ehley, Mayor
Dennis McBride, Common Council President

MEMBERS OF THE COMMON COUNCIL

Peter Donegan	Alderman, District # 1	Dennis McBride	Alderman, District # 4
Jim Moldenhauer	Alderman, District # 1	Bobby Pantuso	Alderman, District # 5
Kathleen Causier	Alderman, District # 2	Joel Tilleson	Alderman, District # 5
Vacant	Alderman, District # 2	Brian M Ewerdt	Alderman, District # 6
Tim J Hanson	Alderman, District # 3	Jeffrey Roznowski	Alderman, District # 6
Gregory Walz- Chonjnacki	Alderman, District # 3	Donald Birschel	Alderman, District # 7
Jill M Organ	Alderman, District # 4	Cheryl Berdan	Alderman, District # 7
		Craig Wilson	Alderman, District # 8
		Jason G Wilke	Alderman, District # 8

ADMINISTRATORS

James Archambo	City Administrator
Beth Aldana	Human Resources Director
Richard Baker	Municipal Judge
Paulette Enders	Development Director
Alan Kesner	City Attorney
Nancy Kreuser	Health Officer
Carla Ledesma	City Clerk
Steven Miner	City Assessor
Mary Murphy	Library Director
Thomas Otzelberger	Information Systems Director
William Porter	Public Works Director
John Ruggini	Finance Director
Robert Ugaste	Fire Chief
Barry Weber	Police Chief
James Wojcehowicz	Water Superintendent

OFFICIALS ISSUING REPORT

John Ruggini	Finance Director
Jean Plass	Accounting Manager

FINANCIAL SECTION

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Independent Auditor's Report

Common Council
City of Wauwatosa, Wisconsin
Milwaukee County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wauwatosa, Wisconsin as of and for the year ended December 31, 2011 and the respective budgetary comparison for the General Fund and Tax Incremental District Fund for the year then ended, which collectively comprise City of Wauwatosa, Wisconsin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Wauwatosa, Wisconsin's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wauwatosa, Wisconsin as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Tax Incremental District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012 on our consideration of City of Wauwatosa, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 17 and the Schedule of Funding Progress – Other Postemployment Benefits – Retiree Health and Life Insurance on page 76 be presented to supplement the basic financial statements, such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wauwatosa's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
June 20, 2012

Management's Discussion and Analysis

As management of the City of Wauwatosa, we offer readers of the City of Wauwatosa's financial statements this narrative overview and analysis of the financial activities of the City of Wauwatosa for the fiscal year ended December 31, 2011.

Financial Highlights

- ◆ The assets of the City of Wauwatosa exceeded its liabilities as of December 31, 2011 by \$140,494,455 which represents 47% of total assets.
- ◆ As of the close of the current fiscal year, the City of Wauwatosa's governmental funds reported a combined ending fund balance of \$51,330,633, an increase of \$5,826,937 over 2010.
- ◆ At the end of the current fiscal year, the fund balance for the General Fund was \$19,660,431 or approximately 36% of the total General Fund expenditures. This included:
 - \$348,886 is considered non-spendable
 - \$982,506 is committed as a General Fund budget appropriation
 - \$1,400,393 is assigned for carryover's, capital improvements and for the parks.
 - \$16,928,646 is unassigned of which \$7,904,679 remains in the Amortization Fund and \$134,134 is for contingencies leaving \$8,889,833¹
- ◆ The City's total net assets for 2011 increased by \$1,059,496 or 0.8%.
- ◆ The City of Wauwatosa's total general obligation debt increased by \$12,254,496, (29%) including general obligation debt issued for sewer construction. The City issued \$17.1 million in General Obligations bonds during 2011. The total outstanding general obligation debt of \$53.0 million is 1.01% percent of the City's equalized value leaving \$209,206,051 in excess general obligation debt capacity. All general obligation bonds and notes will be retired within twenty years.

Overview of the Financial Statements

This discussion and analysis is 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 an introductory section, required supplementary information, other supplementary information and statistical information in addition to the basic financial statements themselves.

¹ As of Dec. 31, 2010, the undesignated fund balance (excluding the Amortization Fund Balance) had been reported as \$5,831,706. Due to recent accounting standard changes, \$1,645,690 in non-current receivables (made up mostly of ambulance revenue) previously considered reserved, was reclassified as unassigned. In addition, \$1,025,000 was transferred in 2011 from the Health/Life Fund to the General Fund in order to rebalance the funds. The amortization fund balance is governed by Section 3.04 of the Wauwatosa Municipal Code, which provides that the reserve 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

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

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

Both of the government-wide financial statements distinguish functions of the City of Wauwatosa that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Wauwatosa include general government, public safety, public works, health and sanitation, and culture and recreation. The business-type activities of the City of Wauwatosa include the Water Utility, Redevelopment Authority, Sanitary and Storm Water Management Funds.

The government-wide financial statements include the activities of the City of Wauwatosa itself (known as the *primary government*). The Government-wide financial statements can be found on pages 18-19.

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 20-24.

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 25-28.

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 29-30.

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 31-75.

Required supplementary information. The required supplementary information related to the funding progress of the City's OPEB obligation is presented on page 76.

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. Budgetary schedules are also presented for nonmajor governmental funds for which there is an adopted budget. The City has also presented cumulative information related to its Tax Increment Districts as well as combining statements for the six internal service funds.

The supplementary information can be found on pages 77-98

Government-wide Financial Analysis

As noted earlier, net assets 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 \$140,494,455 at the close of 2011.

**CITY OF WAUWATOSA, WISCONSIN
CONDENSED STATEMENT OF NET ASSETS
DECEMBER 31, 2011 AND 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 106,761,681	103,541,525	25,919,181	19,451,117	132,680,862	122,992,642
Capital assets	<u>77,461,147</u>	<u>78,672,025</u>	<u>87,360,029</u>	<u>80,258,558</u>	<u>164,821,176</u>	<u>158,930,583</u>
Total assets	184,222,828	182,213,550	113,279,210	99,709,675	297,502,038	281,923,225
Current liabilities	48,158,455	48,202,203	5,498,861	3,755,413	53,657,316	51,957,616
Noncurrent liabilities	<u>72,106,049</u>	<u>67,640,167</u>	<u>31,244,218</u>	<u>22,890,483</u>	<u>103,350,267</u>	<u>90,530,650</u>
Total liabilities	120,264,504	115,842,370	36,743,079	26,645,896	157,007,583	142,488,266
Net assets						
Invested in capital assets, net of related debt	56,698,267	55,833,774	68,606,064	67,042,774	123,247,838	120,820,055
Restricted	27,398,789	22,180,773	415,318	499,147	27,814,107	22,679,920
Unrestricted	<u>(20,138,732)</u>	<u>(11,643,367)</u>	<u>7,514,749</u>	<u>5,521,858</u>	<u>(10,567,490)</u>	<u>(4,065,016)</u>
Total net assets	<u>\$ 63,958,324</u>	<u>\$ 66,371,180</u>	<u>\$ 76,536,131</u>	<u>\$ 73,063,779</u>	<u>\$ 140,494,455</u>	<u>\$ 139,434,959</u>

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

The details of changes in net assets follow:

**CITY OF WAUWATOSA, WISCONSIN
CONDENSED STATEMENT OF ACTIVITIES
DECEMBER 31, 2011 AND 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue						
Program revenue						
Charges for services	\$ 6,019,524	\$ 5,567,219	\$ 15,419,445	\$ 15,027,004	\$ 21,438,969	\$ 20,594,223
Operating grants and contributions	5,564,088	4,338,426	-	-	5,564,088	4,338,426
Capital grants and contributions	2,669,078	2,687,568	511,431	49,669	3,180,509	2,737,237
General revenue						
Property taxes	42,513,888	42,115,702	-	-	42,513,888	42,115,702
Other taxes	5,693,842	1,457,467	-	-	5,693,842	1,457,467
Intergovernmental	3,049,643	4,314,271	-	-	3,049,643	4,314,271
Investment income	1,266,017	1,786,277	44,314	46,290	1,310,331	1,832,567
Gain on sale of capital assets	-	410,965	-	-	-	410,965
Expenses						
General government	13,209,633	4,683,203	-	-	13,209,633	4,683,203
Protection of persons and property	32,870,560	32,247,555	-	-	32,870,560	32,247,555
Health and sanitation	4,223,730	4,237,761	-	-	4,223,730	4,237,761
Highway and transportation	7,977,042	8,468,588	-	-	7,977,042	8,468,588
Education and recreation	4,145,124	4,012,813	-	-	4,145,124	4,012,813
Conservation and development	3,179,740	2,285,173	-	-	3,179,740	2,285,173
Unclassified	360,293	420,455	-	-	360,293	420,455
Interest and fiscal charges	2,312,246	2,509,908	-	-	2,312,246	2,509,908
Water Utility	-	-	5,887,434	5,828,672	5,887,434	5,828,672
Redevelopment Authority	-	-	-	3,317	-	3,317
Sanitary Sewer	-	-	5,870,586	6,029,407	5,870,586	6,029,407
Storm Water Management	-	-	1,655,386	1,810,140	1,655,386	1,810,140
Increase in net assets before transfers	(1,502,288)	3,812,439	2,561,784	1,451,427	1,059,496	5,263,866
Transfers	(910,568)	(367,316)	910,568	367,316	-	-
Change in net assets	(2,412,856)	3,445,123	3,472,352	1,818,743	1,059,496	5,263,866
Net assets - beginning	66,371,180	62,926,057	73,063,779	71,245,036	139,434,959	134,171,093
Net assets - ending	\$ 63,958,324	\$ 66,371,180	\$ 76,536,131	\$ 73,063,779	\$ 140,494,455	\$ 139,434,959

Governmental Activities.

While total net assets grew \$1,059,496 in 2011, governmental net assets decreased by \$2,412,856. This decrease is largely the result of the phased in recognition of the City's other (non-pension) retiree benefit liability. This is known as the net OPEB obligation which increased \$3.3 million and offset salary and fringe benefit savings. This expense is not recognized on the Statement of Revenues, Expenditures and Changes in Fund Balance which is one of the main factors in the difference in the net change in fund balances as opposed to the change in net assets.

Business-type activities. Business-type activities increased the City of Wauwatosa's net assets by \$3,472,352. Key elements of this increase are as follows.

- ◆ Water revenues exceeded expenses due to a relatively warm, dry summer which increased water consumption. In addition, the water utility received a large payment from a commercial customer due to a faulty meter that was discovered and had been under-reporting water consumption. Lastly, the utility received a \$437,822 one-time contribution related to a new residential development.
- ◆ While sewer revenues also exceeded expenses, it must be taken into account that principal payments are not considered an expense but exceed depreciation due to the quicker pace at which debt is retired as compared to the useful life of sewer pipes. The City intends to use a portion of the net assets for debt service.

Financial Analysis of the Governmental Funds

As noted earlier, the City of Wauwatosa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Wauwatosa's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Wauwatosa's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2011, the City of Wauwatosa's governmental funds reported combined ending balances of \$51,330,633, an increase of \$5,826,937 in comparison with the prior year. The increase is due to several factors:

- \$1,025,000 in fund balance was transferred from the Health/Life Fund to the General Fund in order to be consistent with the goal of maintaining an unassigned general fund balance (net of the amortization fund) of at least 16.7% of expenditures.
- The General Fund itself experienced a \$424,723 surplus, before taking into account changes in the Amortization fund balance and other uses of internally designated fund balances, as well as the 1,025,000 transfer from the internal service fund, which collectively brought the surplus to \$1,221,595. This surplus was largely the result of salary savings due to vacancies caused by retirements and held vacant in anticipation of 2012 budget reductions. In addition, several local revenues performed better than expected including hotel/motel taxes, building permit fees and ambulance fees.
- TIF increment exceeded TIF expenditures by \$1,397,967. These funds will eventually be expended in accordance with the TIF project plans and for debt service.
- Nonmajor governmental funds revenues exceeded expenditures by \$2,589,214 of which the majority was related to a transfer to the debt service fund from the internal service funds for future debt payments.

The breakdown of the \$51.3 million in fund balance between the required GASB 54 categories is shown below.

	General Fund	Special Revenue					Capital Projects Funds			
		TIF (total)	Debt Service	CDBG	Special Assessments	Library	Parks	Redevelopment Authority	Information systems Equipments	Capital Projects and Fleet
Beginning year balance	18,438,836	22,030,773	1,250	-	-	730,562	245,583	975,000	65,630	3,016,062
Current Year Activity	1,221,595	1,397,967	2,375,826	-	-	(10,410)	162,122	-	61,676	618,161
End of year balance	<u>19,660,431</u>	<u>23,428,740</u>	<u>2,377,076</u>	-	-	<u>720,152</u>	<u>407,705</u>	<u>975,000</u>	<u>127,306</u>	<u>3,634,223</u>
Non-spendable	348,886	13,138.00								
Restricted	-	23,415,602	2,377,076					975,000		3,634,223
Committed	982,506									
Assigned	1,400,392					720,152	407,705		127,306	
Unassigned	16,928,647									

The General Fund is the chief operating fund of the City of Wauwatosa. As of December 31, 2011 the unassigned fund balance of the General Fund was \$16,928,646, of which \$7,904,679 remains in the Amortization Fund and \$134,134 is for contingencies leaving \$8,889,833. This represents 16.0% of 2012 budgeted expenditures; slightly below the City's policy of maintaining an unassigned fund balance of at least 16.7%. The total General Fund balance is \$19,660,431 and represents 38% of total governmental fund balances.

The TIF fund balance of \$23,428,740 is largely made up of a TIF 2 (Research Park) balance. This balance is intended for remaining debt service payments and planned capital improvements.

The Capital Projects Fund has a total fund balance of \$3,634,223 all of which is restricted for capital projects identified in the City of Wauwatosa Five Year Capital Improvement Program and for fleet equipment.

Proprietary funds. The City of Wauwatosa's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City transferred into the Employee Insurance Internal Service Fund approximately \$7.2 million for health insurance during fiscal year 2011. The fund also collected other revenue of \$790,131 from employee and retiree contributions and interest. The City incurred total health claims and administration expense of approximately \$8.7 million in the Employee Insurance Internal Service Fund. The City's intent is to hold as a reserve for future health insurance claims the excess of the amounts paid in to the Employee Insurance Internal Service Fund over the amounts paid out for claims and administration.

The City has accumulated funds in the internal service fund prior to 2011 in the amount of \$6.1 million (excluding the OPEB accrued liability of 10.4 million). However, \$2.0 million was used to resolve a large multi-year property tax refund settlement and \$1.0 million was transferred to the General Fund to increase the unassigned fund balance. In addition, the fund was budgeted to incur a small deficit. As a result, \$2.8 million remains in net assets (excluding the OPEB accrued liability of 13.7 million) as of the end of the year. This is equal to 36% of health care claims which still exceeds the City's benchmark of 30% of claims to be held in net assets.

However, the City's Other Post-Employment Benefit (OPEB) accrued liability is accounted for in this fund and is \$13,666,025. As a result, the total net assets are negative \$10.9 million. The City's annual OPEB Cost was \$5.0 million in 2011, a decrease of 7.6%. The total actuarial accrued liability is \$52.3 million.

Unrestricted net assets of the Water Utility at the end of the year amounted to \$4,476,850 and those for the other enterprise funds amounted to \$3,649,289. The City of Wauwatosa's Internal Service funds had unrestricted net assets of (\$7,975,649) at the year end. This negative total net assets is entirely due to the City's OPEB liability. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Wauwatosa's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled an increase of \$1,451,185 in expenses or approximately 3.2 percent of the original budget. The majority of this difference resulted from Federal revenue and grants, and various carryover projects from previous years. There were no significant changes or events during the fiscal year that would have caused a material adjustment to the original budget.

The net change in fund balance is \$1,221,595 versus \$266,097 budgeted. \$1,472,417 of this balance is designated for expenditures during fiscal year 2012. \$982,506 is appropriated as a revenue in the budget and \$489,911 is for continuing operations or equipment not purchased but funded during the prior fiscal year.

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, 2011, amounts to \$164,821,176 (net of accumulated depreciation.) This investment in capital assets includes land, buildings, and system 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 3.7 percent for governmental activities and business-type activities combined.

Major capital asset events during the current fiscal year included the following.

- ◆ A variety of street reconstruction projects were completed this fiscal year that covered 1.66 street and alley miles. Total cost for the projects was \$506,906.
- ◆ Storm and Sanitary Sewers were improved at various locations throughout the city. 9,218.1 feet of sanitary sewer pipe and 17,337.6 feet of storm sewer pipe were replaced or installed.
- ◆ 16,490 feet of new water main was relayed for the utility with a value of \$3,285,613

Additional information on the City of Wauwatosa's capital assets can be found on pages 51-52.

Long-term debt. At the end of the current fiscal year, the City of Wauwatosa had total debt outstanding of \$88,407,924. Of this amount \$52,957,924 is backed by the full faith and credit of the City. During the year, the City of Wauwatosa issued \$12,500,000 for street and sewer improvements and \$4,600,000 for settlement to a property tax refund. 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 \$262,163,975 which significantly exceeds the City’s current outstanding general obligation debt.

The remainder of the City of Wauwatosa’s debt represents bonds secured solely by specific revenue sources. The Wauwatosa Water Utility has outstanding debt of \$12,550,000 and maintains a Aa2 rating from Moody’s. The Water Utility issued \$2,400,000 in refunding bonds. The balance of \$22,900,000 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 \$4,165,237 were \$179,282 higher than the prior year.

Additional information on the City of Wauwatosa’s long-term debt can be found in note G on pages 55-61 of this report.

Economic Factors and Next Year’s Budgets and Rates

- ◆ The unemployment rate for the City of Wauwatosa is currently 5.0 percent as of December 2011. This compares favorable to the state’s average unemployment rate of 7.1 percent and Milwaukee County’s average rate of 7.8 percent.
- ◆ The rate of inflation as measured by the CPI-W for the Milwaukee, Wisconsin metro area was 3.9 percent for the fiscal year 2011.
- ◆ \$982,506 of the committed fund balance in the General Fund was appropriated for spending in 2012. It is intended; however, that these funds not be used through careful management of the budget and natural attrition.
- ◆ The City of Wauwatosa’s 2012 budget has qualified the City to receive the Expenditure Restraint Shared Revenue payment; as it did in 2011.

Requests for Information

This financial report is designed to provide a general overview of the City of Wauwatosa’s finances for all those with an interest in the city’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Wauwatosa, 7725 W North Avenue, Wauwatosa, WI 53213 or email jruggini@wauwatosa.net.

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BASIC FINANCIAL STATEMENTS

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 51,208,175	\$ 15,048,398	\$ 66,256,573
Receivables (net of allowance for uncollectible accounts)	51,949,529	3,806,285	55,755,814
Note and loan receivable	237,000	-	237,000
Internal balances	577,439	(577,439)	-
Inventories	116,155	160,097	276,252
Prepaid items	14,521	6,879	21,400
Deferred charges	499,409	267,132	766,541
Investment in Cities and Villages Mutual Insurance Company	1,184,453	-	1,184,453
Restricted assets - cash and investments	975,000	7,205,145	8,180,145
Non-utility property	-	2,684	2,684
Capital assets, not being depreciated	24,013,866	93,000	24,106,866
Capital assets, being depreciated, net of accumulated depreciation	<u>53,447,281</u>	<u>87,267,029</u>	<u>140,714,310</u>
Total assets	<u>184,222,828</u>	<u>113,279,210</u>	<u>297,502,038</u>
LIABILITIES			
Accounts payable and other current liabilities	5,154,095	2,061,968	7,216,063
Accrued interest payable	302,072	58,226	360,298
Deposits	-	5,894	5,894
Unearned revenue	42,702,288	-	42,702,288
Liabilities payable from restricted assets	-	3,372,773	3,372,773
Noncurrent liabilities:			
Due within one year	13,470,509	2,288,238	15,758,747
Due in more than one year	44,969,515	28,955,980	73,925,495
Accrued net other postemployment benefits obligation	<u>13,666,025</u>	<u>-</u>	<u>13,666,025</u>
Total liabilities	<u>120,264,504</u>	<u>36,743,079</u>	<u>157,007,583</u>
NET ASSETS			
Invested in capital assets, net of related debt	56,698,267	68,606,064	123,247,838
Restricted	27,398,789	415,318	27,814,107
Unrestricted (deficit)	<u>(20,138,732)</u>	<u>7,514,749</u>	<u>(10,567,490)</u>
TOTAL NET ASSETS	<u>\$ 63,958,324</u>	<u>\$ 76,536,131</u>	<u>\$ 140,494,455</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, 2011

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	\$ 13,209,633	\$ 1,010,335	\$ 123,997	\$ -	\$ (12,075,301)	\$ -	\$ (12,075,301)
Protection of persons and property	32,870,560	4,105,038	2,837,056	39,062	(25,889,404)	-	(25,889,404)
Health and sanitation	4,223,730	198,065	609,002	-	(3,416,663)	-	(3,416,663)
Highway and transportation	7,977,042	169,087	(14,437)	2,369,016	(5,453,376)	-	(5,453,376)
Education and recreation	4,145,124	512,083	377,116	261,000	(2,994,925)	-	(2,994,925)
Conservation and development	3,179,740	24,916	1,631,354	-	(1,523,470)	-	(1,523,470)
Unclassified	360,293	-	-	-	(360,293)	-	(360,293)
Interest and fiscal charges	2,312,246	-	-	-	(2,312,246)	-	(2,312,246)
Total governmental activities	<u>68,278,368</u>	<u>6,019,524</u>	<u>5,564,088</u>	<u>2,669,078</u>	<u>(54,025,678)</u>	<u>-</u>	<u>(54,025,678)</u>
Business-type activities:							
Water Utility	5,887,434	6,646,997	-	437,822	-	1,197,385	1,197,385
Sanitary Sewer	5,870,586	6,407,642	-	-	-	537,056	537,056
Storm Water Management	<u>1,655,386</u>	<u>2,364,806</u>	<u>-</u>	<u>73,609</u>	<u>-</u>	<u>783,029</u>	<u>783,029</u>
Total business-type activities	<u>13,413,406</u>	<u>15,419,445</u>	<u>-</u>	<u>511,431</u>	<u>-</u>	<u>2,517,470</u>	<u>2,517,470</u>
 Total	 <u>\$ 81,691,774</u>	 <u>\$ 21,438,969</u>	 <u>\$ 5,564,088</u>	 <u>\$ 3,180,509</u>	 <u>(54,025,678)</u>	 <u>2,517,470</u>	 <u>(51,508,208)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					34,155,124	-	34,155,124
Property taxes, levied for debt service					2,400,000	-	2,400,000
Property taxes, levied for TIF					5,958,764	-	5,958,764
Other taxes					5,693,842	-	5,693,842
Intergovernmental revenues not restricted to specific programs					3,049,643	-	3,049,643
Investment income					1,266,017	44,314	1,310,331
Total general revenues					<u>52,523,390</u>	<u>44,314</u>	<u>52,567,704</u>
Transfers					<u>(910,568)</u>	<u>910,568</u>	<u>-</u>
Change in net assets					(2,412,856)	3,472,352	1,059,496
NET ASSETS - BEGINNING OF YEAR					<u>66,371,180</u>	<u>73,063,779</u>	<u>139,434,959</u>
NET ASSETS - END OF YEAR					<u>\$ 63,958,324</u>	<u>\$ 76,536,131</u>	<u>\$ 140,494,455</u>

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

**CITY OF WAUWATOSA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	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	\$ 14,357,213	\$ 23,300,664	\$ 4,506,670	\$ 3,653,325	\$ 45,817,872
Taxes receivable	33,175,281	5,725,282	-	4,593,602	43,494,165
Delinquent personal property taxes	31,325	-	-	-	31,325
Special assessments receivable:					
Due in installments	-	-	-	467,503	467,503
Deferred	-	-	-	18,552	18,552
Accounts receivable, net	1,206,513	-	-	-	1,206,513
Accrued investment income receivable	1,339,985	434,937	-	-	1,774,922
Note receivable	237,000	-	-	-	237,000
Other accrued receivables	4,606,084	-	188,216	69,728	4,864,028
Due from other funds	997,898	-	-	-	997,898
Prepayments	1,382	13,139	-	-	14,521
Inventories	1,179	-	-	-	1,179
Advance to Special Revenue Fund	315,000	-	-	-	315,000
Restricted cash and investments	-	-	-	975,000	975,000
	<u>\$ 56,268,860</u>	<u>\$ 29,474,022</u>	<u>\$ 4,694,886</u>	<u>\$ 9,777,710</u>	<u>\$ 100,215,478</u>
TOTAL ASSETS					
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,502,031	\$ -	\$ 943,955	\$ 32,781	\$ 3,478,767
Accrued payroll	670,886	-	-	-	670,886
Due to other funds	790,195	-	-	241,654	1,031,849
Advance from General Fund	-	315,000	-	-	315,000
Deferred revenue	32,645,317	5,730,282	116,708	4,896,036	43,388,343
Total liabilities	<u>36,608,429</u>	<u>6,045,282</u>	<u>1,060,663</u>	<u>5,170,471</u>	<u>48,884,845</u>
FUND BALANCES					
Nonspendable	348,886	13,139	-	-	362,025
Restricted	-	23,415,601	3,634,223	3,352,076	30,401,900
Committed	982,506	-	-	-	982,506
Assigned	1,400,393	-	-	1,255,163	2,655,556
Unassigned	<u>16,928,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,928,646</u>
Total fund balances	<u>19,660,431</u>	<u>23,428,740</u>	<u>3,634,223</u>	<u>4,607,239</u>	<u>51,330,633</u>
	<u>\$ 56,268,860</u>	<u>\$ 29,474,022</u>	<u>\$ 4,694,886</u>	<u>\$ 9,777,710</u>	
TOTAL LIABILITIES AND FUND BALANCES					
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.					74,078,295
Internal service funds balance.					(3,981,407)
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.					
Special assessments					486,055
Loan receivable					200,000
Certain governmental fund expenditures are capitalized and amortized to expense on the full accrual basis.					499,409
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.					<u>(58,654,661)</u>
					<u>\$ 63,958,324</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, 2011

	General Fund	Special Revenue Fund Tax Incremental District Fund	Capital Projects		Total Governmental Funds
			General Obligation Debt Issue Fund	Nonmajor Governmental Funds	
REVENUES					
Taxes	\$ 37,707,053	\$ 5,958,764	\$ -	\$ 4,541,913	\$ 48,207,730
Intergovernmental revenues	5,752,331	832,792	169,411	1,627,559	8,382,093
Licenses and permits	1,482,632	-	-	-	1,482,632
Penalties and forfeitures	1,015,512	-	-	-	1,015,512
Public improvement revenues	35,184	-	-	491,644	526,828
Public charges for services	2,908,432	-	-	779,946	3,688,378
Intergovernmental charges for services	1,610,098	-	-	-	1,610,098
Commercial revenues	1,425,318	31,658	3,994	219,626	1,680,596
Total revenues	<u>51,936,560</u>	<u>6,823,214</u>	<u>173,405</u>	<u>7,660,688</u>	<u>66,593,867</u>
EXPENDITURES					
Current					
General government	13,103,386	-	-	-	13,103,386
Protection of persons and property	30,104,871	-	-	-	30,104,871
Health and sanitation	4,103,163	-	-	-	4,103,163
Highway and transportation	5,449,165	-	-	-	5,449,165
Education and recreation	51,955	-	-	3,577,628	3,629,583
Conservation and development	1,330,195	431,663	-	1,627,559	3,389,417
Unclassified	360,293	-	-	-	360,293
Debt service					
Principal	-	90,522	-	5,268,923	5,359,445
Interest and other fiscal charges	32,685	-	-	2,346,814	2,379,499
Capital outlay	-	-	4,089,973	-	4,089,973
Total expenditures	<u>54,535,713</u>	<u>522,185</u>	<u>4,089,973</u>	<u>12,820,924</u>	<u>71,968,795</u>
Excess of revenues over (under) expenditures	(2,599,153)	6,301,029	(3,916,568)	(5,160,236)	(5,374,928)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	4,339,758	153,815	1,590,310	288,307	6,372,190
Premium on long term debt	-	-	-	234,038	234,038
Transfers in	1,716,426	1,353	2,944,419	7,821,246	12,483,444
Transfers out	(2,235,436)	(5,058,230)	-	(594,141)	(7,887,807)
Net change in fund balances	1,221,595	1,397,967	618,161	2,589,214	5,826,937
FUND BALANCES - BEGINNING OF YEAR	<u>18,438,836</u>	<u>22,030,773</u>	<u>3,016,062</u>	<u>2,018,025</u>	<u>45,503,696</u>
FUND BALANCES - END OF YEAR	<u>\$ 19,660,431</u>	<u>\$ 23,428,740</u>	<u>\$ 3,634,223</u>	<u>\$ 4,607,239</u>	<u>\$ 51,330,633</u>

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, 2011**

Net change in fund balances - total governmental funds \$ 5,826,937

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 (\$2,339,212) were less than depreciation (\$3,301,109) in the current period. (961,897)

Capital contributions. 261,000

Losses from the disposal of capital assets are not recorded in the fund statements however are recognized in the statement of activities. (43,240)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$6,372,190) were greater than the repayments (\$5,376,067). (996,123)

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

Premium on debt issued	(234,038)
Debt issuance costs	81,770
Amortization of debt premium	1,489
Amortization of debt issuance costs	(57,346)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (78,787)

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 (41,340), and the decrease in accrued vacation payable (\$4,706). 46,046

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. 5,659

The net revenue (expense) of internal service funds is reported with governmental activities. (6,264,326)

Change in net assets of governmental activities \$ (2,412,856)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 33,100,698	\$ 33,490,393	\$ 37,707,053	\$ 4,216,660
Intergovernmental revenues	4,834,073	5,785,488	5,752,331	(33,157)
Licenses and permits	1,119,605	1,193,360	1,482,632	289,272
Fines, penalties and forfeitures	1,146,000	1,200,000	1,015,512	(184,488)
Public improvement revenues	35,888	25,304	35,184	9,880
Public charges for services	2,577,652	2,842,986	2,908,432	65,446
Intergovernmental charges for services	1,584,896	1,610,097	1,610,098	1
Commercial revenues	<u>1,329,500</u>	<u>1,462,378</u>	<u>1,425,318</u>	<u>(37,060)</u>
Total revenues	<u>45,728,312</u>	<u>47,610,006</u>	<u>51,936,560</u>	<u>4,326,554</u>
EXPENDITURES				
General government	4,681,424	4,996,523	13,103,386	(8,106,863)
Protection of persons and property	29,309,507	30,223,513	30,104,871	118,642
Health and sanitation	4,170,997	4,187,706	4,103,163	84,543
Highway and transportation	5,368,603	5,739,583	5,449,165	290,418
Education and recreation	42,089	53,710	51,955	1,755
Conservation and development	1,584,388	1,410,784	1,330,195	80,589
Unclassified	364,071	360,445	360,293	152
Debt service				
Interest	-	-	32,685	(32,685)
Total expenditures	<u>45,521,079</u>	<u>46,972,264</u>	<u>54,535,713</u>	<u>(7,530,764)</u>
Excess of revenues over (under) expenditures	207,233	637,742	(2,599,153)	(3,204,210)
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	-	4,339,758	4,339,758
Transfers in	626,657	677,791	1,716,426	1,038,635
Transfers out	<u>(1,048,563)</u>	<u>(1,049,436)</u>	<u>(2,235,436)</u>	<u>(1,186,000)</u>
Net change in fund balances	<u>\$ (214,673)</u>	<u>\$ 266,097</u>	1,221,595	<u>\$ 988,183</u>
FUND BALANCES - BEGINNING OF YEAR			<u>18,438,836</u>	
FUND BALANCES - END OF YEAR			<u>\$ 19,660,431</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,635,660	\$ 5,958,764	\$ 5,958,764	\$ -
Intergovernmental revenues	1,685,100	832,792	832,792	-
Commercial revenues	74,100	74,100	31,658	(42,442)
Total revenues	7,394,860	6,865,656	6,823,214	(42,442)
EXPENDITURES				
Conservation and development	469,158	429,515	431,663	(2,148)
Debt service principal	85,798	90,522	90,522	-
Total expenditures	554,956	520,037	522,185	(2,148)
Excess of revenues over expenditures	6,839,904	6,345,619	6,301,029	(44,590)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	153,815	153,815
Transfers in	3,800	1,500	1,353	(147)
Transfers out	(6,450,500)	(14,328,269)	(5,058,230)	9,270,039
Net change in fund balance	\$ 393,204	\$ (7,981,150)	1,397,967	\$ 9,379,117
FUND BALANCE - BEGINNING OF YEAR			22,030,773	
FUND BALANCE - END OF YEAR			\$ 23,428,740	

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

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	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	\$ 2,556,529	\$ 3,238,321	\$ 8,502,142	\$ 751,406	\$ 15,048,398	\$ 5,390,303
Receivables, net	1,768,470	1,681,487	356,328	-	3,806,285	92,521
Due from other funds	355,384	350,630	106,314	-	812,328	-
Inventories	160,097	-	-	-	160,097	114,976
Restricted assets - special redemption fund - bond principal and interest fund	3,022,580	-	-	-	3,022,580	-
Prepayments	6,879	-	-	-	6,879	-
Total current assets	<u>7,869,939</u>	<u>5,270,438</u>	<u>8,964,784</u>	<u>751,406</u>	<u>22,856,567</u>	<u>5,597,800</u>
NONCURRENT ASSETS						
Restricted assets:						
Special redemption fund - reserve fund	807,549	-	-	-	807,549	-
Water system improvement funds	3,375,016	-	-	-	3,375,016	-
Non-Utility property	2,684	-	-	-	2,684	-
Investment in Cities and Villages Mutual Insurance Company	-	-	-	-	-	1,184,453
Other assets						
Unamortized debt discount & expense	59,663	-	-	-	59,663	-
Unamortized maintenance costs	207,469	-	-	-	207,469	-
Capital assets:						
Land	81,405	-	-	-	81,405	22,617
Buildings	789,794	-	-	-	789,794	1,252,654
Improvements other than buildings	40,214,832	51,990,920	34,715,949	-	126,921,701	-
Machinery and equipment	1,475,724	1,144,930	-	-	2,620,654	10,828,470
Construction in progress	11,595	-	-	-	11,595	-
Less: Accumulated depreciation	<u>(12,857,399)</u>	<u>(20,336,275)</u>	<u>(9,871,446)</u>	<u>-</u>	<u>(43,065,120)</u>	<u>(8,720,889)</u>
Total capital assets, net	<u>29,715,951</u>	<u>32,799,575</u>	<u>24,844,503</u>	<u>-</u>	<u>87,360,029</u>	<u>3,382,852</u>
Total noncurrent assets	<u>34,168,332</u>	<u>32,799,575</u>	<u>24,844,503</u>	<u>-</u>	<u>91,812,410</u>	<u>4,567,305</u>
Total assets	<u>42,038,271</u>	<u>38,070,013</u>	<u>33,809,287</u>	<u>751,406</u>	<u>114,668,977</u>	<u>10,165,105</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	196,274	1,271,276	463,771	-	1,931,321	1,004,442
Accrued payroll	46,266	-	-	-	46,266	-
Due to other funds	771,425	6,952	-	-	778,377	-
Customer deposits	5,894	-	-	-	5,894	-
Current portion of long-term debt	-	983,966	1,274,009	-	2,257,975	-
Current portion of refunding bond	21,110	3,480	5,673	-	30,263	-
Accrued interest payable	4,496	21,382	32,348	-	58,226	-
Other accrued liabilities	84,381	-	-	-	84,381	87,435
Liabilities payable from restricted assets:						
Accounts payable - construction account	340,511	-	-	-	340,511	-
Current portion of long-term debt	2,825,000	-	-	-	2,825,000	-
Accrued interest payable	<u>207,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,262</u>	<u>-</u>
Total current liabilities	<u>4,502,619</u>	<u>2,287,056</u>	<u>1,775,801</u>	<u>-</u>	<u>8,565,476</u>	<u>1,091,877</u>
NONCURRENT LIABILITIES						
Bonds payable	9,838,676	6,960,897	11,697,569	-	28,497,142	-
Refunding bond	320,058	52,765	86,015	-	458,838	-
Accrued net other postemployment benefits obligation	-	-	-	-	-	13,666,025
Total non-current liabilities	<u>10,158,734</u>	<u>7,013,662</u>	<u>11,783,584</u>	<u>-</u>	<u>28,955,980</u>	<u>13,666,025</u>
Total liabilities	<u>14,661,353</u>	<u>9,300,718</u>	<u>13,559,385</u>	<u>-</u>	<u>37,521,456</u>	<u>14,757,902</u>
NET ASSETS						
Invested in capital assets, net of related debt	22,484,750	27,233,729	18,887,585	-	68,606,064	3,382,852
Restricted	415,318	-	-	-	415,318	-
Unrestricted	<u>4,476,850</u>	<u>1,535,566</u>	<u>1,362,317</u>	<u>751,406</u>	<u>8,126,139</u>	<u>(7,975,649)</u>
Total net assets	<u>\$ 27,376,918</u>	<u>\$ 28,769,295</u>	<u>\$ 20,249,902</u>	<u>\$ 751,406</u>	<u>77,147,521</u>	<u>\$ (4,592,797)</u>

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

(611,390)
Net assets of business-type activities \$ 76,536,131

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

CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	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	\$ 6,391,066	\$ 6,407,642	\$ 2,364,806	\$ -	\$ 15,163,514	\$ 13,983,105
Other operating revenues	255,931	-	-	-	255,931	1,192,208
Total operating revenues	<u>6,646,997</u>	<u>6,407,642</u>	<u>2,364,806</u>	<u>-</u>	<u>15,419,445</u>	<u>15,175,313</u>
OPERATING EXPENSES						
Operation and maintenance	4,675,421	4,908,619	851,977	-	10,436,017	17,565,504
Depreciation	642,565	726,259	451,307	-	1,820,131	917,379
Taxes	88,268	-	-	-	88,268	-
Total operating expenses	<u>5,406,254</u>	<u>5,634,878</u>	<u>1,303,284</u>	<u>-</u>	<u>12,344,416</u>	<u>18,482,883</u>
Operating income (loss)	<u>1,240,743</u>	<u>772,764</u>	<u>1,061,522</u>	<u>-</u>	<u>3,075,029</u>	<u>(3,307,570)</u>
NON-OPERATING REVENUES (EXPENSES)						
Dividend income	-	-	-	-	-	54,403
Investment income	14,614	15,431	13,273	996	44,314	9,926
Grants	-	-	73,609	-	73,609	290,460
Gain on sale or trade of assets	-	-	-	-	-	37,240
Interest on long-term debt	(418,497)	(204,865)	(262,377)	-	(885,739)	-
Total non-operating revenues (expenses)	<u>(403,883)</u>	<u>(189,434)</u>	<u>(175,495)</u>	<u>996</u>	<u>(767,816)</u>	<u>392,029</u>
Income (loss) before capital contributions and transfers	836,860	583,330	886,027	996	2,307,213	(2,915,541)
CAPITAL CONTRIBUTIONS	1,729,745	200,610	72,170	-	2,002,525	409,466
TRANSFERS IN	-	-	-	-	-	103,000
TRANSFERS OUT	<u>(641,826)</u>	<u>(12,309)</u>	<u>-</u>	<u>-</u>	<u>(654,135)</u>	<u>(4,044,502)</u>
Change in net assets	1,924,779	771,631	958,197	996	3,655,603	(6,447,577)
NET ASSETS - BEGINNING OF YEAR	<u>25,452,139</u>	<u>27,997,664</u>	<u>19,291,705</u>	<u>750,410</u>		<u>1,854,780</u>
NET ASSETS - END OF YEAR	<u>\$ 27,376,918</u>	<u>\$ 28,769,295</u>	<u>\$ 20,249,902</u>	<u>\$ 751,406</u>		<u>\$ (4,592,797)</u>
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.					(183,251)	
Change in net assets of business-type activities					<u>\$ 3,472,352</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, 2011

	Business-type Activities Enterprise Funds				Total Enterprise Funds	Governmental Activities Internal Service Funds
	Water	Sanitary Sewer	Storm Water Management	Nonmajor Enterprise Fund		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6,520,901	\$ 6,409,651	\$ 2,322,067	\$ -	\$ 15,252,619	\$ 1,334,686
Receipts from other funds	-	-	-	-	-	13,940,965
Payments to suppliers	(3,602,746)	(4,350,445)	(289,344)	-	(8,242,535)	(12,281,611)
Payments to employees	(1,194,881)	(355,323)	(200,902)	-	(1,751,106)	(1,787,110)
Net cash provided by operating activities	<u>1,723,274</u>	<u>1,703,883</u>	<u>1,831,821</u>	<u>-</u>	<u>5,258,978</u>	<u>1,206,930</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from long-term debt	2,400,000	-	-	-	2,400,000	-
Premium on long-term debt	42,035	-	-	-	42,035	-
Principal paid on noncapital debt	(19,191)	(3,164)	(5,157)	-	(27,512)	-
Interest paid on noncapital debt	(13,651)	(2,402)	(3,915)	-	(19,968)	-
Issuance costs paid on capital debt	(23,662)	-	-	-	(23,662)	-
Grant funds received	-	-	-	-	-	290,460
Transfers to other funds	(611,820)	-	-	-	(611,820)	(3,941,502)
Net cash provided by (used in) noncapital financing activities	<u>1,773,711</u>	<u>(5,566)</u>	<u>(9,072)</u>	<u>-</u>	<u>1,759,073</u>	<u>(3,651,042)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from long-term debt	-	3,560,487	7,167,323	-	10,727,810	-
Acquisition and construction of capital assets	(2,320,438)	(2,128,113)	(2,657,539)	-	(7,106,090)	(59,286)
Proceeds from the sale of property, plant and equipment	-	-	-	-	-	55,352
Grant funds received	-	-	73,609	-	73,609	-
Principal paid on capital debt	(1,450,000)	(890,600)	(1,066,018)	-	(3,406,618)	-
Interest paid on capital debt	(351,412)	(198,719)	(248,588)	-	(798,719)	-
Net cash provided by (used in) capital and related financing activities	<u>(4,121,850)</u>	<u>343,055</u>	<u>3,268,787</u>	<u>-</u>	<u>(510,008)</u>	<u>(3,934)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	14,614	15,431	13,273	996	44,314	64,329
Net cash provided by investing activities	<u>14,614</u>	<u>15,431</u>	<u>13,273</u>	<u>996</u>	<u>44,314</u>	<u>64,329</u>
Net increase (decrease) in cash and cash equivalents	(610,251)	2,056,803	5,104,809	996	6,552,357	(2,383,717)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>10,371,925</u>	<u>1,181,518</u>	<u>3,397,333</u>	<u>750,410</u>	<u>15,701,186</u>	<u>7,774,020</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,761,674</u>	<u>\$ 3,238,321</u>	<u>\$ 8,502,142</u>	<u>\$ 751,406</u>	<u>\$ 22,253,543</u>	<u>\$ 5,390,303</u>

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, 2011

	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)	\$ 1,240,743	\$ 772,764	\$ 1,061,522	\$ -	\$ 3,075,029	\$ (3,307,570)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	642,565	726,259	451,307	-	1,820,131	917,379
Depreciation charged to other accounts	34,343	-	-	-	34,343	-
Tax equivalent charged to sewer utility	12,308	(12,308)	-	-	-	-
Payment of capitalized maintenance costs	(15,583)	-	-	-	(15,583)	-
Amortization of maintenance costs	69,070	-	-	-	69,070	-
Loss on disposal of capital assets	6,705	-	-	-	6,705	-
(Increase) Decrease:						
Accounts receivable	(138,404)	2,009	(42,739)	-	(179,134)	137,096
Due from other funds	(10,285)	(44,042)	(3,678)	-	(58,005)	-
Inventories	13,203	-	-	-	13,203	715
Prepaid items	(1,718)	-	-	-	(1,718)	-
Increase (Decrease):						
Accounts payable	(136,535)	264,360	365,409	-	493,234	248,493
Accrued payroll	(32,744)	-	-	-	(32,744)	-
Deferred revenue	-	-	-	-	-	(36,758)
Customer deposits	(3)	-	-	-	(3)	-
Other accrued liabilities	(16,558)	-	-	-	(16,558)	3,247,575
Due to other funds	56,167	(5,159)	-	-	51,008	-
Total adjustments	482,531	931,119	770,299	-	2,183,949	4,514,500
Net cash provided by operating activities	<u>\$ 1,723,274</u>	<u>\$ 1,703,883</u>	<u>\$ 1,831,821</u>	<u>\$ -</u>	<u>\$ 5,258,978</u>	<u>\$ 1,206,930</u>
Noncash investing, capital and financing activities						
Capital additions contributed						
City of Wauwatosa	\$ 1,291,923	\$ 200,610	\$ 72,170	\$ -	\$ 1,564,703	\$ 409,466
Developers	437,822	-	-	-	437,822	-
	<u>\$ 1,729,745</u>	<u>\$ 200,610</u>	<u>\$ 72,170</u>	<u>\$ -</u>	<u>\$ 2,002,525</u>	<u>\$ 409,466</u>
Reconciliation of cash and cash equivalents to the statement of net assets - proprietary funds						
Unrestricted cash and cash equivalents	\$ 2,556,529	\$ 3,238,321	\$ 8,502,142	\$ 751,406	\$ 15,048,398	\$ 5,390,303
Restricted cash and cash equivalents						
Special redemption funds						
Bond reserve fund	807,549	-	-	-	807,549	-
Bond principal and interest fund	3,022,580	-	-	-	3,022,580	-
Waterworks system improvement fund	3,375,016	-	-	-	3,375,016	-
Cash and cash equivalents end of year	<u>\$ 9,761,674</u>	<u>\$ 3,238,321</u>	<u>\$ 8,502,142</u>	<u>\$ 751,406</u>	<u>\$ 22,253,543</u>	<u>\$ 5,390,303</u>

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

**CITY OF WAUWATOSA, WISCONSIN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011**

	Private Purpose Trust Funds				Agency Funds		
	Firemen's Special Endowment Fund	Bachman Flag Account	Land Conservation Account	Total	Special Deposits	Subsequent Year's Tax Roll Collections	Total
ASSETS							
Cash and investments	\$ 11,124	\$ 8,381	\$ 80,864	\$ 100,369	\$ 81,550	\$ 59,735,457	\$ 59,817,007
Interest receivable	2	-	-	2	-	-	-
Taxes receivable	-	-	-	-	-	24,849,387	24,849,387
Total assets	<u>11,126</u>	<u>8,381</u>	<u>80,864</u>	<u>100,371</u>	<u>\$ 81,550</u>	<u>\$ 84,584,844</u>	<u>\$ 84,666,394</u>
LIABILITIES							
Special deposits	-	-	-	-	\$ 81,550	\$ -	\$ 81,550
Due to other taxing units	-	-	-	-	-	84,584,844	84,584,844
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 81,550</u>	<u>\$ 84,584,844</u>	<u>\$ 84,666,394</u>
NET ASSETS - RESTRICTED	<u>\$ 11,126</u>	<u>\$ 8,381</u>	<u>\$ 80,864</u>	<u>\$ 100,371</u>			

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

CITY OF WAUWATOSA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2011

	Private Purpose Trust Funds			
	Firemen's Special Endowment Fund	Bachman Flag Account	Land Conservation Account	Total
ADDITIONS				
Contributions	\$ -	1,652	\$ -	\$ 1,652
Investment income	<u>78</u>	<u>12</u>	<u>-</u>	<u>90</u>
Total additions	78	1,664	-	1,742
DEDUCTIONS				
Changes in net assets	<u>-</u>	<u>2,389</u>	<u>-</u>	<u>2,389</u>
	78	(725)	-	(647)
NET ASSETS - BEGINNING OF YEAR	<u>11,048</u>	<u>9,106</u>	<u>80,864</u>	<u>101,018</u>
NET ASSETS - END OF YEAR	<u>\$ 11,126</u>	<u>\$ 8,381</u>	<u>\$ 80,864</u>	<u>\$ 100,371</u>

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net assets 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, 2011**

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, liabilities, net assets/fund equity, 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 proprietary 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, liabilities, 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, 2011**

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

Redevelopment Authority Lease Revenue Bond Fund - accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects or debt service.

Information Systems Equipment - accounts for resources to be used for capital improvement projects.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 assets 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund Financial Statements

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

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

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accounting Changes

The City adopted the provisions of Governmental Accounting Standards Board Statement No. 54 as of January 1, 2011. This statement changed the categories and classifications of fund balance in the governmental funds.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, 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, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets 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 assets.

Property tax calendar - 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	March 31, 2012
Third installment due	May 31, 2012
Personal property taxes in full	January 31, 2012
Tax deed - 2011 delinquent real estate taxes	October 2014

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 assets. 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 equity is not available for appropriation.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets 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 assets represent cash and investments restricted for debt service.

5. Capital Assets

Government-wide Statements

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets 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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only vacation benefits considered to be vested are disclosed in these statements. All vested vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources. Payments for vacation will be made at rates in effect when the benefits are used.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. *Compensated Absences* (continued)

Accumulated vacation liabilities at December 31, 2011 are determined on the basis of current salary rates and include salary related payments. Employees hired after January 1, 2008 that meet certain length of service or age requirements upon retirement, will receive their accumulated sick days paid into a retiree health savings plan at the rate of pay in effect upon retirement. The liability for the accrued sick leave is recorded in the government-wide and proprietary financial statements to the extent that it is probable that the City will compensate the employees for the benefits through cash payments at the time of the employees' retirement rather than be taken as absences. The City has not estimated the probability of cash payments on accumulated sick leave, as the total accumulated sick leave earned by employees hired after January 1, 2008 is immaterial to the financial statements.

8. *Long-Term Obligations/Conduit Debt*

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face-value of debts are reported as other financing sources and payments of principal and interest 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 \$17.95 million, made up of one issue.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Claims and Judgments

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

10. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Equity Classifications (continued)

Fund Statements (continued)

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action 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.

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

When committed, assigned, and unassigned amounts are available for use, it is the City's policy to use committed resources first, then assigned resources, then 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.

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Other Policies - Tax Incremental Districts (continued)

2. In 2000, the City adopted Resolution #00-160 creating "City of Wauwatosa Tax Incremental District No. 3" to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$2.6 million and will be financed with future debt issues. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to retire the interest and principal of the debt issue.

In 2006, the City adopted Resolution #06-179 which amended the project plan for the City of Wauwatosa Tax Incremental District No. 3. The additional project costs are estimated at \$6 million for the purpose of additional public infrastructure improvements and payments to a developer for environmental remediation.

3. In 2002, the City adopted Resolution #02-111 creating "City of Wauwatosa Tax Incremental District No. 4" to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$500,000 and have been financed with an advance from the City's General Fund. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to be used to repay the General Fund.
4. In 2007, the City adopted the Resolution #07-79 creating "City of Wauwatosa Tax Incremental District No. 5" to encourage development of the city tax base, efficient use of land, buildings and public improvements and private investment. The Tax Incremental District has been created in compliance with the Wisconsin Statutes. Project costs are estimated at \$1,950,000. The costs are to be paid by the developer. Property taxes to be generated in future years, measured by the increment in value of the property in the District over the base year, are to reimburse the developer for the costs incurred in accordance with the project plan.
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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 Assets

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 assets.

Bonds and notes payable	\$ 56,069,854
Bond Premium	232,549
Compensated absences	1,841,653
Accrued interest payable	302,072
Landfill postclosure liability	168,496
MADACC obligation	<u>40,037</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 58,654,661</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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 \$1,451,185. Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$489,911. Expenditure control is at the total fund level for all funds.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	Carrying Value	Bank Balance
Petty cash	\$ 26,400	\$ -
Deposits		
Demand deposits	15,834,043	14,367,203
Demand deposits, interest bearing	31,917,218	31,918,461
Certificates of deposit	13,980,000	13,980,000
Total deposits	61,731,261	60,265,664
Investments		
U.S. Agency Securities	6,010,239	6,010,239
Municipal Securities	15,482,757	15,482,757
Corporate Securities	2,865,761	2,865,761
Investment pools:		
MBIA Municipal Investors Fund	503,246	503,246
Local Government Investment Pool (LGIP)	47,734,430	47,734,430
Total investments	72,596,433	72,596,433
Total cash and investments	\$ 134,354,094	\$ 132,862,097
Reconciliation to the Statement of Net Assets:		
Unrestricted cash and investments	\$ 66,256,573	
Restricted cash and investments	8,180,145	
Fiduciary Funds:		
Private purpose trust funds	100,369	
Agency funds	59,817,007	
Total cash and investments	\$ 134,354,094	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

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, 2011, 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 does not maintain collateral agreements or insurance with its 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, 2011, \$44,146,130 of the City's bank balance of \$60,265,664 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, 2011, \$14,482,844 of the City's investment balance of \$72,596,433 was exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011 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	47,734,430	Unrated
MBIA Municipal Investors Fund	503,246	AAA
U.S. Agency Securities	6,010,239	AAA
Municipal Securities	1,245,797	AAA
Municipal Securities	965,534	AA
Municipal Securities	681,883	AA-
Municipal Securities	1,828,695	A+
Municipal Securities	595,000	A1
Municipal Securities	1,289,007	Aa1
Municipal Securities	5,369,429	Aa2
Municipal Securities	524,136	Aa3
Municipal Securities	2,983,276	Unrated
Corporate Securities	<u>2,865,761</u>	AA
Total fair value of investments subject to credit risk	<u>\$ 72,596,433</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, 2011 the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Months)</u>
U.S. Agency Securities	\$ 6,010,239	60.7
Municipal Securities	15,482,757	22.1
Local Government Investment Pool	47,734,430	3.2
MBIA Municipal Investors Fund	503,246	Not Available
Corporate Securities	2,865,761	13.2

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk

As of December 31, 2011, 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, 2011, an allowance for uncollectible accounts has been established for ambulance billings of \$189,540.

C. Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable	\$ -	\$ 42,312,255	\$ 42,312,255
Retiree health insurance billings	-	117,295	117,295
Unspent grant proceeds	-	122,357	122,357
Water utility pension loan payment	-	28,673	28,673
Flood acquisition contributions/rents	-	116,708	116,708
Other	-	5,000	5,000
Loan receivable	200,000		200,000
Special assessments	486,055	-	486,055
	<u>\$ 686,055</u>	<u>\$ 42,702,288</u>	<u>\$ 43,388,343</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Restricted Assets

Following is a list of restricted assets at December 31, 2011:

Governmental activities	
Cash and investments - lease revenue bond reserve	<u>\$ 975,000</u>
Business-type activities	
Cash and investments	
Special Redemption Funds	
Bond Reserve Fund	\$ 807,549
Bond Principal and Interest Fund	<u>3,022,580</u>
Total Special Redemption Funds	3,830,129
Waterworks System Improvement Fund	<u>3,375,016</u>
 Total business-type activities	 <u>\$ 7,205,145</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2011 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	\$ 23,063,218	\$ 261,000	\$ 43,240	\$ 23,280,978
Construction in progress	-	732,888	-	732,888
Total capital assets not being depreciated	<u>23,063,218</u>	<u>993,888</u>	<u>43,240</u>	<u>24,013,866</u>
Capital assets being depreciated				
Buildings	22,768,283	161,399	-	22,929,682
Improvements	5,082,097	8,098	-	5,090,195
Machinery and equipment	16,648,907	531,323	337,184	16,843,046
Infrastructure	<u>63,567,287</u>	<u>1,374,256</u>	<u>1,890,832</u>	<u>63,050,711</u>
Total capital assets being depreciated	<u>108,066,574</u>	<u>2,075,076</u>	<u>2,228,016</u>	<u>107,913,634</u>
Less: accumulated depreciation for				
Buildings	9,256,964	488,994	-	9,745,958
Improvements	470,090	280,178	-	750,268
Machinery and Equipment	10,360,015	1,278,523	319,070	11,319,468
Infrastructure	<u>32,370,698</u>	<u>2,170,793</u>	<u>1,890,832</u>	<u>32,650,659</u>
Total accumulated depreciation	<u>52,457,767</u>	<u>4,218,488</u>	<u>2,209,902</u>	<u>54,466,353</u>
Capital assets being depreciated, net of depreciation	<u>55,608,807</u>	<u>(2,143,412)</u>	<u>18,114</u>	<u>53,447,281</u>
Total capital assets, net of depreciation	<u>\$ 78,672,025</u>	<u>\$ (1,149,524)</u>	<u>\$ 61,354</u>	<u>\$ 77,461,147</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 63,641
Protection of persons and property	615,518
Health and sanitation	3,965
Highway and transportation, which includes the depreciation of infrastructure	2,187,183
Education and recreation	430,802
Depreciation expense-allocated with Internal Service Fund	<u>917,379</u>
Total governmental activities depreciation expense	<u>\$ 4,218,488</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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	28,531	11,595	28,531	11,595
Total capital assets not being depreciated	<u>109,936</u>	<u>11,595</u>	<u>28,531</u>	<u>93,000</u>
Capital assets being depreciated				
Buildings	789,794	-	-	789,794
Machinery & equipment	2,620,654	-	-	2,620,654
Improvements other than buildings	118,377,579	8,979,586	435,464	126,921,701
Total capital assets being depreciated	<u>121,788,027</u>	<u>8,979,586</u>	<u>435,464</u>	<u>130,332,149</u>
Less: accumulated depreciation for				
Buildings	453,822	25,273	-	479,095
Machinery & equipment	1,817,200	93,526	-	1,910,726
Improvements other than buildings	39,368,383	1,735,675	428,759	40,675,299
Total accumulated depreciation	<u>41,639,405</u>	<u>1,854,474</u>	<u>428,759</u>	<u>43,065,120</u>
Capital assets being depreciated, net of depreciation	<u>80,148,622</u>	<u>7,125,112</u>	<u>6,705</u>	<u>87,267,029</u>
Total capital assets, net of depreciation	<u>\$ 80,258,558</u>	<u>\$ 7,136,707</u>	<u>\$ 35,236</u>	<u>\$ 87,360,029</u>

Depreciation expense was charged to functions as follows:

Business-type activities	
Water Utility	
Depreciation	\$ 642,565
Depreciation charged to Water Utility operation and maintenance expenses	14,913
Depreciation charged to Sanitary Sewer expenses	19,430
	<u>676,908</u>
Sanitary Sewer	726,259
Storm Water Management	<u>451,307</u>
Total business-type activities depreciation expense	<u>\$ 1,854,474</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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	\$ 756,244
General Fund	Nonmajor governmental funds	<u>241,654</u>
		<u>997,898</u>
Proprietary Funds		
Sanitary Sewer	Water Utility	15,181
Sanitary Sewer	General Fund	335,449
Storm Water Management	General Fund	106,314
Water Utility	General Fund	348,432
Water Utility	Sanitary Sewer	<u>6,952</u>
		<u>812,328</u>
Total interfund receivables		<u><u>\$ 1,810,226</u></u>

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

The General Fund advanced \$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 2011 through 2016. The outstanding balance as of December 31, 2011 was \$315,000.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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	Internal Service Funds	\$ 1,062,291
	Water Utility	641,826
	Sewer Utility	12,309
		<u>1,716,426</u>
Special Revenue Fund - Tax Incremental District	Capital Projects - Redevelopment Authority Lease Revenue Bond	<u>1,353</u>
Debt Service Fund	General Fund	1,286,000
	Special Revenue Funds - Parks	101,144
	Internal Service Funds	2,075,490
		<u>3,462,634</u>
Capital Projects Fund - General Obligation Debt Issue Fund	Special Revenue Funds Tax Incremental District	1,607,730
	Special Assessments	491,644
	Internal Service Funds	845,045
		<u>2,944,419</u>
Capital Projects Fund - Redevelopment Authority Lease Revenue Bond	Special Revenue Fund - Tax Incremental District	<u>3,450,500</u>
Capital Projects Fund - Information Systems Equipment	Internal Service Fund	<u>61,676</u>
Special Revenue Fund - Parks	General Fund	<u>846,436</u>
Internal Service Funds	General Fund	<u>103,000</u>
		<u>\$ 12,586,444</u>

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds and notes payable					
General obligation debt					
Promissory notes and bonds	\$ 28,063,131	\$ 6,372,190	\$ 2,990,871	\$ 31,444,450	\$ 2,756,762
State Trust Fund loans	210,984	-	103,052	107,932	107,932
Bond Premium	-	234,038	1,489	232,549	-
Total general obligation debt	<u>28,274,115</u>	<u>6,606,228</u>	<u>3,095,412</u>	<u>31,784,931</u>	<u>2,864,694</u>
Redevelopment lease revenue bond	25,075,000	-	2,175,000	22,900,000	8,475,000
Municipal revenue obligation	<u>1,707,994</u>	<u>-</u>	<u>90,522</u>	<u>1,617,472</u>	<u>179,560</u>
Total bonds and notes payable	<u>55,057,109</u>	<u>6,606,228</u>	<u>5,360,934</u>	<u>56,302,403</u>	<u>11,519,254</u>
Other Liabilities					
Accrued unused vacation	1,936,478	2,093,775	2,101,165	1,929,088	1,929,088
Landfill postclosure liability	174,155	-	5,659	168,496	5,292
MADACC obligation	<u>56,659</u>	<u>-</u>	<u>16,622</u>	<u>40,037</u>	<u>16,875</u>
Total other liabilities	<u>2,167,292</u>	<u>2,093,775</u>	<u>2,123,446</u>	<u>2,137,621</u>	<u>1,951,255</u>
Total governmental activities long-term liabilities	<u>\$ 57,224,401</u>	<u>\$ 8,700,003</u>	<u>\$ 7,484,380</u>	<u>\$ 58,440,024</u>	<u>\$ 13,470,509</u>
Business-type activities					
Bonds and notes payable					
General obligation debt	\$ 12,661,862	\$ 10,727,810	\$ 1,984,130	\$ 21,405,542	\$ 2,288,238
Revenue bonds	11,600,000	2,400,000	1,450,000	12,550,000	2,825,000
Unamortized bond premium	<u>78,621</u>	<u>42,035</u>	<u>6,980</u>	<u>113,676</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 24,340,483</u>	<u>\$ 13,169,845</u>	<u>\$ 3,441,110</u>	<u>\$ 34,069,218</u>	<u>\$ 5,113,238</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

Governmental Activities Debt

General Obligation Debt

General obligation debt of the governmental activities is shown below.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/11
State Trust Fund loans	01/09/08	03/15/12	4.75	400,000	<u>107,932</u>
Promissory notes	04/01/03	12/01/12	2.0 - 3.15	2,709,700	522,576
	03/15/04	12/01/13	2.0 - 3.13	902,980	275,633
	03/15/05	12/01/14	3.375 - 4.0	1,003,200	532,000
	04/01/06	12/01/15	3.625 - 4.0	1,803,000	1,081,880
	04/15/07	12/01/16	4.0	1,142,382	832,302
	05/01/08	12/01/17	3.0 - 3.5	1,906,000	1,629,250
	07/01/09	12/01/18	2.125-5.250	3,500,000	3,037,720
	11/29/11	11/01/21	2.0-2.5	1,772,190	1,772,190
	12/20/11	06/01/16	2.0	4,600,000	<u>4,600,000</u>
					<u>14,283,551</u>
Refunding bonds	10/25/10	01/01/29	3.0 - 4.0	7,933,387	7,510,899
	10/25/10	10/01/30	.85 - 5.0	10,200,000	<u>9,650,000</u>
					<u>17,160,899</u>
Total general obligation debt					<u>\$ 31,552,382</u>

Redevelopment Lease Revenue Bond

The Wauwatosa Redevelopment Authority has the following debt outstanding:

Type	Date of Loan	Due Date	Interest Rate	Original Amount	Balance 12/31/11
Redevelopment Lease Revenue Bond	08/15/04	12/01/17	5.40%	\$ 24,500,000	16,700,000
Redevelopment Lease Revenue Bond	10/15/07	12/01/12	4.00%	6,200,000	<u>6,200,000</u>
Totals					<u>\$ 22,900,000</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

Governmental Activities Debt (continued)

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

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

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

Municipal Revenue Obligation

On August 15, 2007 the City entered into a developer agreement including a municipal revenue obligation payable to the Developer to reimburse actual costs expended by the Developer relating to approved TIF No. 5 project costs as described in the project plan. The Developer completed eligible costs of \$1,800,000 and became eligible for repayment in 2009. The municipal revenue obligation is not a general obligation of the City, and is payable solely from the revenues and income derived by the tax increment of TIF No. 5.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

Business-type Activities Debt

Debt of the business-type activities is shown below.

Type	Date of Loan	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/11
WATER						
Waterworks System						
Revenue Bonds						
Series 2002	07/15/02	2.5 - 5.75	1/1/03-22	1/1&7/1	4,000,000	\$ 2,600,000
Series 2010	10/25/10	3.0 - 4.0	1/1/11-29	1/1&7/1	7,750,000	7,550,000
Series 2011	11/29/11	2.0 - 3.0	1/1/13-22	1/1&7/1	2,400,000	<u>2,400,000</u>
						12,550,000
General Obligation Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	360,359	<u>341,168</u>
Total Water Utility						<u>12,891,168</u>
SANITARY SEWER						
Promissory Notes						
Series 2003	04/01/03	2.0 - 3.15	12/1/04-12	6/1&12/1	318,500	61,425
Series 2004	03/15/04	2.0 - 3.125	12/1/05-13	6/1&12/1	610,190	218,873
Series 2005	05/01/05	3.375 - 4.0	12/1/06-14	6/1&12/1	1,303,500	671,650
Series 2006	04/01/06	3.625 - 4.0	12/1/07-15	6/1&12/1	1,382,000	829,200
Series 2007	04/15/07	4.0	12/1/08-16	6/1&12/1	1,043,018	759,918
Series 2008	05/01/08	3.0 - 3.5	12/1/09-17	6/1&12/1	1,141,000	975,400
Series 2009	07/01/09	2.125-5.25	12/1/10-18	6/1&12/1	1,000,000	867,910
Series 2011	11/29/11	2.0-2.5	11/1/12-21	5/1&11/1	3,560,487	<u>3,560,487</u>
						7,944,863
General Obligation Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	59,409	<u>56,245</u>
Total Sanitary Sewer						<u>8,001,108</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 12/31/11
STORM WATER MAINTENANCE						
Promissory Notes						
Series 2003	04/01/03	2.0 - 3.15	12/1/04-12	6/1&12/1	471,800	\$ 90,990
Series 2004	03/15/04	2.0 - 3.125	12/1/05-13	6/1&12/1	921,380	330,495
Series 2005	05/01/05	3.375 - 4.0	12/1/06-14	6/1&12/1	1,030,260	546,350
Series 2006	04/01/06	3.625 - 4.0	12/1/07-15	6/1&12/1	815,000	488,920
Series 2007	04/15/07	4.0	12/1/08-16	6/1&12/1	1,314,600	957,780
Series 2008	05/01/08	3.0 - 3.5	12/1/09-17	6/1&12/1	3,153,000	2,695,350
Series 2009	07/01/09	2.125-5.25	12/1/10-18	6/1&12/1	800,000	694,370
Series 2011	11/29/11	2.0-2.5	11/1/12-21	5/1&11/1	7,167,323	<u>7,167,323</u>
						12,971,578
General Obligation Refunding Bonds	08/03/10	1.75 - 5.0	3/1/11-24	3/1&9/1	96,845	<u>91,688</u>
Total Storm Water Maintenance						<u>13,063,266</u>
Total business-type activities debt						<u>\$ 33,955,542</u>

The Water Utility has \$12,550,000 in Waterworks System Revenue Bonds outstanding at December 31, 2011. 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.

Current Refunding

On November 29, 2011, the utility issued \$2,400,000 of Waterworks System Refunding Revenue Bonds. The proceeds of the bonds along with \$175,000 of available utility cash are to be used to retire the remaining \$2,600,000 balance of the 2002 Waterworks System Revenue Bonds on January 1, 2012. The debt service requirements on the old debt balance totaled \$3,168,350. The debt service requirements on the new debt balance totaled \$2,762,806. The economic gain on the refunding using a 2.59% effective interest rate was \$367,512.

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, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. Long-Term Obligations (continued)

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

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

	Governmental Long-Term Debt		Business-type Long-Term Debt	
	Principal	Interest	Principal	Interest
2012	\$ 11,339,694	\$ 2,218,022	\$ 5,113,238	\$ 987,145
2013	4,758,827	1,783,583	3,196,173	879,668
2014	4,845,721	1,595,321	2,844,280	782,138
2015	4,917,131	1,391,345	2,962,869	686,978
2016	10,287,410	1,119,534	2,812,590	594,314
2017-21	11,072,397	2,590,083	11,487,603	1,905,533
2022-26	4,781,202	1,094,974	3,288,789	733,728
2027-31	2,450,000	304,675	2,250,000	135,191
Totals	<u>\$ 54,452,382</u>	<u>\$ 12,097,537</u>	<u>\$ 33,955,542</u>	<u>\$ 6,704,695</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, 2011, was \$262,163,975. Total general obligation debt outstanding at year end was \$52,957,924.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 \$168,496 over the next 20 years.

MADACC Obligation - Intermunicipal Agreement

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

H. Net Assets / Fund Balances

Net assets reported on the government wide statement of net assets at December 31, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Nondepreciated	\$ 24,013,866
Depreciated	53,447,281
Less: related debt excluding unspent bond proceeds	<u>(20,762,880)</u>
Total invested in capital assets, net of related debt	56,698,267
Restricted for debt service	27,398,789
Unrestricted	<u>(20,138,732)</u>
Total governmental activities net assets	<u>\$ 63,958,324</u>

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 81,405
Construction in progress	11,595
Other capital assets, net of accumulated depreciation	87,267,029
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(18,753,965)</u>
Total invested in capital assets, net of related debt	68,606,064
Restricted net assets	
Restricted for debt service principal and interest	415,318
Unrestricted	<u>7,514,749</u>
Total business-type activities net assets	<u>\$ 76,536,131</u>

The governmental activities net assets invested in capital assets, net of related debt noted above exclude \$2,056,493 of long-term debt that was used to purchase capital assets of the business-type activities. The total government-wide net assets invested in capital assets, net of related debt include this amount as capital related debt.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

H. Net Assets / Fund Balances (continued)

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

Nonspendable

Major Funds	
General Fund -	
Prepayments and inventories	\$ 2,561
Non-current receivables	<u>346,325</u>
	348,886
Special Revenue Fund - Tax Incremental District	
Prepayments and inventories	<u>13,139</u>
Total non-spendable fund balance	<u>362,025</u>

Restricted

Major Funds	
Special Revenue Fund - Tax Incremental District	23,415,601
Capital Projects Fund - General Obligation Debt Issue Fund	3,634,223
Non-Major Funds	
Special Revenue Fund - Debt Service Fund	2,377,076
Capital Projects Fund - Redevelopment Authority Lease Revenue Bond	<u>975,000</u>
Total restricted fund balance	<u>30,401,900</u>

Committed

Major Funds - General Fund - budget appropriations	<u>982,506</u>
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Assigned

Major Funds	
General Fund	
Subsequent year's expenditures	489,911
Capital improvements	485,000
Parks	<u>425,482</u>
	1,400,393
Non-Major Funds	
Special Revenue Fund - Parks Fund	407,705
Special Revenue Fund - Library Fund	720,152
Capital Projects Fund - Informations Systems Equipment	<u>127,306</u>
Total assigned fund balance	<u>2,655,556</u>

Unassigned

Major Funds - General Fund	<u>16,928,646</u>
Total governmental fund balance	<u>\$ 51,330,633</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

H. Net Assets / 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

All 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 permanent employees expected to work over 1,200 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of public safety employees. Employees on military leave qualify to receive contributions. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the system for the year ended December 31, 2011 was \$27,709,495; the employer's total payroll was \$27,682,768. The total required contribution for the year ended December 31, 2011 was \$4,639,555 or 16.74% of covered payroll. Of this amount, 93.8% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$4,462,780 and \$4,177,401, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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. Final average earnings is the average of the employee's three highest years 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, 5 years of creditable service is required for eligibility.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5 - OTHER INFORMATION (continued)

A. Employees' Retirement System (continued)

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

The City has no pension related debt as of December 31, 2011.

The City currently provides contributions to the Wisconsin Retirement System for employees formerly covered under the City-sponsored and administered Police-Fire pension fund. This fund was terminated by State Statute in a prior year. In accordance with the statute terminating the pension funds, the City chose a "pay-as-you-go" basis for pension contributions in which payments are made to the Wisconsin Retirement System as the benefits become due and payable to the participants of the old plan. The total expenditures for 2011 were \$5,000.

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, 2011. 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-.

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.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5 - OTHER INFORMATION (continued)

B. Risk Management (continued)

Self-Insured General and Auto Liability (continued)

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, 2010. CVMIC continues to pay dividends that are used to pay the City's insurance premiums.

Complete financial statements for the year ended December 31, 2010 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, 2011 was 4.74% or \$1,184,453.
- Member equity ownership attributable to earnings on premiums and other non-borrowed assets is based on the aggregate premiums paid by the member in proportion to the premiums paid by all members, weighted to reflect length of membership. The CVMIC component of ownership as of December 31, 2011 was not significant to these financial statements.

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

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011, the Risk Management General Liability Fund had net assets of \$1,412,924, which includes the City's Investment in CVMIC of \$1,184,453.

Changes in the claim liability amounts for the years ended December 31, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims - Beginning of Year	\$ 156,850	\$ 71,753
Current year claims and changes in estimates	122,638	221,931
Claim payments	<u>83,186</u>	<u>136,834</u>
Unpaid claims - End of Year	<u>\$ 196,302</u>	<u>\$ 156,850</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 \$620,648 reported in the Internal Service Fund at December 31, 2011, 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, 2011 and 2010 were as follows:

		<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2010	\$	455,424	6,699,016	\$ 6,707,150	\$ 447,290
2011		447,290	7,057,955	6,884,597	620,648

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

Employee insurance	\$ 2,793,878
Other post employment obligation	<u>(13,666,025)</u>
Total	<u>\$ (10,872,147)</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 2011, City and plan members receiving benefits paid approximately \$1,776,218 toward medical insurance for retirees. This represents 6.97% of total covered payroll for the year.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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)	\$ 5,185,487
Interest on Net OPEB Obligation	407,561
Adjustment to ARC	<u>(566,571)</u>
Annual OPEB Cost	5,026,477
Contribution made	<u>(1,776,218)</u>
Increase in net OPEB Obligation	3,250,259
Net OPEB obligation- beginning of year	<u>10,415,766</u>
 Net OPEB obligation - end of year	 <u>\$ 13,666,025</u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010 and 2009 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>
12/31/2009	\$ 5,437,469	32.47%	\$ 7,319,274
12/31/2010	4,869,774	36.41%	10,415,766
12/31/2011	5,026,477	35.34%	13,666,025

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 October 1, 2010.

The actuarial accrued liability for benefits was \$52,326,127 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$52,326,127. The covered payroll (annual payroll of active employees covered by the plan) was \$25,443,611 and the ratio of the UAAL to the covered payroll was 205.66 percent.

Actuarial Methods and Assumptions

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

The retiree healthcare valuation was based on the 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 4 percent based on the City's projected short-term investment rate of return. The healthcare cost trends rate is 10 percent initially, and reduced by decrements to the ultimate rate of 4.5 percent after 70 years.

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 \$169,731.

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

2012	\$	173,249
2013		173,979
2014		175,366
2015		197,536
2016		211,991
2017-2019		<u>645,762</u>
	\$	<u>1,577,883</u>

All leases have an automatic extension until at least the year 2019.

E. Commitments and Contingencies

Also, 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, 2011 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 2011 was \$393,367. Cumulative payments made through 2011 are \$1,034,985.

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5 - OTHER INFORMATION (continued)

F. Subsequent Events

Management evaluated subsequent events through June 20, 2012, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2011, but prior to June 20, 2012 that provide additional evidence about conditions that existed at December 31, 2011, have been recognized in the financial statements for the year ended December 31, 2011. Events or transactions that provided evidence about conditions that did not exist at December 31, 2011 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2011.

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

A. Plan Summaries

The City has created four Tax Incremental District funds. Tax Incremental District No. 2 was created on January 1, 1995, and its dissolution date is January 1, 2022. There have been three amendments to Tax Incremental District No. 2, occurring on April 15, 1997, April 20, 2004, and in April, 2007. These amendments did not affect the dissolution date of January 1, 2022. Tax Incremental District No. 3 was created on January 1, 2001, and its dissolution date is January 1, 2028. The Tax Incremental District No. 3 plan was amended on August 1, 2006. The amendment did not affect the dissolution date. Tax Incremental District No. 4 was created on January 1, 2002 and its dissolution date is January 1, 2029. Tax Incremental District No. 5 was created on April 3, 2007 and has a dissolution date of January 1, 2034. Tax Incremental District No. 6 was created on October 4, 2010 and has a dissolution date of October 4, 2037.

B. Cash and Investments

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

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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 2011 to 2016. The outstanding balance as of December 31, 2011 was \$315,000.

A repayment schedule of the interfund advance is as follows:

Calendar			
Year	Principal	Interest	Total
2012	55,000	19,933	74,933
2013	60,000	16,550	76,550
2014	65,000	12,800	77,800
2015	70,000	8,673	78,673
2016	65,000	4,193	69,193
	<u>\$ 315,000</u>	<u>\$ 62,149</u>	<u>\$ 377,149</u>

As of December 31, 2011, \$427,659 is available in the Special Revenue Fund for debt payments.

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, 2011, \$24,131,229 is available in the Special Revenue TIF and Redevelopment Authority Lease Revenue Bond Funds for debt payments.

Aggregate maturities of all long-term debt relating to Tax Incremental District No. 2 are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 8,475,000	\$ 1,168,925	\$ 9,643,925
2013	2,375,000	802,626	3,177,626
2014	2,500,000	679,126	3,179,126
2015	2,600,000	549,126	3,149,126
2016	3,600,000	399,626	3,999,626
2017	3,350,000	192,626	3,542,626
	<u>\$ 22,900,000</u>	<u>\$ 3,792,055</u>	<u>\$ 26,692,055</u>

**CITY OF WAUWATOSA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

E. Supplemental Information

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

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

Detailed descriptions of the purpose of these funds can be found in Note 1 of the financial statements.

The data was consolidated for the purpose of these schedules. Therefore, the amounts shown in the schedules will not directly correlate with amounts shown in the basic financial statements of the City of Wauwatosa.

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, 2011**

Year Ending	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit Actuary Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	10/1/2008	\$ -	\$ 52,485,692	\$ 52,485,692	0.00%	\$ 26,655,772	196.90%
12/31/2010	10/1/2010	-	52,326,127	52,326,127	0.00%	25,443,611	205.66%

OTHER SUPPLEMENTARY INFORMATION

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 31,928,698	\$ 32,032,023	\$ 32,013,211	\$ (18,812)
Prior year's omitted taxes	-	53,370	28,970	(24,400)
Hotel/motel room tax	807,000	870,000	907,871	37,871
Payments in lieu of taxes	267,000	445,000	431,361	(13,639)
Interest on taxes	98,000	90,000	88,936	(1,064)
Property tax chargebacks	-	-	4,236,704	4,236,704
	<u>33,100,698</u>	<u>33,490,393</u>	<u>37,707,053</u>	<u>4,216,660</u>
INTERGOVERNMENTAL				
State shared taxes	2,387,300	2,346,583	2,385,464	38,881
Federal grants	268,596	1,185,128	1,157,679	(27,449)
State grants	2,178,177	2,253,777	2,209,188	(44,589)
	<u>4,834,073</u>	<u>5,785,488</u>	<u>5,752,331</u>	<u>(33,157)</u>
LICENSES AND PERMITS				
Licenses	280,420	270,325	267,750	(2,575)
Permits	839,185	923,035	1,214,882	291,847
	<u>1,119,605</u>	<u>1,193,360</u>	<u>1,482,632</u>	<u>289,272</u>
FINES, PENALTIES AND FORFEITURES				
Court penalties and costs	625,000	625,000	526,732	(98,268)
Parking violations	490,000	520,000	466,554	(53,446)
Other penalties and fees	31,000	55,000	22,226	(32,774)
	<u>1,146,000</u>	<u>1,200,000</u>	<u>1,015,512</u>	<u>(184,488)</u>
PUBLIC IMPROVEMENT REVENUES				
Special assessments	35,888	25,304	35,184	9,880
PUBLIC CHARGES FOR SERVICES				
General government	614,550	676,045	676,696	651
Public safety	1,737,650	1,908,733	1,996,129	87,396
Health and social services	45,500	56,638	30,207	(26,431)
Streets and related facilities	35,652	50,120	52,990	2,870
Sanitation	144,300	151,450	152,410	960
	<u>2,577,652</u>	<u>2,842,986</u>	<u>2,908,432</u>	<u>65,446</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
County				
Paramedics	210,000	200,000	200,000	-
Fire protection service	1,275,906	1,311,107	1,311,107	-
Local departments	98,990	98,990	98,991	1
	<u>1,584,896</u>	<u>1,610,097</u>	<u>1,610,098</u>	<u>1</u>
COMMERCIAL REVENUES				
Interest	1,240,000	1,172,660	1,061,803	(110,857)
Rentals	9,500	9,500	10,219	719
Other miscellaneous revenue	80,000	280,218	353,296	73,078
	<u>1,329,500</u>	<u>1,462,378</u>	<u>1,425,318</u>	<u>(37,060)</u>
				-
TOTAL REVENUES	<u>\$ 45,728,312</u>	<u>\$ 47,610,006</u>	<u>\$ 51,936,560</u>	<u>\$ 4,326,554</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 146,280	\$ 145,747	\$ 139,520	\$ 6,227
Board of public works	7,265	7,200	5,299	1,901
Youth commission	1,500	2,250	2,773	(523)
Historic preservation commission	1,000	9,719	9,437	282
Municipal court	359,562	338,241	305,579	32,662
Mayor	106,078	94,158	86,544	7,614
Administrator	260,105	243,109	243,459	(350)
Clerk	338,971	349,680	351,763	(2,083)
Elections	148,084	146,406	148,234	(1,828)
Personnel	443,627	449,921	405,205	44,716
Comptroller	504,922	507,225	491,073	16,152
Assessor	647,168	635,450	620,601	14,849
Purchasing	208,749	205,793	179,802	25,991
Treasurer	359,216	349,205	333,613	15,592
Attorney	551,760	584,432	590,507	(6,075)
City Planning	509,961	697,777	549,927	147,850
Senior commission	3,000	3,000	1,220	1,780
Return of property taxes	84,176	227,210	8,638,830	(8,411,620)
	<u>4,681,424</u>	<u>4,996,523</u>	<u>13,103,386</u>	<u>(8,106,863)</u>
PROTECTION OF PERSONS AND PROPERTY				
Police department	14,389,591	15,335,844	14,818,009	517,835
Police station	228,807	238,410	217,882	20,528
Police reserves	12,859	12,859	8,671	4,188
Crossing guards	217,470	217,470	218,623	(1,153)
Fire department	13,023,905	13,040,751	13,602,780	(562,029)
Fire equipment reserve	40,546	31,835	23,191	8,644
Safety and building	849,997	807,090	751,012	56,078
Sealer of weights and measures	10,800	10,800	10,800	-
Traffic control and regulation	458,605	456,384	382,909	73,475
Property maintenance program	76,927	72,070	70,994	1,076
	<u>29,309,507</u>	<u>30,223,513</u>	<u>30,104,871</u>	<u>118,642</u>
HEALTH AND SANITATION				
Solid waste management	2,750,294	2,788,544	2,727,323	61,221
Health care services	1,420,703	1,399,162	1,375,840	23,322
	<u>4,170,997</u>	<u>4,187,706</u>	<u>4,103,163</u>	<u>84,543</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
GENERAL FUND (Concluded)
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
HIGHWAY AND TRANSPORTATION				
Engineering	\$ 1,684,553	\$ 1,750,647	\$ 1,555,908	\$ 194,739
Public works operations management	656,334	596,526	591,132	5,394
Roadway maintenance	1,990,288	2,332,321	2,235,317	97,004
Electrical services	887,185	895,644	882,776	12,868
Public works facilities outside	150,243	164,445	184,032	(19,587)
	<u>5,368,603</u>	<u>5,739,583</u>	<u>5,449,165</u>	<u>290,418</u>
EDUCATION AND RECREATION				
Fourth of July celebration	42,089	53,710	51,955	1,755
CONSERVATION AND DEVELOPMENT				
Forestry	1,339,178	1,174,368	1,133,007	41,361
Economic development	245,210	236,416	197,188	39,228
	<u>1,584,388</u>	<u>1,410,784</u>	<u>1,330,195</u>	<u>80,589</u>
UNCLASSIFIED				
Visit Milwaukee	288,371	288,371	288,371	-
Remission and write-off of taxes and uncollectible receivables	15,000	15,000	14,848	152
Milwaukee Area Domestic Animal Control Commission	60,700	57,074	57,074	-
	<u>364,071</u>	<u>360,445</u>	<u>360,293</u>	<u>152</u>
DEBT SERVICE				
Interest and other fiscal charges	-	-	32,685	(32,685)
	<u>\$ 45,521,079</u>	<u>\$ 46,972,264</u>	<u>\$ 54,535,713</u>	<u>\$ (7,563,449)</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	Special Revenue Funds				Capital Projects			Totals
	Special Assessments	Community Development Block Grant	Parks	Public Library	Debt Service Fund	Information Systems Equipment	Redevelopment Authority Lease Revenue Bond Fund	
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 425,676	\$ 720,152	\$ 2,377,076	\$ 127,306	\$ -	\$ 3,650,210
Investments	-	-	-	-	-	-	3,115	3,115
Taxes receivable	228,562	-	-	2,205,040	2,160,000	-	-	4,593,602
Special assessments receivable:								
Due in installments	467,503	-	-	-	-	-	-	467,503
Deferred	18,552	-	-	-	-	-	-	18,552
Other accrued receivables	-	41,055	-	-	28,673	-	-	69,728
Restricted investments	-	-	-	-	-	-	975,000	975,000
TOTAL ASSETS	<u>\$ 714,617</u>	<u>\$ 41,055</u>	<u>\$ 425,676</u>	<u>\$ 2,925,192</u>	<u>\$ 4,565,749</u>	<u>\$ 127,306</u>	<u>\$ 978,115</u>	<u>\$ 9,777,710</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 14,769	\$ 41	\$ 17,971	\$ -	\$ -	\$ -	\$ -	\$ 32,781
Due to other funds	213,793	24,746	-	-	-	-	3,115	241,654
Deferred revenue	486,055	16,268	-	2,205,040	2,188,673	-	-	4,896,036
Total liabilities	<u>714,617</u>	<u>41,055</u>	<u>17,971</u>	<u>2,205,040</u>	<u>2,188,673</u>	<u>-</u>	<u>3,115</u>	<u>5,170,471</u>
FUND BALANCES								
Restricted	-	-	-	-	2,377,076	-	975,000	3,352,076
Assigned	-	-	407,705	720,152	-	127,306	-	1,255,163
Total fund balances	<u>-</u>	<u>-</u>	<u>407,705</u>	<u>720,152</u>	<u>2,377,076</u>	<u>127,306</u>	<u>975,000</u>	<u>4,607,239</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 714,617</u>	<u>\$ 41,055</u>	<u>\$ 425,676</u>	<u>\$ 2,925,192</u>	<u>\$ 4,565,749</u>	<u>\$ 127,306</u>	<u>\$ 978,115</u>	<u>\$ 9,777,710</u>

CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds				Debt Service Fund	Capital Projects		Totals
	Special Assessments	Community Development Block Grant	Parks	Public Library		Information Systems Equipment	Redevelopment Authority Lease Revenue Bond Fund	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 2,141,913	\$ 2,400,000	\$ -	\$ -	\$ 4,541,913
Intergovernmental revenues	-	1,627,559	-	-	-	-	-	1,627,559
Public improvement revenues	491,644	-	-	-	-	-	-	491,644
Public charges for services	-	-	364,251	415,695	-	-	-	779,946
Commercial revenues	-	-	16,694	45,495	156,084	-	1,353	219,626
Total revenues	<u>491,644</u>	<u>1,627,559</u>	<u>380,945</u>	<u>2,603,103</u>	<u>2,556,084</u>	<u>-</u>	<u>1,353</u>	<u>7,660,688</u>
EXPENDITURES								
Current:								
Education and recreation	-	-	964,115	2,613,513	-	-	-	3,577,628
Conservation and development	-	1,627,559	-	-	-	-	-	1,627,559
Debt Service:								
Principal	-	-	-	-	3,093,923	-	2,175,000	5,268,923
Interest	-	-	-	-	1,071,314	-	1,275,500	2,346,814
Capital Outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,627,559</u>	<u>964,115</u>	<u>2,613,513</u>	<u>4,165,237</u>	<u>-</u>	<u>3,450,500</u>	<u>12,820,924</u>
Excess of revenues over (under) expenditures	<u>491,644</u>	<u>-</u>	<u>(583,170)</u>	<u>(10,410)</u>	<u>(1,609,153)</u>	<u>-</u>	<u>(3,449,147)</u>	<u>(5,160,236)</u>
OTHER FINANCING SOURCES (USES)								
Long term debt issued	-	-	-	-	288,307	-	-	288,307
Premium on debt	-	-	-	-	234,038	-	-	234,038
Transfers in	-	-	846,436	-	3,462,634	61,676	3,450,500	7,821,246
Transfers out	(491,644)	-	(101,144)	-	-	-	(1,353)	(594,141)
Net change in fund balances	-	-	162,122	(10,410)	2,375,826	61,676	-	2,589,214
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>245,583</u>	<u>730,562</u>	<u>1,250</u>	<u>65,630</u>	<u>975,000</u>	<u>2,018,025</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,705</u>	<u>\$ 720,152</u>	<u>\$ 2,377,076</u>	<u>\$ 127,306</u>	<u>\$ 975,000</u>	<u>\$ 4,607,239</u>

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND SPECIAL ASSESSMENTS FUND
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public improvement revenues	\$ 290,000	\$ 467,000	\$ 491,644	\$ 24,644
Total revenues	<u>290,000</u>	<u>467,000</u>	<u>491,644</u>	<u>24,644</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(290,000)</u>	<u>(467,000)</u>	<u>(491,644)</u>	<u>(24,644)</u>
Net change in fund balance	<u>\$ (290,000)</u>	<u>\$ (467,000)</u>	-	<u>\$ (24,644)</u>
FUND BALANCE - BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

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

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	<u>\$ 1,000,000</u>	<u>\$ 1,701,893</u>	<u>\$ 1,627,559</u>	<u>\$ (74,334)</u>
Total revenues	<u>1,000,000</u>	<u>1,701,893</u>	<u>1,627,559</u>	<u>(74,334)</u>
EXPENDITURES				
Conservation and development	<u>1,000,000</u>	<u>1,701,893</u>	<u>1,627,559</u>	<u>74,334</u>
Total expenditures	<u>1,000,000</u>	<u>1,701,893</u>	<u>1,627,559</u>	<u>74,334</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

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

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND PARKS FUND
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	\$ 331,980	\$ 352,330	\$ 364,251	\$ 11,921
Commercial revenues	<u>2,350</u>	<u>1,484</u>	<u>16,694</u>	<u>15,210</u>
Total revenues	<u>334,330</u>	<u>353,814</u>	<u>380,945</u>	<u>27,131</u>
EXPENDITURES				
Education and recreation	<u>1,098,387</u>	<u>1,138,503</u>	<u>964,115</u>	<u>174,388</u>
Total expenditures	<u>1,098,387</u>	<u>1,138,503</u>	<u>964,115</u>	<u>174,388</u>
Excess of revenues over (under) expenditures	(764,057)	(784,689)	(583,170)	201,519
OTHER FINANCING SOURCES (USES)				
Transfers in	845,563	846,436	846,436	-
Transfers out	<u>(101,144)</u>	<u>(101,144)</u>	<u>(101,144)</u>	<u>-</u>
Net change in fund balance	<u>\$ (19,638)</u>	<u>\$ (39,397)</u>	162,122	<u>\$ 201,519</u>
FUND BALANCE - BEGINNING OF YEAR			<u>245,583</u>	
FUND BALANCE - END OF YEAR			<u>\$ 407,705</u>	

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

CITY OF WAUWATOSA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND LIBRARY FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,226,425	\$ 2,173,101	\$ 2,141,913	\$ (31,188)
Public charges for services	419,323	418,523	415,695	(2,828)
Commercial revenues	-	-	45,495	45,495
Total revenues	2,645,748	2,591,624	2,603,103	11,479
EXPENDITURES				
Education and recreation	2,645,748	2,591,624	2,613,513	(21,889)
Total expenditures	2,645,748	2,591,624	2,613,513	(21,889)
Excess of revenues over (under) expenditures	\$ -	\$ -	(10,410)	\$ (10,410)
FUND BALANCE - BEGINNING OF YEAR			730,562	
FUND BALANCE - END OF YEAR			\$ 720,152	

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 2
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 1,313,667	\$ 11,940,911
Administration	-	725,555
Interest and Fiscal Charges	1,275,500	15,177,857
Debt Issuance Costs	-	681,414
Developers Grants/Incentive	393,367	16,034,985
Total Costs	2,982,534	44,560,722
PROJECT REVENUES		
Tax Increments	4,587,294	33,220,853
Investment Income	32,120	3,433,977
Exempt Computer Aid	823,287	6,457,413
Sale of Land	-	2,637,347
Miscellaneous Revenue	-	42,361
Total Revenues	5,442,701	45,791,951
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2011		
	\$ 2,460,167	\$ 1,231,229

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 2
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 4,587,294	\$ 33,220,853
Investment Income	32,120	3,433,977
Long-Term Debt Issued	-	44,835,000
Exempt Computer Aid	823,287	6,457,413
Sale of Land	-	2,637,347
Miscellaneous Revenues	-	42,361
Total Sources	5,442,701	90,626,951
USES OF FUNDS		
Capital Expenditures	1,313,667	11,940,911
Administration	-	725,555
Interest on Long-Term Debt	1,275,500	15,177,857
Principal on Long-Term Debt	2,175,000	21,935,000
Developers Grants/Incentive	393,367	16,034,985
Debt Issuance Costs	-	681,414
Total Uses	5,157,534	66,495,722
Net change in fund balance	285,167	24,131,229
BEGINNING FUND BALANCE	23,846,062	-
ENDING FUND BALANCE	\$ 24,131,229	\$ 24,131,229
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance		\$ 24,131,229
Principal balance of outstanding long-term debt		(22,900,000)
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2011		
		\$ 1,231,229

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 3
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 211,666	\$ 6,952,458
Total Costs	211,666	6,952,458
 PROJECT REVENUES		
Tax Increments	1,109,750	6,731,263
Investment Income	298	127,855
Exempt Computer Aid	9,505	107,222
Storm Water Grant	-	73,222
Developer Fees	-	5,000
Total Revenues	1,119,553	7,044,562
 NET COST RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2011		
	\$ 907,887	\$ 92,104

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 3
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 1,109,750	\$ 6,731,263
Investment Income	298	127,855
Exempt Computer Aid	9,505	107,222
Storm Water Grant	-	73,222
Developer Fees	-	5,000
Total Sources	1,119,553	7,044,562
USES OF FUNDS		
Capital Expenditures	211,666	6,952,458
Total Uses	211,666	6,952,458
Net change in fund balance	907,887	92,104
BEGINNING FUND BALANCE	(815,783)	-
ENDING FUND BALANCE	\$ 92,104	\$ 92,104

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 4
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 900	\$ 505,200
Interest and Fiscal Charges	22,958	256,490
Total Costs	23,858	761,690
 PROJECT REVENUES		
Tax Increments	170,401	859,629
Investment Income	508	14,720
Total Revenues	170,909	874,349
 NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2011		
	\$ 147,051	\$ 112,659

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 4
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 170,401	\$ 859,629
Investment Income	508	14,720
Total Sources	170,909	874,349
USES OF FUNDS		
Capital Expenditures	900	505,200
Interest on Advances	22,958	256,490
Total Uses	23,858	761,690
Net change in fund balance	147,051	112,659
BEGINNING FUND BALANCE	(34,392)	-
ENDING FUND BALANCE	\$ 112,659	\$ 112,659

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 5
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 900	\$ 8,600
Developer Incentive	-	1,800,000
Total Costs	900	1,808,600
PROJECT REVENUES		
Tax Increments	91,319	185,975
Investment Income	78	190
Developer Fees	-	5,000
Total Revenues	91,397	191,165
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2011	\$ 90,497	\$ (1,617,435)

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 5
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
SOURCES OF FUNDS		
Tax Increments	\$ 91,319	\$ 185,975
Investment Income	78	190
Long-Term Debt Issued	-	1,800,000
Developer Fees	-	5,000
Total Sources	91,397	1,991,165
USES OF FUNDS		
Capital Expenditures	900	8,600
Developer Incentive	-	1,800,000
Debt service principal	90,522	182,528
Total Uses	91,422	1,991,128
Net change in fund balance	(25)	37
BEGINNING FUND BALANCE	62	-
ENDING FUND BALANCE	\$ 37	\$ 37
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance		\$ 37
Principal balance of outstanding municipal revenue obligation		(1,617,472)
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2011		\$ (1,617,435)

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 6
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
PROJECT COSTS		
Capital Expenditures	\$ 95,935	\$ 108,526
PROJECT REVENUES		
Investment income	7	7
Developer Fees	-	10,000
Total Revenues	7	10,007
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2011		
	\$ (95,928)	\$ (98,519)

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 6
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Date of Creation Through December 31, 2011**

	2011	From Date of Creation
SOURCES OF FUNDS		
Investment Income	\$ 7	\$ 7
Long-term debt issued	153,815	153,815
Developer fees	-	10,000
Total sources	153,822	163,822
USES OF FUNDS		
Capital Expenditures	95,935	108,526
Net change in fund balance	57,887	55,296
BEGINNING FUND BALANCE	(2,591)	-
ENDING FUND BALANCE	\$ 55,296	\$ 55,296
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance		\$ 55,296
Principal balance of outstanding long-term debt		(153,815)
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2011		\$ (98,519)

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

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

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

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUND - INTERNAL SERVICE FUNDS
DECEMBER 31, 2011**

ASSETS	Fleet Maintenance	Public Works Building	Risk Management General Liability	Employee Insurance	Information Systems	Municipal Building Complex	Total Internal Service Funds
CURRENT ASSETS							
Cash and cash equivalents	\$ 607,001	\$ 42,829	\$ 424,773	\$ 3,437,209	\$ 399,180	\$ 479,311	\$ 5,390,303
Receivables, net	4,021	3,487	-	85,013	-	-	92,521
Inventories	114,976	-	-	-	-	-	114,976
Total current assets	<u>725,998</u>	<u>46,316</u>	<u>424,773</u>	<u>3,522,222</u>	<u>399,180</u>	<u>479,311</u>	<u>5,597,800</u>
NONCURRENT ASSETS							
Investment in Cities and Villages Mutual Insurance Company	-	-	1,184,453	-	-	-	1,184,453
Capital assets:							
Land	-	22,617	-	-	-	-	22,617
Buildings	-	1,252,654	-	-	-	-	1,252,654
Machinery and equipment	10,312,528	20,371	-	-	495,571	-	10,828,470
Less: Accumulated depreciation	<u>(7,382,421)</u>	<u>(1,156,320)</u>	<u>-</u>	<u>-</u>	<u>(182,148)</u>	<u>-</u>	<u>(8,720,889)</u>
Total capital assets, net	<u>2,930,107</u>	<u>139,322</u>	<u>-</u>	<u>-</u>	<u>313,423</u>	<u>-</u>	<u>3,382,852</u>
Total assets	<u>3,656,105</u>	<u>185,638</u>	<u>1,609,226</u>	<u>3,522,222</u>	<u>712,603</u>	<u>479,311</u>	<u>10,165,105</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	3,990	6,362	196,302	728,344	23,789	45,655	1,004,442
Accrued liabilities	43,391	-	-	-	33,859	10,185	87,435
Total current liabilities	<u>47,381</u>	<u>6,362</u>	<u>196,302</u>	<u>728,344</u>	<u>57,648</u>	<u>55,840</u>	<u>1,091,877</u>
NONCURRENT LIABILITIES							
Accrued net other postemployment benefits obligation	-	-	-	13,666,025	-	-	13,666,025
Total liabilities	<u>47,381</u>	<u>6,362</u>	<u>196,302</u>	<u>14,394,369</u>	<u>57,648</u>	<u>55,840</u>	<u>14,757,902</u>
NET ASSETS (DEFICIT)							
Invested in capital assets, net of related debt	2,930,107	139,322	-	-	313,423	-	3,382,852
Unrestricted	<u>678,617</u>	<u>39,954</u>	<u>1,412,924</u>	<u>(10,872,147)</u>	<u>341,532</u>	<u>423,471</u>	<u>(7,975,649)</u>
Total net assets (deficit)	<u>\$ 3,608,724</u>	<u>\$ 179,276</u>	<u>\$ 1,412,924</u>	<u>\$ (10,872,147)</u>	<u>\$ 654,955</u>	<u>\$ 423,471</u>	<u>\$ (4,592,797)</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011**

	Fleet Maintenance	Public Works Building	Risk Management		Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Employee Insurance			
OPERATING REVENUES							
Charges for services and sales	\$ 3,131,496	\$ 598,536	\$ 147,124	\$ 8,021,224	\$ 1,157,778	\$ 926,947	\$ 13,983,105
Other operating revenues	10,048	-	-	1,179,071	3,089	-	1,192,208
Total operating revenues	<u>3,141,544</u>	<u>598,536</u>	<u>147,124</u>	<u>9,200,295</u>	<u>1,160,867</u>	<u>926,947</u>	<u>15,175,313</u>
OPERATING EXPENSES							
Operation and maintenance	2,138,977	495,777	220,802	12,983,385	1,013,871	712,692	17,565,504
Depreciation	802,581	32,705	-	-	82,093	-	917,379
Total operating expenses	<u>2,941,558</u>	<u>528,482</u>	<u>220,802</u>	<u>12,983,385</u>	<u>1,095,964</u>	<u>712,692</u>	<u>18,482,883</u>
Operating income (loss)	<u>199,986</u>	<u>70,054</u>	<u>(73,678)</u>	<u>(3,783,090)</u>	<u>64,903</u>	<u>214,255</u>	<u>(3,307,570)</u>
NON-OPERATING REVENUES (EXPENSES)							
Dividend income	-	-	54,403	-	-	-	54,403
Investment income	-	-	529	9,397	-	-	9,926
Grants	-	-	-	290,460	-	-	290,460
Gain on sale or trade of assets	37,240	-	-	-	-	-	37,240
Total Non-operating revenues (expenses)	<u>37,240</u>	<u>-</u>	<u>54,932</u>	<u>299,857</u>	<u>-</u>	<u>-</u>	<u>392,029</u>
Income (loss) before transfers	237,226	70,054	(18,746)	(3,483,233)	64,903	214,255	(2,915,541)
CAPITAL CONTRIBUTIONS	375,856	-	-	-	33,610	-	409,466
TRANSFERS IN	-	-	103,000	-	-	-	103,000
TRANSFERS OUT	<u>(845,045)</u>	<u>(105,281)</u>	<u>-</u>	<u>(3,025,000)</u>	<u>(61,676)</u>	<u>(7,500)</u>	<u>(4,044,502)</u>
Change in net assets	(231,963)	(35,227)	84,254	(6,508,233)	36,837	206,755	(6,447,577)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>3,840,687</u>	<u>214,503</u>	<u>1,328,670</u>	<u>(4,363,914)</u>	<u>618,118</u>	<u>216,716</u>	<u>1,854,780</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 3,608,724</u>	<u>\$ 179,276</u>	<u>\$ 1,412,924</u>	<u>\$ (10,872,147)</u>	<u>\$ 654,955</u>	<u>\$ 423,471</u>	<u>\$ (4,592,797)</u>

**CITY OF WAUWATOSA, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011**

	Fleet Maintenance	Public Works Building	Risk Management		Information Systems	Municipal Building Complex	Total Internal Service Funds
			General Liability	Employee Insurance			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 9,000	\$ 42,214	\$ -	\$ 1,274,241	\$ 8,846	\$ 385	\$ 1,334,686
Receipts from other funds	3,131,496	556,396	147,124	8,021,224	1,157,778	926,947	13,940,965
Payments to suppliers	(1,569,745)	(203,986)	(175,715)	(9,420,700)	(430,044)	(481,421)	(12,281,611)
Payments to employees	(568,510)	(291,655)	(5,635)	(140,791)	(560,581)	(219,938)	(1,787,110)
Payments to other funds	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>1,002,241</u>	<u>102,969</u>	<u>(34,226)</u>	<u>(266,026)</u>	<u>175,999</u>	<u>225,973</u>	<u>1,206,930</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Grant funds received	-	-	-	290,460	-	-	290,460
Transfers from (to) other funds	(845,045)	(105,281)	103,000	(3,025,000)	(61,676)	(7,500)	(3,941,502)
Net cash provided by (used in) noncapital financing activities	<u>(845,045)</u>	<u>(105,281)</u>	<u>103,000</u>	<u>(2,734,540)</u>	<u>(61,676)</u>	<u>(7,500)</u>	<u>(3,651,042)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of property, plant, and equipment	55,352	-	-	-	-	-	55,352
Acquisition and construction of capital assets	-	-	-	-	(59,286)	-	(59,286)
Net cash provided by capital and related financing activities	<u>55,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,286)</u>	<u>-</u>	<u>(3,934)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends received	-	-	54,932	9,397	-	-	64,329
Net increase (decrease) in cash and cash equivalents	212,548	(2,312)	123,706	(2,991,169)	55,037	218,473	(2,383,717)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>394,453</u>	<u>45,141</u>	<u>301,067</u>	<u>6,428,378</u>	<u>344,143</u>	<u>260,838</u>	<u>7,774,020</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 607,001</u>	<u>\$ 42,829</u>	<u>\$ 424,773</u>	<u>\$ 3,437,209</u>	<u>\$ 399,180</u>	<u>\$ 479,311</u>	<u>\$ 5,390,303</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 199,986	\$ 70,054	\$ (73,678)	\$ (3,783,090)	\$ 64,903	\$ 214,255	\$ (3,307,570)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation expense	802,581	32,705	-	-	82,093	-	917,379
(Increase) decrease:							
Accounts receivable - other	(1,048)	74	-	131,928	5,757	385	137,096
Inventories	715	-	-	-	-	-	715
Increase (decrease) in accounts payable							
Accounts payable	2,853	136	39,452	171,635	23,789	10,628	248,493
Due to other funds	-	-	-	-	-	-	-
Accrued liabilities	(2,846)	-	-	3,250,259	(543)	705	3,247,575
Unearned revenue	-	-	-	(36,758)	-	-	(36,758)
Total adjustments	<u>802,255</u>	<u>32,915</u>	<u>39,452</u>	<u>3,517,064</u>	<u>111,096</u>	<u>11,718</u>	<u>4,514,500</u>
Net cash provided by (used in) operating activities	<u>\$ 1,002,241</u>	<u>\$ 102,969</u>	<u>\$ (34,226)</u>	<u>\$ (266,026)</u>	<u>\$ 175,999</u>	<u>\$ 225,973</u>	<u>\$ 1,206,930</u>
Non-cash capital and related financing activities:							
Capital assets contributed by City of Wauwatosa	<u>\$ 375,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,610</u>	<u>\$ -</u>	<u>\$ 409,466</u>

STATISTICAL SECTION

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STATISTICAL SECTION

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

FINANCIAL TRENDS – TABLES 1-4

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

REVENUE CAPACITY – TABLES 5-8

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

DEBT CAPACITY – TABLES 9-13

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

DEMOGRAPHIC AND ECONOMIC INFORMATION – TABLES 14 - 15

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

OPERATING INFORMATION – TABLES 16-17

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

City of Wauwatosa, Wisconsin

Net Assets By Component

Last Nine Years (1)

(Accrual basis of Accounting)

	Fiscal Year		
	2011	2010	2009
Governmental activities:			
Invested in capital assets, net of related debt	\$ 56,698,267	55,833,774	54,994,906
Restricted	27,398,789	22,180,773	18,796,636
Unrestricted	<u>(20,138,732)</u>	<u>(11,643,367)</u>	<u>(10,865,485)</u>
Total governmental activities net assets	<u>63,958,324</u>	<u>66,371,180</u>	<u>62,926,057</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 68,606,064	67,042,774	61,123,517
Restricted	415,318	499,147	1,061,941
Unrestricted	<u>7,514,749</u>	<u>5,521,858</u>	<u>9,059,578</u>
Total business-type activities net assets	<u>76,536,131</u>	<u>73,063,779</u>	<u>71,245,036</u>
Primary government:			
Invested in capital assets, net of related debt (2)	\$ 123,247,838	120,820,055	114,061,930
Restricted	27,814,107	22,679,920	19,858,577
Unrestricted (2)	<u>(10,567,490)</u>	<u>(4,065,016)</u>	<u>250,586</u>
Total primary government net assets	<u>140,494,455</u>	<u>139,434,959</u>	<u>134,171,093</u>

(1) GASB 34 was implemented in 2003. Data is not available prior to then

(2) The governmental activities net assets invested in capital assets, net of related debt noted above exclude \$2,056,493 of long-term debt that was used to purchase capital assets of the business-type activities. The total government-wide net assets invested in capital assets, net of related debt include this amount as capital related debt.

Table 1

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

City of Wauwatosa, Wisconsin

Changes In Net Assets

Last Nine Years

(Accrual basis of Accounting)

	Fiscal Year		
	2011	2010	2009
Expenses:			
Governmental activities:			
General government	\$ 13,209,633	4,683,203	4,786,054
Protection of persons and property	32,870,560	32,247,555	31,173,278
Health and sanitation	4,223,730	4,237,761	4,104,118
Highway and transportation	7,977,042	8,468,588	7,700,286
Education and recreation	4,145,124	4,012,813	3,898,894
Conservation and development	3,179,740	2,285,173	3,857,241
Unclassified	360,293	420,455	648,106
Interest and Fiscal Charges	2,312,246	2,509,908	2,537,079
Total gov't activities expenses	<u>68,278,368</u>	<u>58,865,456</u>	<u>58,705,056</u>
Business-type activities:			
Water utility	5,887,434	5,828,672	5,625,115
Redevelopment Authority	-	3,317	-
Sanitary Sewer	5,870,586	6,029,407	5,934,834
Storm Water Management	1,655,386	1,810,140	1,728,061
	<u>13,413,406</u>	<u>13,671,536</u>	<u>13,288,010</u>
Total primary government expenses	<u>\$ 81,691,774</u>	<u>72,536,992</u>	<u>71,993,066</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 1,010,335	982,315	914,713
Protection of persons and property	4,105,038	3,714,901	3,837,375
Health and sanitation	198,065	216,741	201,988
Highway and transportation	169,087	154,650	118,582
Education and recreation	512,083	472,861	417,328
Conservation and development	24,916	25,751	33,605
Operating grants and contributions	5,564,088	4,338,426	3,284,733
Capital grants and contributions	2,669,078	2,687,568	3,827,135
Total governmental activities	<u>14,252,690</u>	<u>12,593,213</u>	<u>12,635,459</u>

Table 2

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

City of Wauwatosa, Wisconsin

Changes In Net Assets

Last Nine Years

(Accrual Basis of Accounting)

	Fiscal Year		
	2011	2010	2009
Business-type activities:			
Charges for services:			
Water utility	\$ 6,646,997	6,268,519	6,334,242
Redevelopment Authority	-	-	3,328
Sanitary Sewer	6,407,642	6,373,824	5,663,700
Storm Water Management	2,364,806	2,384,661	2,410,239
Operating Grants and Contributions	-	-	-
Capital grants and contributions	511,431	49,669	378,068
Total business-type activities	<u>15,930,876</u>	<u>15,076,673</u>	<u>14,789,577</u>
Total primary government	<u>\$ 30,183,566</u>	<u>27,669,886</u>	<u>27,425,036</u>
Net (Expense)/Revenue			
Governmental activities	\$ (54,025,678)	(46,272,243)	(46,069,597)
Business-type activities	<u>2,517,470</u>	<u>1,405,137</u>	<u>1,501,567</u>
Total primary Government net (expense)/revenue	<u>\$ (51,508,208)</u>	<u>(44,867,106)</u>	<u>(44,568,030)</u>
General Revenues and Other Changes in Net Assets:			
Governmental activities			
Taxes:	\$		
Property taxes, levied for general purposes	34,155,124	33,577,938	33,607,934
Property taxes, levied for debt service	2,400,000	2,250,000	1,920,000
Property taxes, levied for TIF	5,958,764	6,287,764	5,766,889
Other taxes	5,693,842	1,457,467	1,254,858
programs	3,049,643	4,314,271	4,831,001
Investment income	1,266,017	1,786,277	1,887,512
Miscellaneous	-	-	-
Gain on sale of capital assets	-	410,965	42,771
Transfers	<u>(910,568)</u>	<u>(367,316)</u>	<u>(645,097)</u>
Total governmental activities	<u>51,612,822</u>	<u>49,717,366</u>	<u>48,665,868</u>

(continued)

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

City of Wauwatosa, Wisconsin

Changes In Net Assets

Last Nine Years

(Accrual Basis of Accounting)

	Fiscal Year		
	2011	2010	2009
General Revenues and Other Changes in Net Assets:			
Business-type activities			
Investment Income	\$ 44,314	46,290	46,671
Miscellaneous	-	-	-
Transfers	910,568	367,316	645,097
Total business-type activities	<u>954,882</u>	<u>413,606</u>	<u>691,768</u>
Total primary government	\$ <u>52,567,704</u>	<u>50,130,972</u>	<u>49,357,636</u>
Change in Net Assets			
Governmental activities	\$ (2,412,856)	3,445,123	2,596,271
Business-type activities	<u>3,472,352</u>	<u>1,818,743</u>	<u>2,193,335</u>
Total primary government	\$ <u>1,059,496</u>	<u>5,263,866</u>	<u>4,789,606</u>

(concluded)

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

City of Wauwatosa, Wisconsin
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2011 (1)	2010	2009
General Fund:			
Reserved	\$ -	1,814,809	1,546,856
Unreserved, undesignated	-	16,624,027	16,589,302
Nonspendable	348,886	-	-
Restricted	-	-	-
Committed	982,506	-	-
Assigned	1,400,393	-	-
Unassigned	16,928,646	-	-
Total general fund	<u>19,660,431</u>	<u>18,438,836</u>	<u>18,136,158</u>
All Other Governmental Funds:			
Reserved	-	975,000	975,000
Unreserved, undesignated	-	26,089,860	29,976,196
Nonspendable	13,139	-	-
Restricted	30,401,900	-	-
Committed	-	-	-
Assigned	1,255,163	-	-
Unassigned	-	-	-
Total all other governmental funds	<u>31,670,202</u>	<u>27,064,860</u>	<u>30,951,196</u>
Total all governmental funds	<u>\$ 51,330,633</u>	<u>45,503,696</u>	<u>49,087,354</u>

Notes (1) GASB 54 was implemented in 2011. Prior to 2011, Fund Balance was reported as Reserved or Unreserved.

Table 3

2008	2007	2006	2005	2004	2003	2002
1,581,084	8,679,723	6,316,034	6,013,375	5,458,859	5,377,760	8,565,358
16,390,848	8,150,675	10,558,579	9,826,937	8,670,294	8,173,072	4,729,984
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,971,932</u>	<u>16,830,398</u>	<u>16,874,613</u>	<u>15,840,312</u>	<u>14,129,153</u>	<u>13,550,832</u>	<u>13,295,342</u>
975,000	975,000	11,028,975	14,020,000	14,592,400	1,421,000	825,000
22,239,754	20,376,722	6,340,927	1,966,649	1,727,763	6,829,983	4,669,933
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>23,214,754</u>	<u>21,351,722</u>	<u>17,369,902</u>	<u>15,986,649</u>	<u>16,320,163</u>	<u>8,250,983</u>	<u>5,494,933</u>
<u>41,186,686</u>	<u>38,182,120</u>	<u>34,244,515</u>	<u>31,826,961</u>	<u>30,449,316</u>	<u>21,801,815</u>	<u>18,790,275</u>

City of Wauwatosa, Wisconsin

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2011	2010	2009
Revenues:			
Taxes	\$ 48,207,730	43,675,616	42,656,274
Intergovernmental revenues	8,382,093	8,593,458	8,346,790
Licenses & permits	1,482,632	1,135,721	1,104,681
Penalties and forfeitures	1,015,512	1,120,205	1,093,594
Public improvement revenues	526,828	684,410	1,088,206
Public charges for services	3,688,378	3,473,280	3,055,245
Intergovernmental charges for services	1,610,098	1,595,644	1,763,668
Commercial revenues	1,680,596	1,914,743	2,132,804
Total revenues	66,593,867	62,193,077	61,241,262
Expenditures:			
Current			
General government	13,103,386	4,401,405	4,542,169
Protection of persons and property	30,104,871	28,766,507	28,876,223
Health and sanitation	4,103,163	4,058,902	3,989,204
Highway and transportation	5,449,165	5,402,913	5,167,097
Education and recreation	3,629,583	3,584,513	3,591,437
Conservation and development	3,389,417	2,980,363	3,981,671
Unclassified	360,293	420,455	648,106
Debt service			
Principal	5,359,445	4,634,380	3,939,768
Interest	2,379,499	2,870,692	2,452,794
Debt issuance expense	-	-	-
Capital Outlay	4,089,973	9,472,649	11,281,959
Total expenditures	71,968,795	66,592,779	68,470,428

Table 4

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
40,524,683	39,377,016	36,977,673	35,145,532	33,581,876	33,290,254	31,106,343
8,567,342	7,160,003	8,073,476	8,796,207	8,633,936	12,265,815	14,443,380
1,140,206	1,351,915	1,293,073	1,118,567	1,296,323	1,032,980	1,129,756
977,022	925,052	867,028	804,916	981,734	941,626	813,516
769,365	724,677	1,254,273	775,118	930,526	1,048,788	1,065,241
2,962,299	2,888,172	1,846,806	1,852,078	1,782,215	1,764,908	1,715,304
1,562,790	1,699,302	1,903,274	1,849,764	1,676,010	1,749,129	1,746,597
3,191,646	4,711,875	2,467,606	2,051,659	1,522,054	1,361,787	1,431,572
<u>59,695,353</u>	<u>58,838,012</u>	<u>54,683,209</u>	<u>52,393,841</u>	<u>50,404,674</u>	<u>53,455,287</u>	<u>53,451,709</u>
4,555,979	5,590,029	5,315,360	5,233,690	5,115,358	4,962,815	4,928,341
28,419,544	27,297,865	26,135,266	24,600,112	24,622,895	24,791,439	24,261,727
4,598,362	5,398,979	4,224,835	4,013,858	3,799,338	3,770,632	3,156,297
5,219,087	4,770,220	4,239,093	4,221,159	3,979,059	4,283,180	3,985,784
3,555,635	3,143,836	2,668,224	2,567,827	2,478,773	2,562,698	2,372,464
2,936,635	2,272,273	2,888,021	2,533,613	17,452,581	1,769,480	3,765,646
435,769	427,633	333,252	270,593	349,300	316,775	339,884
3,476,076	10,861,201	3,007,483	2,735,157	2,598,604	2,510,448	4,373,685
2,445,805	2,643,916	2,770,643	2,598,509	1,060,666	1,147,183	1,279,541
-	-	-	9,977	525,068	9,535	7,943
<u>6,437,889</u>	<u>3,146,717</u>	<u>3,671,167</u>	<u>3,564,563</u>	<u>5,917,094</u>	<u>7,884,084</u>	<u>8,338,623</u>
<u>62,080,781</u>	<u>65,552,669</u>	<u>55,253,344</u>	<u>52,349,058</u>	<u>67,898,736</u>	<u>54,008,269</u>	<u>56,809,935</u>

City of Wauwatosa, Wisconsin

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2011	2010	2009
Excess of Revenues over (under) Expenditures	\$ (5,374,928)	(4,399,702)	(7,229,166)
Other financing sources (uses)			
Long-term debt issued	6,372,190	18,133,387	14,700,000
Premium on long-term debt	234,038	-	-
Current refunding of long term debt	-	(19,175,689)	-
Proceeds from sale of capital assets	-	425,482	42,771
Transfers in	12,483,444	11,890,805	7,912,142
Transfers out	(7,887,807)	(10,457,941)	(7,525,079)
Total other financing sources (uses)	<u>11,201,865</u>	<u>816,044</u>	<u>15,129,834</u>
<u>Net change in fund balance</u>	<u>\$ 5,826,937</u>	<u>(3,583,658)</u>	<u>7,900,668</u>
Capitalized expenditures	\$ (1,149,524)	12,501,587	844,790
<u>Debt service as a percentage of non-capital expenditures</u>	10.58%	13.87%	9.45%

(concluded)

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>(2,385,428)</u>	<u>(6,714,657)</u>	<u>(570,135)</u>	<u>44,783</u>	<u>(17,494,062)</u>	<u>(552,982)</u>	<u>(3,358,226)</u>
4,306,000	7,342,382	1,803,000	10,232,739	27,587,068	2,930,821	3,905,000
-	-	-	-	-	-	-
-	-	-	(9,470,423)	(2,225,000)	-	-
79,787	2,637,347	-	-	-	-	-
7,827,888	15,401,771	8,675,727	5,862,664	44,495,373	4,662,517	5,280,020
<u>(7,315,472)</u>	<u>(14,729,238)</u>	<u>(8,343,228)</u>	<u>(5,292,118)</u>	<u>(43,715,878)</u>	<u>(4,028,816)</u>	<u>(5,041,560)</u>
<u>4,898,203</u>	<u>10,652,262</u>	<u>2,135,499</u>	<u>1,332,862</u>	<u>26,141,563</u>	<u>3,564,522</u>	<u>4,143,460</u>
<u>2,512,775</u>	<u>3,937,605</u>	<u>1,565,364</u>	<u>1,377,645</u>	<u>8,647,501</u>	<u>3,011,540</u>	<u>785,234</u>
3,481,061	(342,105)	(802,043)	222,963	(212,552)	1,404,293	805,761
10.11%	20.49%	10.31%	10.23%	5.37%	6.95%	10.09%

City of Wauwatosa, Wisconsin

Table 5

Assessed Value and Actual Value of Taxable Property (1)

Last Ten Years

Tax Year (2)	Residential	Commercial	Manufacturing	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed To Equalized Value
2011	\$ 3,575,341,500	1,521,180,400	143,264,800	229,286,590	5,469,073,290	7.00	5,243,279,500	104.23%
2010	3,583,232,400	1,570,482,500	147,382,000	239,912,490	5,541,009,390	6.92	5,462,436,300	101.57%
2009	3,594,851,900	1,660,614,300	85,771,400	218,861,610	5,560,099,210	6.79	5,610,122,800	99.02%
2008	3,598,965,200	1,659,249,900	92,603,100	226,997,540	5,577,815,740	6.69	5,645,219,200	97.91%
2007	3,594,385,500	1,610,133,900	89,371,500	213,868,460	5,507,759,360	6.52	5,772,851,800	96.42%
2006	3,579,597,700	1,612,629,300	99,780,800	202,953,520	5,494,961,320	6.43	5,504,957,000	99.82%
2005	2,561,055,000	1,192,610,000	79,060,200	159,691,750	3,992,416,950	8.49	5,138,676,800	78.53%
2004	2,553,068,400	1,171,883,400	91,989,300	166,627,420	3,983,568,520	8.10	4,511,276,400	87.91%
2003	2,549,258,200	1,117,231,800	105,446,200	150,705,250	3,922,641,450	7.90	4,270,862,700	92.65%
2002	2,545,729,700	1,108,159,700	103,825,500	197,319,380	3,955,034,280	7.82	3,954,021,300	100.30%

Notes (1) Includes TIF District

(2) 2011 represents the assessed value as of January 1st, 2011 used to calculate the tax bills sent out in December, 2011 and due in 2012 which provides for the 2012 budget levy.

Source: Wisconsin Department of Revenue, Statement of Assessment

City of Wauwatosa, Wisconsin

Table 6

Direct and Overlapping Property Tax Rates

Last Ten Years

(Per \$1,000 of Assessed Valuation)

Fiscal Year	City Direct Rates					Overlapping Rates				
	Base Rate	Debt Service	Library	Parks (1)	Total	Sewer District	County	School District	Technical College District	State of Wisconsin
2011	\$ 6.00	0.41	0.42	0.17	7.00	1.45	4.52	6.91	1.87	0.16
2010	5.89	0.45	0.42	0.16	6.92	1.42	4.39	7.05	1.89	0.17
2009	5.78	0.43	0.41	0.17	6.79	1.33	4.19	6.74	1.93	0.17
2008	5.94	0.34	0.41	-	6.69	1.31	4.01	6.28	1.86	0.17
2007	5.80	0.33	0.39	-	6.52	1.34	4.08	6.05	1.86	0.18
2006	5.74	0.40	0.29	-	6.43	1.30	3.93	5.67	1.77	0.18
2005	7.41	0.71	0.37	-	8.49	1.83	5.47	7.63	2.42	0.24
2004	7.26	0.51	0.33	-	8.10	1.74	5.16	7.65	2.20	0.23
2003	7.03	0.53	0.34	-	7.90	1.73	5.20	7.45	2.15	0.21
2002	7.13	0.35	0.34	-	7.82	1.70	5.08	6.68	2.01	0.20

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

City of Wauwatosa, Wisconsin

Table 7

Principal Property Taxpayers

Current and Nine Years Ago

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mayfair Property Inc. (Mayfair Mall)	\$ 282,889,160	1	5.17%	213,481,080	1	5.40%
H-D Capital Drive LLC (formerly Harley Davidson Inc)	63,067,300	2	1.15%	84,276,700	2	2.13%
Bell Marquette I LLC	60,365,100	3	1.10%			
Covenant Healthcare System Inc	40,633,360	4	0.74%			
Bonstores Realty One LLC (formerly Carson Pirie Scott)	27,438,240	5	0.50%			
J.C. Penney Properties Inc (formerly J.C. Penney Company)	26,499,410	6	0.48%	27,804,170	4	0.70%
Briggs & Stratton Corp	25,649,100	7	0.47%	29,135,400	3	0.74%
Innovation Partners LLC	25,482,400	8	0.47%			
North Mayfair 8	24,219,370	9	0.44%			
Mayfair Woods LLC	23,923,000	10	0.44%			
Hillside Realty				19,357,800	5	0.49%
Roundy's Foods (Jondex)				19,302,200	6	0.49%
Riggs & Co				19,185,800	7	0.49%
Wauwatosa Reserve				18,769,100	8	0.47%
FH Healthcare				18,685,260	9	0.47%
Serafino Square				17,332,300	10	0.44%
Total	\$ <u>600,166,440</u>		<u>10.97%</u>	<u>467,329,810</u>		<u>11.82%</u>

Property Tax Levies and Collections
Last Ten Years

Tax Levy Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (1)
2011	\$ 36,555,123	17,050,906	46.64%	-	17,050,906	46.64%
2010	36,555,123	15,773,225	43.15%	20,768,751	36,541,976	99.96%
2009	35,827,935	17,390,008	48.54%	18,416,546	35,806,554	99.94%
2008	35,527,935	14,048,332	39.54%	21,448,760	35,497,092	99.91%
2007	34,506,385	13,349,557	38.69%	21,137,517	34,487,073	99.94%
2006	34,066,299	15,820,787	46.44%	18,230,490	34,051,276	99.96%
2005	33,076,013	16,454,557	49.75%	16,611,596	33,066,153	99.97%
2004	31,595,958	13,692,960	43.34%	17,884,916	31,577,877	99.94%
2003	30,286,743	12,913,842	42.64%	17,350,504	30,264,346	99.93%
2002	30,279,536	13,324,413	44.00%	16,916,267	30,240,680	99.87%

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

**Ratios of Net General Bonded Debt Outstanding
Last Ten Years**

<u>Fiscal Year</u>	<u>Total General Bonded Debt (1)</u>	<u>Ratio of Net General Bonded Debt to Equalized Value</u>	<u>Net General Bonded Debt Per Capita</u>
2011	\$ 52,957,924	1.01%	1,141.83
2010	40,935,977	0.75%	882.32
2009	46,385,746 (2)	0.83%	1,012.79
2008	35,926,463	0.64%	783.05
2007	31,406,550	0.54%	683.79
2006	31,995,557	0.58%	693.75
2005	32,180,293	0.63%	694.86
2004	22,716,673	0.50%	488.42
2003	24,160,599	0.57%	516.23
2002	24,315,842	0.61%	518.13

Notes (1) Includes General Obligation Sewer and Storm Debt

(2) Includes Bond Anticipation Notes

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

Table 10

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Debt	Redevelopment Lease Revenue Bond Debt	Water Debt	Sanitary Sewer Debt	Storm Water Maintenance Debt			
2011	\$ 31,552,382	22,900,000	12,891,168	8,001,108	13,063,266	88,407,924	N/A (2)	1,906.16
2010	28,274,115	25,075,000	11,960,359	5,334,385	6,967,118	77,610,977	2.61%	1,672.79
2009	31,803,149 (3)	27,150,000	4,494,613	6,261,898	7,951,086	77,660,746	2.75%	1,695.65
2008	21,448,559	28,525,000	5,340,591	6,148,124	7,944,189	69,406,463	2.37%	1,512.78
2007	19,443,638	29,700,000	6,135,719	6,026,920	5,535,273	66,841,550	2.29%	1,455.29
2006	20,877,559	32,000,000	6,895,146	5,850,313	4,852,539	70,475,557	2.48%	1,528.09
2005	21,954,072	32,325,000	7,631,460	5,226,509	4,573,252	71,710,293	2.68%	1,548.42
2004	14,337,190	32,625,000	7,880,000	4,590,745	3,788,738	63,221,673	2.51%	1,359.28
2003	16,014,138	8,350,000	9,425,000	4,655,986	3,490,475	41,935,599	1.69%	896.02
2002	15,545,603	8,550,000	9,245,000	5,098,724	3,671,515	42,110,842	1.75%	897.31

- Notes** (1) Calculated from per capita income times the estimated population for each relative date
(2) 2011 estimated per capita income not yet available from Wisconsin Department of Revenue
(3) Includes Bond Anticipation Notes

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

Table 11

Legalized Debt Margin Calculation for Fiscal Year 2011

Equalized valuation	\$ 5,243,279,500
Legal debt limit (5% of equalized valuation)	262,163,975
Less: Long-term debt	<u>52,957,924</u>
Legal debt margin	<u>\$ 209,206,051</u>

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$ 262,163,975	273,121,815	280,506,140	282,260,960	288,642,590	275,247,850	256,933,690	225,563,820	213,543,135	197,701,065
Total net debt applicable to limit	52,957,924	40,935,977	46,385,746	35,926,463	31,406,550	31,995,557	32,180,293	22,716,673	24,160,599	24,315,842
Legal Debt Margin	<u>\$ 209,206,051</u>	<u>232,185,838</u>	<u>234,120,394</u>	<u>246,334,497</u>	<u>257,236,040</u>	<u>243,252,293</u>	<u>224,753,397</u>	<u>202,847,147</u>	<u>189,382,536</u>	<u>173,385,223</u>
Total net debt applicable to limit as a percentage of debt limit	<u>20.20%</u>	<u>14.99%</u>	<u>16.54%</u>	<u>12.73%</u>	<u>10.88%</u>	<u>11.62%</u>	<u>12.52%</u>	<u>10.07%</u>	<u>11.31%</u>	<u>12.30%</u>

**Direct and Overlapping Governmental Activities Debt
As of December 31, 2011**

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
City of Wauwatosa	\$ <u>52,957,924</u>	100.00%	\$ <u>52,957,924</u>
Milwaukee County	747,590,360	8.55%	63,918,976
Wauwatosa School District	-	100.00%	-
Milwaukee Metro Sewerage District	959,573,454	8.77%	84,154,592
Milwaukee Area Technical College District	<u>103,445,000</u>	6.50%	<u>6,723,925</u>
Total Overlapping	<u>1,810,608,814</u>		<u>154,797,493</u>
Total Direct and Overlapping Debt	\$ <u><u>1,863,566,738</u></u>		\$ <u><u>207,755,417</u></u>

City of Wauwatosa, Wisconsin

Table 13

Revenue Bond Coverage - Water Utility

Last Ten Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	\$ 6,661,611	4,763,689	1,897,922	500,000	421,928	921,928	2.0586
2010	6,282,463	4,876,111	1,406,352	275,000	256,836	531,836	2.6443
2009	6,356,650	4,752,925	1,603,725	830,000	227,230	1,057,230	1.5169
2008	6,490,664	4,641,842	1,848,822	780,000	262,649	1,042,649	1.7732
2007	6,704,849	4,686,027	2,018,822	745,000	295,466	1,040,466	1.9403
2006	6,142,207	4,596,907	1,545,300	725,000	326,974	1,051,974	1.4690
2005	6,063,308	4,562,918	1,500,390	675,000	352,380	1,027,380	1.4604
2004	5,927,070	4,552,298	1,374,772	645,000	358,342	1,003,342	1.3702
2003	6,579,917	4,543,733	2,036,184	720,000	421,321	1,141,321	1.7841
2002	5,824,886	4,436,574	1,388,312	475,000	353,585	828,585	1.6755

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

Table 14

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>			<u>Unemployment Rates</u>		
		<u>City of Wauwatosa</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>	<u>City of Wauwatosa</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>
2011	46,380	N/A (1)	N/A (1)	N/A (1)	5.9%	9.0%	7.5%
2010	46,396	64,160	41,932	46,958	6.6%	9.6%	8.3%
2009	45,800	61,619	41,704	45,372	6.7%	9.6%	8.7%
2008	45,880	63,718	43,557	47,046	3.8%	5.7%	4.9%
2007	45,930	63,414	43,390	48,985	3.7%	5.7%	4.8%
2006	46,120	61,544	42,296	48,107	3.7%	5.6%	4.7%
2005	46,312	57,826	40,244	45,357	3.8%	5.9%	4.7%
2004	46,511	54,161	38,350	43,512	4.0%	6.3%	4.9%
2003	46,802	53,063	37,459	42,474	4.1%	7.1%	5.6%
2002	46,930	51,350	36,370	40,719	4.3%	6.7%	5.3%

Notes (1) 2011 estimated per capita income not yet available from Wisconsin Department of Revenue

**Principal Employers
Current and Nine Years Ago**

Employer	2011			2002		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Milwaukee Regional Medical Center	15,000	1	61.74%	10,525	1	45.88%
GE Medical Systems, Inc.	1,400	2	5.76%			
Briggs & Stratton Corp.	1,100	3	4.53%	2,500	2	10.90%
Wauwatosa Unified School District	828	4	3.41%	919	5	4.01%
J.C. Penney Company	530	5	2.18%	750	6	3.27%
UnitedHealth Care	498	6	2.05%	552	7	2.41%
Lutheran Home of the Aging, Inc	485	7	2.00%	505	8	2.20%
City of Wauwatosa	462	8	1.90%	475	9	2.07%
Harley Davidson Inc	375	9	1.54%	1,220	3	5.32%
Grede Foundries Liberty Div.	250	10	1.03%	260	10	1.13%
Roundy's Foods				1,008	4	4.39%
Total	20,928		86.14%	18,714		81.57%

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City of Wauwatosa, Wisconsin

City Government Employees by Function/Program

Last Ten Years

(full time equivalents)

Function/Program	Fiscal Year		
	2011	2010	2009
General Government			
Courts/Clerk	8.88	8.88	9.38
Mayor/Administration	5.21	5.21	4.76
Human Resources	4.50	4.50	4.50
Information Systems	5.60	5.60	5.60
Finance	10.80	10.80	11.10
Assessor	5.57	5.64	5.50
Attorney	3.00	3.00	3.00
Public Safety			
Police Department	121.54	121.54	123.43
Fire Department	109.00	109.00	112.00
Public Works			
Operations	41.77	41.77	41.77
Engineering	16.70	17.70	19.65
Traffic Electrical Maint.	6.98	6.98	6.98
Parks/Forestry	19.30	19.40	20.40
Fleet Maintenance	9.98	9.98	9.98
Economic Development			
Planning	3.05	3.05	3.15
Building	12.13	12.13	12.13
Economic Development	2.05	1.55	1.00
Health	13.53	13.23	13.23
Library	26.42	26.42	26.14
Water	20.80	20.80	20.80

Table 16

2008	2007	2006	2005	2004	2003	2002
9.38	9.38	9.38	9.38	9.38	9.38	9.125
4.41	4.28	3.53	4.28	4.28	4.29	4.58
4.50	4.50	3.50	3.50	3.50	3.25	4.00
5.60	5.60	5.60	5.60	5.60	5.60	5.60
11.40	11.40	11.40	11.40	11.40	11.40	12.25
5.50	5.50	5.50	6.00	6.25	6.25	6.82
3.00	3.00	3.00	3.00	3.00	3.00	3.10
123.16	122.16	120.16	117.80	116.80	116.80	122.08
115.00	115.00	115.00	115.00	115.00	114.00	118.29
41.77	43.77	43.99	43.80	42.40	43.40	44.45
17.65	17.65	17.80	18.40	18.20	18.20	18.20
7.01	7.76	6.77	6.66	6.66	6.46	7.86
20.40	20.40	18.92	18.92	18.92	17.62	20.55
9.98	9.78	9.68	9.81	9.81	9.81	10.71
3.15	3.15	3.20	3.20	3.20	3.20	3.20
12.01	12.01	11.91	11.81	11.81	11.78	11.78
N/A						
15.70	15.70	15.70	14.50	14.00	14.05	14.00
26.54	26.54	26.71	26.71	26.71	25.80	28.02
20.80	20.80	20.80	21.80	21.80	21.80	21.80

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

Function/Program	Fiscal Year		
	2011	2010	2009
Public Safety:			
Police:			
Calls for service	29,456	30,515	31,401
Arrests	2,540	2,707	2,665
Index Crimes	2,014	2,014	1,982
Fire:			
EMS responses	4,127	3,476	3,475
Fire inspections	1,315	1,246	1,414
Public Works:			
Paving (feet)	8,780	6,414	5,692
Solid waste	25,833	27,530	28,056
Recycling - single stream	5,451	5,486	5,312
Sewers cleaned (feet)	486,814	367,572	306,407
Asphalt patched (tons)	656	728	1,245
Crack filler used (gallons)	N/A	5,637	5,562
Trees Pruned	1,046	1,396	1,225
Library			
Circulation	890,926	896,659	894,678
User Visits	449,964	449,617	458,369
Water Utility			
Number of customers	15,502	15,505	15,507
Gallons sold (thousands)	1,541,665	1,459,089	1,533,466
Hydrants flushed	1,256	1,278	1,265
Health:			
Births	573	602	647
Health Referrals	1,028	1,122	1,397

Table 17

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
31,775	32,600	30,920	31,783	32,085	34,145	N/A
2,382	2,770	2,757	2,552	2,673	2,873	2,828
1,965	2,228	2,131	2,362	2,186	2,210	2,489
3,573	3,558	3,459	3,325	3,337	3,502	3,401
1,600	1,553	1,524	1,488	1,448	1,514	1,434
15,708	12,920	7,025	17,392	20,180	19,697	18,077
30,418	30,171	30,672	31,205	31,845	31,505	32,515
5,637	2,747	3,506	4,125	4,502	4,663	4,025
385,841	336,900	319,500	418,000	410,922	346,905	439,438
1,076	945	1,723	929	860	1,852	1,290
4,074	6,083	5,728	5,197	6,230	570	4,924
1,035	1,974	3,707	5,143	3,732	5,500	5,500
845,703	778,534	794,161	758,094	788,562	834,722	828,760
413,233	332,358	344,822	340,039	342,883	346,078	350,154
15,510	15,519	15,515	15,510	15,505	15,498	15,505
1,546,078	1,645,244	1,673,507	1,818,417	1,800,452	1,984,643	2,072,768
904	905	1,179	1,049	767	549	1,086
595	567	558	575	549	601	548
1,077	1,086	1,084	N/A	N/A	N/A	N/A

City of Wauwatosa, Wisconsin

Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	Fiscal Year		
	2011	2010	2009
Public Safety			
Police stations	1	1	1
Police vehicles	45	45	45
Fire stations	3	3	3
Fire trucks	7	7	7
Ambulances	6	6	6
Public Works			
Streets (miles) (1)	158.56	158.56	158.56
Street signs	11800	11800	11800
Street lights	6050	6050	6050
Traffic signals (intersections) (2)	39	39	39
Parks and Recreation			
Number of parks	2	2	2
Acreage of parks	57.69	57.69	57.69
Water Utility			
Miles of water main	200.11	198.88	198.38
Number of hydrants	2119	2098	2093
Storage capacity (millions of gallons)	10.2	10.2	10.2

Notes (1) Miles do not include: US 45, US 18, 5th 100, 5th 181, 5th 190, or County Parkways and Roadways in Medical Complex

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

Table 18

2008	2007	2006	2005	2004	2003	2002
1	1	1	1	1	1	1
45	45	45	45	45	45	45
3	3	3	3	3	3	3
7	7	7	7	7	10	9
6	6	6	6	6	5	5
158.78	158.85	159.28	159.28	159.34	159.46	159.73
11800	11800	11800	11800	11800	11800	11800
6050	6050	6050	6050	6050	6050	6050
39	39	38 (2)	38	38	38	38
2	2	2	2	2	2	2
57.69	57.69	57.69	57.69	57.69	57.69	57.69
198.15	198.14	198.03	196.54	197.19	195.36	194.95
2087	2087	2084	2068	2066	2049	2046
10.2	10.2	10.2	10.2	10.2	10.2	10.2