

CITY OF WAUKESHA

Waukesha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

CITY OF WAUKESHA, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Waukesha, Wisconsin
Waukesha, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waukesha, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Waukesha, Wisconsin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the City Council
City of Waukesha, Wisconsin

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waukesha, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the City of Waukesha, Wisconsin adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

As discussed in Note III. H. to the financial statements, net position has been restated to correct errors in the reporting in the water utility of revenue for developer contributions recorded in 2008 that were previously recorded, plant asset retirements in prior years that were not recorded and misstated depreciation expense due to misclassified plant assets among asset categories. Our opinions are not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of funding progress and schedule of employer contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

To the City Council
City of Waukesha, Wisconsin

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waukesha, Wisconsin's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Waukesha, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Waukesha, Wisconsin's internal control over financial reporting and compliance.



Milwaukee, Wisconsin
July 26, 2013

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BASIC FINANCIAL STATEMENTS

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CITY OF WAUKESHA, WISCONSIN
Statement of Net Position
As of December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 81,759,170	\$ 6,345,337	\$ 88,104,507	\$ 1,736,262
Receivables (net of allowance for uncollectibles)				
Taxes	70,732,914	-	70,732,914	-
Accounts	1,384,047	7,265,441	8,649,488	36,668
Special assessments	133,617	-	133,617	-
Accrued interest	61,426	-	61,426	642
Long-Term loans	3,093,962	-	3,093,962	-
Other	184,804	-	184,804	-
Prepaid items and inventories	754,915	1,275,327	2,030,242	11,173
Other assets	1,010,451	2,629,346	3,639,797	-
Internal balances	212,485	(212,485)	-	-
Due from other governmental units	2,254,641	-	2,254,641	495,486
Restricted Assets				
Cash and investments	256,671	10,906,749	11,163,420	466,352
Advances	(1,650,422)	1,650,422	-	-
Capital Assets				
Land	30,750,189	2,935,207	33,685,396	2,219,900
Construction in progress	612,407	4,072,972	4,685,379	686,552
Intangible asset - easements	119,286	99,076	218,362	-
Buildings	55,021,312	225,528,479	280,549,791	14,738,354
Improvements other than buildings	5,984,949	-	5,984,949	1,232,951
Machinery and equipment	39,922,138	-	39,922,138	289,463
Infrastructure	169,501,820	-	169,501,820	-
Less: Accumulated depreciation/amortization	(150,755,120)	(84,265,858)	(235,020,978)	(11,007,565)
Total Assets	311,345,662	178,230,013	489,575,675	10,906,238
LIABILITIES				
Accounts payable and accrued expenses	5,360,252	5,328,278	10,688,530	191,570
Line of credit	-	-	-	234,046
Due to other governmental units	70,507,412	-	70,507,412	66,179
Unearned revenues	57,422,961	399,801	57,822,762	37,567
Deposits	279,308	115,680	394,988	-
Liabilities payable from restricted assets				
Tenant deposits	-	-	-	118,163
Noncurrent Liabilities				
Due within one year	13,275,930	4,039,877	17,315,807	-
Due in more than one year	104,111,485	23,327,842	127,439,327	-
Total Liabilities	250,957,348	33,211,478	284,168,826	647,525
NET ASSETS				
Net Investment in Capital Assets	79,860,076	129,276,749	209,136,825	7,925,609
Restricted				
Debt service	-	302,716	302,716	-
Impact fees	168,159	-	168,159	-
Housing assistance payments	-	-	-	415,219
TIF Districts	155,061	-	155,061	-
Confiscated property	163,760	-	163,760	-
Grants	148,917	-	148,917	-
Loan programs	4,013,379	-	4,013,379	-
Trust donations	392,822	-	392,822	-
Library	36,047	-	36,047	-
Cemetery	1,915,588	-	1,915,588	-
Equipment replacement	-	5,034,975	5,034,975	-
Unrestricted (deficit)	(26,465,495)	10,404,095	(16,061,400)	1,917,885
TOTAL NET POSITION	\$ 60,388,314	\$ 145,018,535	\$ 205,406,849	\$ 10,258,713

The notes to the basic financial statements are an integral part of this statement.

CITY OF WAUKESHA, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 8,208,774	\$ 845,159	\$ -	\$ -
Public safety	32,298,401	2,912,144	475,828	-
Highways and streets	9,964,460	1,205,531	2,719,179	174,975
Sanitation	2,989,020	34,605	290,562	-
Health and human services	318,984	-	-	-
Culture and recreation	9,640,846	1,988,501	1,200,887	3,234
Conservation and development	531,499	85,056	82,430	-
Interest and fiscal charges	3,540,865	-	-	-
Total Governmental Activities	<u>67,492,849</u>	<u>7,070,996</u>	<u>4,768,886</u>	<u>178,209</u>
Business-type Activities				
Water Utility	7,369,094	10,550,222	-	312,720
Wastewater Utility	9,630,299	10,408,454	-	-
Transit System Utility	10,284,733	2,021,997	5,355,751	675,741
Parking Utility	802,049	658,387	-	-
Cemetery	692,846	436,379	-	-
Total Business-type Activities	<u>28,779,021</u>	<u>24,075,439</u>	<u>5,355,751</u>	<u>988,461</u>
Total Primary Government	<u>\$ 96,271,870</u>	<u>\$ 31,146,435</u>	<u>\$ 10,124,637</u>	<u>\$ 1,166,670</u>
Component Units				
Business Improvement District	\$ 190,031	\$ 214,267	\$ -	\$ -
Housing Authority of the City of Waukesha	6,067,071	881,919	4,646,601	686,552
Total Component Units	<u>\$ 6,257,102</u>	<u>\$ 1,096,186</u>	<u>\$ 4,646,601</u>	<u>\$ 686,552</u>

General Revenue

Taxes

Property taxes levied for general purposes
Property taxes levied for debt service
Property taxes levied for TIF
Franchise fees and other taxes

Intergovernmental revenues not restricted for specific programs

Investment income

Miscellaneous

Transfers

Total General Revenue and Transfers

Change in Net Position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

The notes to the basic financial statements are an integral part of this statement.

Primary Government

Government Activities	Business-type Activities	Totals	Component Units
\$ (7,363,615)	\$ -	\$ (7,363,615)	\$ -
(28,910,429)	-	(28,910,429)	-
(5,864,775)	-	(5,864,775)	-
(2,663,853)	-	(2,663,853)	-
(318,984)	-	(318,984)	-
(6,448,224)	-	(6,448,224)	-
(364,013)	-	(364,013)	-
(3,540,865)	-	(3,540,865)	-
<u>(55,474,758)</u>	<u>-</u>	<u>(55,474,758)</u>	<u>-</u>
-	3,493,848	3,493,848	-
-	778,155	778,155	-
-	(2,231,244)	(2,231,244)	-
-	(143,662)	(143,662)	-
-	(256,467)	(256,467)	-
-	<u>1,640,630</u>	<u>1,640,630</u>	<u>-</u>
<u>\$ (55,474,758)</u>	<u>\$ 1,640,630</u>	<u>\$ (53,834,128)</u>	<u>\$ -</u>
-	-	-	24,236
-	-	-	148,001
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,237</u>

40,308,366	2,112,726	42,421,092	22,942
9,773,527	-	9,773,527	-
3,219,623	-	3,219,623	-
1,756,099	-	1,756,099	-
4,562,023	-	4,562,023	-
472,358	65,395	537,753	5,967
999,637	43,871	1,043,508	103,639
981,754	(981,754)	-	-
<u>62,073,387</u>	<u>1,240,238</u>	<u>63,313,625</u>	<u>132,548</u>
6,598,629	2,880,868	9,479,497	304,785
53,789,685	142,137,667	195,927,352	9,953,928
<u>\$ 60,388,314</u>	<u>\$ 145,018,535</u>	<u>\$ 205,406,849</u>	<u>\$ 10,258,713</u>

CITY OF WAUKESHA, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2012

	General	Debt Service - General	Debt Service- TIF Districts	Capital Projects - TIF Districts	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 60,608,463	\$ 3,417,252	\$ 293,268	\$ 48,868	\$ 10,244,264	\$ 74,612,115
Receivables						
Taxes	55,426,571	10,028,587	4,915,391	-	362,365	70,732,914
Accounts	971,292	118,234	-	1,868	214,296	1,305,690
Special assessments	29,144	-	-	-	104,473	133,617
Loans	-	-	-	192,936	2,901,026	3,093,962
Accrued interest	58,619	-	-	-	2,807	61,426
Other	-	-	184,804	-	-	184,804
Due from other governmental units	2,052,549	-	-	-	202,092	2,254,641
Due from other funds	6,243,399	-	-	-	6,000	6,249,399
Inventories	255,090	-	-	-	-	255,090
Prepaid items	161,350	-	-	-	298,502	459,852
TOTAL ASSETS	\$ 125,806,477	\$ 13,564,073	\$ 5,393,463	\$ 243,672	\$ 14,335,825	\$ 159,343,510
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 935,910	\$ 364	\$ 608	\$ -	\$ 700,718	\$ 1,637,600
Other accrued liabilities	1,410,235	-	-	-	6,158	1,416,393
Compensated absences	544,374	-	-	-	-	544,374
Due to other governmental units	70,507,412	-	-	-	-	70,507,412
Due to other funds	-	3,244,835	1,263,684	88,611	288,999	4,886,129
Deposits	45,070	-	-	-	234,238	279,308
Advance due to other funds	-	-	-	-	1,650,422	1,650,422
Deferred revenue	39,971,637	10,028,587	5,100,195	-	2,456,154	57,556,573
Total Liabilities	113,414,638	13,273,786	6,364,487	88,611	5,336,689	138,478,211
Fund Balances (Deficits)						
Nonspendable	416,440	-	-	-	298,502	714,942
Restricted	-	290,287	-	155,061	6,838,672	7,284,020
Committed	-	-	-	-	1,861,962	1,861,962
Assigned	66,561	-	-	-	-	66,561
Unassigned	11,908,838	-	(971,024)	-	-	10,937,814
Total Fund Balances (Deficits)	12,391,839	290,287	(971,024)	155,061	8,999,136	20,865,299
TOTAL LIABILITIES AND FUND BALANCES	\$ 125,806,477	\$ 13,564,073	\$ 5,393,463	\$ 243,672	\$ 14,335,825	\$ 159,343,510

The notes to the basic financial statements are an integral part of this statement.

CITY OF WAUKESHA, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2012

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

Fund balance from previous page:		\$ 20,865,299
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds (less internal service fund assets of \$229,299)		150,927,682
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements		
Special assessments		133,617
Internal service funds are reported in the statement of net position as governmental funds		5,939,214
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.		
Long-term debt	\$ (101,734,874)	
Accrued interest	(1,100,534)	
Compensated absences	(5,871,881)	
OPEB liability	(7,559,789)	
Long-term disability payable	(488,256)	
Issuance costs on debt issued	1,010,451	
Unamortized loss on advanced refunding	893,508	
Premium on debt issued	(2,626,123)	
	(117,477,498)	
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 60,388,314</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF WAUKESHA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Debt Service- General	Debt Service - TIF Districts	Capital Projects - TIF Districts	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 41,084,027	\$ 9,773,527	\$ 3,246,398	\$ -	\$ -	\$ 54,103,952
Intergovernmental	7,811,056	3,234	71,564	40,000	1,664,195	9,590,049
Licenses and permits	1,977,052	-	-	13,729	167,764	2,158,545
Fines, forfeitures and penalties	789,406	-	-	-	48,908	838,314
Public charges for services	2,794,766	-	-	-	809,504	3,604,270
Interdepartmental charges	1,129,878	-	-	-	-	1,129,878
Special assessments	-	-	-	-	121,034	121,034
Investment income	222,219	28,136	12,162	322	209,519	472,358
Miscellaneous	232,327	-	90,820	2	163,111	486,260
Total Revenues	56,040,731	9,804,897	3,420,944	54,053	3,184,035	72,504,660
EXPENDITURES						
Current						
General government	7,804,064	-	18,940	-	16,497	7,839,501
Public safety	29,693,569	-	-	-	83,777	29,777,346
Highways and streets	7,972,451	-	-	-	7,200	7,979,651
Sanitation	3,054,700	-	-	-	316,278	3,370,978
Culture and recreation	8,644,725	-	-	-	753,247	9,397,972
Conservation and development	-	-	6,694	220,667	196,683	424,044
Capital Outlay	265	-	-	6,139	8,445,410	8,451,814
Debt Service						
Principal retirement	-	7,157,207	3,202,000	-	-	10,359,207
Interest and fiscal charges	-	2,156,076	2,017,047	-	58,579	4,231,702
Total Expenditures	57,169,774	9,313,283	5,244,681	226,806	9,877,671	81,832,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,129,043)	491,614	(1,823,737)	(172,753)	(6,693,636)	(9,327,555)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	-	4,565,000	4,565,000
Refunding bonds issued	-	13,190,752	1,102,789	-	-	14,293,541
Premium on bonds	-	1,020,637	107,867	-	498,356	1,626,860
Payment to refunding escrow agent	-	(15,662,560)	(615,949)	-	-	(16,278,509)
Insurance recoveries	-	-	-	-	571,797	571,797
Sale of City property	-	-	-	-	35,765	35,765
Transfers in	1,662,238	-	-	-	466,070	2,128,308
Transfers out	(482,404)	(404,039)	-	-	(553,830)	(1,440,273)
Total Other Financing Sources (Uses)	1,179,834	(1,855,210)	594,707	-	5,583,158	5,502,489
Net Changes in Fund Balances	50,791	(1,363,596)	(1,229,030)	(172,753)	(1,110,478)	(3,825,066)
FUND BALANCES - Beginning of Year	12,341,048	1,653,883	258,006	327,814	10,109,614	24,690,365
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 12,391,839	\$ 290,287	\$ (971,024)	\$ 155,061	\$ 8,999,136	\$ 20,865,299

The notes to the basic financial statements are an integral part of this statement.

CITY OF WAUKESHA, WISCONSIN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Governmental Fund Balances
to the Statement of Activities
For the Year Ended December 31, 2012

Net change in fund balances - from previous page \$ (3,825,066)

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

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

Capital outlay is reported in governmental fund statements	\$ 8,451,814	
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	2,505,657	
Depreciation reported in the government-wide statements	(7,594,843)	
Net book value of assets retired	<u>(610,029)</u>	2,752,599

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. 10,248

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(18,858,541)	
Principal repaid	<u>26,637,716</u>	7,779,175

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.

Compensated absences	739,963	
Long-term disability	19,266	
OPEB liability	(1,176,280)	
Accrued interest on debt	<u>140,475</u>	(276,576)

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses). However, in the statement of net position, these are deferred and reported as other assets. These are allocated over the period the debt is outstanding in the statement of activities and are reported as amortization expense.

Debt discount/premium and issuance costs	(1,378,932)	
Amortization	<u>302,434</u>	(1,076,498)

Internal service funds are used by management to charge the costs of workers compensation, liability insurance, employee benefits, and motor equipment center costs to individual funds. The net revenue of the internal service funds is reported with governmental activities. 1,234,747

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 6,598,629**

The notes to the basic financial statements are an integral part of this statement.

CITY OF WAUKESHA, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2012

	Business-type Enterprise Funds		
	Water Utility	Wastewater Utility	Transit System Utility
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 3,017,547	\$ 2,862,770	\$ -
Restricted Assets			
Redemption account	419,911	-	-
Accounts receivable	3,164,445	431,167	1,855,987
Unbilled revenue	1,471,921	-	-
Due from other funds	-	1,840,068	-
Inventories	313,456	-	138,038
Prepaid items	112,922	1,547	72,026
Total Current Assets	<u>8,500,202</u>	<u>5,135,552</u>	<u>2,066,051</u>
NON-CURRENT ASSETS			
Restricted Assets			
Revenue bond reserve	1,395,001	-	-
Capital improvement	4,056,862	-	-
Equipment replacement	-	5,034,975	-
Total Restricted Assets	<u>5,451,863</u>	<u>5,034,975</u>	<u>-</u>
Utility Plant			
Land	457,678	31,107	1,683,701
Utility plant in service (at cost)	94,461,227	97,348,102	22,038,125
Construction work in progress	741,625	3,331,347	-
Total Utility Plant	<u>95,660,530</u>	<u>100,710,556</u>	<u>23,721,826</u>
Intangible assets	99,076	-	-
Equipment	-	-	-
Less: Accumulated depreciation	(24,628,745)	(43,104,536)	(10,599,377)
Net Plant/Equipment	<u>71,130,861</u>	<u>57,606,020</u>	<u>13,122,449</u>
Other Assets			
Preliminary survey and investigation	2,488,908	-	-
Unamortized debt issuance costs	37,943	53,885	-
Advance to other funds	-	1,650,422	-
Total Other Assets	<u>2,526,851</u>	<u>1,704,307</u>	<u>-</u>
Total Noncurrent Assets	<u>79,109,575</u>	<u>64,345,302</u>	<u>13,122,449</u>
Total Assets	<u>87,609,777</u>	<u>69,480,854</u>	<u>15,188,500</u>

(Continued)

Business-type Enterprise Funds			Governmental
Parking Utility	Non-Major Prairie Home Cemetery	Totals	Activities - Internal Service Funds
\$ 204,233	\$ 260,787	\$ 6,345,337	\$ 7,403,726
-	-	419,911	-
59,834	282,087	5,793,520	78,357
-	-	1,471,921	-
-	89,926	1,929,994	-
-	637,338	1,088,832	14,766
-	-	186,495	25,207
264,067	1,270,138	17,236,010	7,522,056
-	-	1,395,001	-
-	-	4,056,862	-
-	-	5,034,975	-
-	-	10,486,838	-
668,744	93,977	2,935,207	-
10,967,087	713,938	225,528,479	-
-	-	4,072,972	-
11,635,831	807,915	232,536,658	-
-	-	99,076	-
-	-	-	383,436
(5,521,364)	(411,836)	(84,265,858)	(154,137)
6,114,467	396,079	148,369,876	229,299
-	-	2,488,908	-
36,786	11,824	140,438	-
-	-	1,650,422	-
36,786	11,824	4,279,768	-
6,151,253	407,903	163,136,482	229,299
6,415,320	1,678,041	180,372,492	7,751,355

CITY OF WAUKESHA, WISCONSIN
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2012

	Business-type Enterprise Funds		
	Water Utility	Wastewater Utility	Transit System Utility
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	192,461	902,913	354,736
Accrued liabilities	1,900,271	54,979	186,467
Claims payable	-	-	-
Accrued interest	-	53,434	-
Current portion of long-term debt	-	2,758,546	-
Due to other funds	1,840,068	-	36,508
Unearned revenue	-	-	-
Compensated absences	-	498,732	638,858
Current liabilities payable from restricted assets			
Current portion of revenue bonds	915,000	-	-
Accrued interest	117,195	-	-
Total Current Liabilities	<u>4,964,995</u>	<u>4,268,604</u>	<u>1,216,569</u>
NON-CURRENT LIABILITIES			
Revenue bonds	9,445,000	-	-
Unamortized debt (discount)/premium	61,734	325,365	-
Unamortized loss on advanced refunding	-	-	-
Customer advances for construction	115,680	-	-
OPEB liability	685,570	294,731	-
General obligation debt	5,300,000	4,938,510	-
Total Noncurrent Liabilities	<u>15,607,984</u>	<u>5,558,606</u>	<u>-</u>
Total Liabilities	<u>20,572,979</u>	<u>9,827,210</u>	<u>1,216,569</u>
NET POSITION			
Net investment in capital assets	60,860,990	51,009,784	13,122,449
Restricted For:			
Equipment replacement	-	5,034,975	-
Debt service	302,716	-	-
Unpaid claims and restricted deposits	-	-	-
Unrestricted (Deficit)	<u>5,873,092</u>	<u>3,608,885</u>	<u>849,482</u>
TOTAL NET POSITION	<u>\$ 67,036,798</u>	<u>\$ 59,653,644</u>	<u>\$ 13,971,931</u>

The notes to the basic financial statements are an integral part of this statement.

Business-type Enterprise Funds			Governmental Activities Internal Service Funds
Parking Utility	Non-Major Prairie Home Cemetery	Totals	
29,391	226,650	1,706,151	19,619
3,316	13,327	2,158,360	-
-	-	-	619,547
18,565	5,558	77,557	-
313,228	53,103	3,124,877	-
-	265,903	2,142,479	1,150,785
-	399,801	399,801	-
44,601	86,824	1,269,015	22,190
-	-	915,000	-
-	-	117,195	-
409,101	1,051,166	11,910,435	1,812,141
-	-	9,445,000	-
157,258	6,826	551,183	-
(144,894)	-	(144,894)	-
-	-	115,680	-
-	-	980,301	-
1,793,320	464,422	12,496,252	-
1,805,684	471,248	23,443,522	-
2,214,785	1,522,414	35,353,957	1,812,141
3,887,447	396,079	129,276,749	229,299
-	-	5,034,975	-
-	-	302,716	-
-	-	-	5,552,990
313,088	(240,452)	10,404,095	156,925
\$ 4,200,535	\$ 155,627	\$ 145,018,535	\$ 5,939,214

CITY OF WAUKESHA, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Enterprise Funds		
	Water Utility	Wastewater Utility	Transit System Utility
OPERATING REVENUES			
Charges for services	\$ 10,045,293	\$ 10,374,612	\$ 1,768,238
Parking fines	-	-	-
Sales of crypts and niches	-	-	-
Sales of lots	-	-	-
Other revenue	504,929	33,842	253,759
Total Operating Revenues	<u>10,550,222</u>	<u>10,408,454</u>	<u>2,021,997</u>
OPERATING EXPENSES			
Operation and maintenance	4,717,865	6,981,294	9,489,676
Depreciation	2,112,954	2,519,418	795,057
Total Operating Expenses	<u>6,830,819</u>	<u>9,500,712</u>	<u>10,284,733</u>
Operating Income (Loss)	<u>3,719,403</u>	<u>907,742</u>	<u>(8,262,736)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	17,618	48,237	-
Miscellaneous	34,999	277	-
Interest and fiscal charges	(533,930)	(104,283)	-
General property taxes	-	-	2,112,726
Amortization of debt discount/(premium)	(4,345)	(25,304)	-
Sale of capital assets	-	1,785	-
Intergovernmental revenue	-	-	5,355,751
Total Nonoperating	<u>(485,658)</u>	<u>(79,288)</u>	<u>7,468,477</u>
Income (Loss) Before Transfers and Contributions	<u>3,233,745</u>	<u>828,454</u>	<u>(794,259)</u>
Transfers in	-	-	-
Transfers out	(1,662,142)	(21,276)	-
Capital contributions	252,877	-	632,328
Capital contributions - municipality	59,843	-	43,413
	<u>(1,349,422)</u>	<u>(21,276)</u>	<u>675,741</u>
Changes in Net Position	1,884,323	807,178	(118,518)
TOTAL NET POSITION - Beginning of Year (as restated)	<u>65,152,475</u>	<u>58,846,466</u>	<u>14,090,449</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 67,036,798</u>	<u>\$ 59,653,644</u>	<u>\$ 13,971,931</u>

The notes to the basic financial statements are an integral part of this statement.

Business-type Enterprise Funds			Governmental Activities - Internal Service Funds
Parking Utility	Nonmajor Prairie Home Cemetery	Totals Current Year	
\$ 293,558	\$ 251,736	\$ 22,733,437	\$ 12,671,961
364,829	-	364,829	-
-	111,192	111,192	-
-	73,451	73,451	-
-	-	792,530	414,696
658,387	436,379	24,075,439	13,086,657
574,247	645,680	22,408,762	12,099,686
199,534	23,568	5,650,531	45,943
773,781	669,248	28,059,293	12,145,629
(115,394)	(232,869)	(3,983,854)	941,028
1,045	(1,505)	65,395	-
-	6,558	41,834	-
(66,023)	(21,276)	(725,512)	-
-	-	2,112,726	-
37,755	(2,322)	5,784	-
252	-	2,037	-
-	-	5,355,751	-
(26,971)	(18,545)	6,858,015	-
(142,365)	(251,414)	2,874,161	941,028
335,590	366,074	701,664	293,719
-	-	(1,683,418)	-
-	-	885,205	-
-	-	103,256	-
335,590	366,074	6,707	293,719
193,225	114,660	2,880,868	1,234,747
4,007,310	40,967	142,137,667	4,704,467
\$ 4,200,535	\$ 155,627	\$ 145,018,535	\$ 5,939,214

CITY OF WAUKESHA, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Enterprise Funds		
	Water Utility	Wastewater Utility	Transit System Utility
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 10,121,885	\$ 10,553,623	\$ 2,266,657
Cash received from interfund services provided	-	-	-
Cash paid to suppliers for goods and services	(2,750,479)	(4,343,366)	(7,677,688)
Cash payments to employees	(1,445,807)	(2,088,631)	(2,300,059)
Net Cash Flows From Operating Activities	<u>5,925,599</u>	<u>4,121,626</u>	<u>(7,711,090)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
General property taxes	-	-	1,949,359
Operating grants received	-	-	5,804,777
Repayments of advances	-	7,388	-
Tax equivalent paid	(1,359,120)	-	-
Transfers in	-	-	-
Transfers out	-	(21,276)	-
Net Cash Flows From Non-Capital Financing Activities	<u>(1,359,120)</u>	<u>(13,888)</u>	<u>7,754,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (loss)	17,618	39,047	-
Net Cash Flows From Investing Activities	<u>17,618</u>	<u>39,047</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	5,300,000	2,585,000	-
Refunding debt issued	-	-	-
Principal payments	(990,000)	(2,098,546)	-
Interest paid	(508,130)	(104,179)	-
Debt issuance costs	(6,366)	(30,206)	-
Capital contributions	141,727	-	630,792
Acquisition and construction of capital assets	(3,998,442)	(5,159,789)	(673,838)
Net Cash Flows From Capital and Financing Activities	<u>(61,211)</u>	<u>(4,807,720)</u>	<u>(43,046)</u>
Net Change in Cash and Cash Equivalents	4,522,886	(660,935)	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,366,435</u>	<u>8,558,680</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,889,321	\$ 7,897,745	\$ -

(Continued)

Business-type Enterprise Funds			
Parking Utility	Nonmajor Prairie Home Cemetery	Totals	Governmental Activities - Internal Service Funds
\$ 713,755	\$ 482,547	\$ 24,138,467	\$ -
-	-	-	13,158,557
(473,988)	(520,232)	(15,765,753)	(11,091,713)
(240,829)	(313,855)	(6,389,181)	(52,047)
(1,062)	(351,540)	1,983,533	2,014,797
-	-	1,949,359	-
-	-	5,804,777	-
-	-	7,388	-
-	-	(1,359,120)	-
335,590	366,074	701,664	293,719
-	-	(21,276)	-
335,590	366,074	7,082,792	293,719
1,045	(1,505)	56,205	-
1,045	(1,505)	56,205	-
-	-	7,885,000	-
1,421,460	-	1,421,460	-
(1,728,120)	(49,127)	(4,865,793)	-
(31,614)	(21,712)	(665,635)	-
(18,146)	-	(54,718)	-
-	-	772,519	-
(30,447)	(53,480)	(9,915,996)	(46,934)
(386,867)	(124,319)	(5,423,163)	(46,934)
(51,294)	(111,290)	3,699,367	2,261,582
255,527	372,077	13,552,719	5,142,144
\$ 204,233	\$ 260,787	\$ 17,252,086	\$ 7,403,726

CITY OF WAUKESHA, WISCONSIN
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2012

	Business-type Enterprise Funds		
	Water Utility	Wastewater Utility	Transit System Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 3,719,403	\$ 907,742	\$ (8,262,736)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Nonoperating income			
Miscellaneous	6,681	2,062	-
Depreciation	2,112,954	2,519,418	795,057
Depreciation charged to operating accounts	207,724	-	-
Changes in Assets and Liabilities			
Accounts receivable	(664,958)	58,504	244,660
Due from other funds	-	(82,686)	-
Inventories	(30,638)	-	(2,167)
Prepaid items	(2,822)	140	(1,818)
Deferred debits	-	167,288	-
Accounts payable	(130,406)	544,062	(95,856)
Due to other funds	82,386	-	(476,845)
Customer deposits	17,367	-	-
OPEB liability	189,832	74,931	-
Amortization of preliminary survey and investigation	416,040	-	-
Other current liabilities	2,036	(69,835)	88,615
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 5,925,599	\$ 4,121,626	\$ (7,711,090)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 3,017,547	\$ 2,862,770	\$ -
Restricted cash and investments	5,871,774	#REF!	-
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 8,889,321	#REF!	\$ -
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Change in capital grant receivables	\$ -	\$ -	\$ 44,949
Change in operating grant receivables	\$ -	\$ -	\$ (449,025)
Contributed property and equipment	\$ 194,851	\$ -	\$ -
Interest charged to construction	\$ 28,318	\$ -	\$ -

The notes to the basic financial statements are an integral part of this statement.

Business-type Enterprise Funds			Governmental Activities - Internal Service Funds
Parking Utility	Non-Major Prairie Home Cemetery	Totals Current Year	
\$ (115,394)	\$ (232,869)	\$ (3,983,854)	\$ 941,028
252	6,558	15,553	-
199,534	23,568	5,650,531	45,943
-	-	207,724	-
(34,834)	44,739	(351,889)	71,900
-	(37,040)	(119,726)	-
-	64,357	31,552	202
-	1,375	(3,125)	28,149
(54,945)	(1,625)	110,718	-
17,283	39,422	374,505	(219,762)
-	(290,649)	(685,108)	1,150,785
-	33,536	50,903	-
-	-	264,763	-
-	-	416,040	-
(12,958)	(2,912)	4,946	(3,448)

\$ (1,062) \$ (351,540) \$ 1,983,533 \$ 2,014,797

\$ 204,233 \$ 260,787 \$ 6,345,337 \$ 7,403,726
- - #REF! -

\$ 204,233 \$ 260,787 #REF! \$ 7,403,726

\$ - \$ - \$ 44,949 \$ -
\$ - \$ - \$ (449,025) \$ -
\$ - \$ - \$ 194,851 \$ -
\$ - \$ - \$ 28,318 \$ -

CITY OF WAUKESHA, WISCONSIN
Statement of Net Position
Component Units
As of December 31, 2012

	Business Improvement District	Housing Authority of the City of Waukesha	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 260,897	\$ 715,947	\$ 976,844
Investments	-	759,418	759,418
Receivables			
Intergovernmental	-	495,486	495,486
Tenant	-	27,304	27,304
Other	9,011	353	9,364
Prepaid items	-	11,173	11,173
Accrued interest	-	642	642
Restricted assets - cash and cash equivalents	-	466,352	466,352
Total Current Assets	<u>269,908</u>	<u>2,476,675</u>	<u>2,746,583</u>
Noncurrent Assets			
Capital Assets			
Land	-	2,219,900	2,219,900
Construction in progress	-	686,552	686,552
Buildings	-	14,738,354	14,738,354
Furniture, equipment and machinery			
Dwellings	-	69,889	69,889
Administrative	-	219,574	219,574
Leasehold improvements	-	1,232,951	1,232,951
Accumulated depreciation	-	(11,007,565)	(11,007,565)
Total Noncurrent Assets	<u>-</u>	<u>8,159,655</u>	<u>8,159,655</u>
TOTAL ASSETS	<u>\$ 269,908</u>	<u>\$ 10,636,330</u>	<u>\$ 10,906,238</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ 27,891	\$ 27,891
Accrued wages	-	42,495	42,495
Accrued compensated absences	-	18,172	18,172
Line of credit	-	234,046	234,046
Intergovernmental payables	-	66,179	66,179
Unearned revenue	36,057	1,510	37,567
Other current liabilities	-	103,012	103,012
Liabilities payable from restricted assets - tenant deposits	-	118,163	118,163
Total Current Liabilities	<u>36,057</u>	<u>611,468</u>	<u>647,525</u>
NET POSITION			
Net investment in capital assets	-	7,925,609	7,925,609
Restricted for housing assistance payments	-	415,219	415,219
Unrestricted	233,851	1,684,034	1,917,885
Total Net Position	<u>233,851</u>	<u>10,024,862</u>	<u>10,258,713</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 269,908</u>	<u>\$ 10,636,330</u>	<u>\$ 10,906,238</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF WAUKESHA, WISCONSIN
Statement of Activities
Component Units
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position		Totals
					Business Improvement District	Housing Authority of the City of Waukesha	
Component Units							
Business Improvement District	\$ 190,031	\$ 214,267	\$ -	\$ -	24,236	-	24,236
Housing Authority of the City of Waukesha	6,067,071	881,919	4,646,601	686,552	-	148,001	148,001
Total Component Units	\$ 6,257,102	\$ 1,096,186	\$ 4,646,601	\$ 686,552	\$ 24,236	\$ 148,001	\$ 172,237
General Revenue							
Taxes					22,942	-	22,942
Investment income					3,646	2,321	5,967
Miscellaneous					-	103,639	103,639
Total General Revenue					26,588	105,960	132,548
Change in Net Position					50,824	253,961	304,785
NET POSITION - Beginning of Year					183,027	9,770,901	9,953,928
NET POSITION - END OF YEAR					\$ 233,851	\$ 10,024,862	\$ 10,258,713

The notes to the financial statements are an integral part of this statement.

CITY OF WAUKESHA, WISCONSIN
Statement of Cash Flows
Component Units
For the Year Ended December 31, 2012

	Component Units		
	Business Improvement District	Housing Authority of the City of Waukesha	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 207,078	\$ 866,265	\$ 1,073,343
Cash paid to suppliers for goods and services	(104,013)	(1,125,354)	(1,229,367)
Cash payments to employees	(86,018)	(503,408)	(589,426)
Other receipts	-	179,361	179,361
Other payments	-	(3,952,459)	(3,952,459)
Net Cash Flows From Operating Activities	<u>17,047</u>	<u>(4,535,595)</u>	<u>(4,518,548)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
General property taxes	22,942	-	22,942
HUD grants received	-	4,201,881	4,201,881
Net Cash Flows From Non-Capital Financing Activities	<u>22,942</u>	<u>4,201,881</u>	<u>4,224,823</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (loss)	3,646	3,136	6,782
Marketable securities purchased	-	(209,418)	(209,418)
Marketable securities sold	-	232,144	232,144
Net Cash Flows From Investing Activities	<u>3,646</u>	<u>25,862</u>	<u>29,508</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from (payment on) line of credit	-	234,046	234,046
HUD grant received	-	686,552	686,552
Acquisition and construction of capital assets	-	(777,493)	(777,493)
Net Cash Flows From Capital and Financing Activities	<u>-</u>	<u>143,105</u>	<u>143,105</u>
Net Change in Cash and Cash Equivalents	43,635	(164,747)	(121,112)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>217,262</u>	<u>1,347,046</u>	<u>1,564,308</u>
CASH AND CASH EQUIVALENTS -END OF YEAR	<u>\$ 260,897</u>	<u>\$ 1,182,299</u>	<u>\$ 1,443,196</u>

(Continued)

CITY OF WAUKESHA, WISCONSIN
Statement of Cash Flows
Component Units (Continued)
For the Year Ended December 31, 2012

	Component Units		
	Business Improvement District	Housing Authority of the City of Waukesha	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 24,236	\$ (5,185,152)	\$ (5,160,916)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Nonoperating income			
Other receipts	-	179,361	179,361
Depreciation	-	443,464	443,464
Changes in Assets and Liabilities			
Accounts receivable	22,942	(8,218)	14,724
Special assessment receivables	111,843	-	111,843
Prepaid items	-	(93)	(93)
Accounts payable	-	(11,894)	(11,894)
Intergovernmental payables	-	(6,095)	(6,095)
Unearned revenue	(141,974)	(3,775)	(145,749)
Tenant security deposits	-	(3,661)	(3,661)
Accrued liabilities	-	(6,790)	(6,790)
Other current liabilities	-	67,258	67,258
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 17,047	\$ (4,535,595)	\$ (4,518,548)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - COMPONENT UNITS			
Cash and investments	\$ 260,897	\$ 715,947	\$ 976,844
Restricted cash and investments	-	466,352	466,352
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 260,897	\$ 1,182,299	\$ 1,443,196
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
None			

The notes to the basic financial statements are an integral part of this statement.

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CITY OF WAUKESHA

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CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waukesha, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City of Waukesha, 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 for 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 discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the primary government.

Discretely Presented Component Units

Housing Authority of the City of Waukesha

The government-wide financial statements include the Housing Authority of the City of Waukesha ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor and city common council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note III.I. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended September 30, 2012. Separately issued financial statements of the Housing Authority of the City of Waukesha may be obtained from the Housing Authority's office.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Business Improvement District (BID)

The government-wide financial statements include the Business Improvement District (BID) ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the city common council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BID, and also create a potential financial benefit to or burden on the City. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2012. Separately issued financial statements of the Business Improvement District (BID) may be obtained from the BID's office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The City made the decision to implement this standard effective January 1, 2012.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is 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 position/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. 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, and
- b. The same element of the individual governmental 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt service fund - General - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Debt service fund - TIF Districts - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs on TID debt.
- Capital projects fund - TIF Districts - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays outlined in the TID project plans and related revenues and proceeds from long-term borrowing.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The City reports the following major enterprise funds:

Water Utility - accounts for operations of the water system
Wastewater Utility - accounts for operations of the wastewater system
Transit Utility - accounts for the operations of the transit system
Parking Utility Fund - accounts for operations of the parking facilities

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Lighted Dome	Home Rental Rehab
Festival and Special Activities	Energy Rental Rehab
Police Crime Prevention	Cemetery Trust Fund C
Community Development Block Grant	Crime Prevention Grant
WHEDA Loan Program	Confiscated Property
Housing Development Grant	Paramedics
Public Works Impact Fees	WPL
Public Works DNR Grants	WCME
Park Development Impact Fees	Lead Abatement Grant
Park and Recreation Sponsorship Program	State Confiscated Property
Library Cafe	Civic Band Donation Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Improvement	Public Works Improvements
Municipal Facilities	Fleet Replacement

Permanent Funds - used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Cemetery Lot Maintenance	Library Endowment
Cemetery Specific Endowment	H.B. Mills Recreation
Cemetery Trust Fund K	

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds: (cont.)

Enterprise Funds - used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Prairie Home Cemetery

In addition, the City reports the following fund types:

Internal service funds are used to account for and report 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.

Dental/Life/Vision Insurance
Health Insurance
Property and Liability Insurance
Printing

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, 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 unearned 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.

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, wastewater, transit system, parking and prairie home cemetery and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

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, 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 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.

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. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise 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 fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

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 water, wastewater, transit system, parking utilities and prairie home cemetery are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. 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.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The City has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Interest rate risk
- Concentration of credit risk
- Investments highly sensitive to interest rate changes
- Foreign currency risk

The City's investment policy does address custodial credit risk. Full collateralization is required on deposits and repurchase agreements with banking institutions in excess of \$500,000 at authorized financial institutions. Collateral shall be with U.S. Government guaranteed securities specifically pledged to the City (not part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution.

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 based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

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 on the accompanying general fund balance sheet.

Property tax calendar - 2012 tax roll:

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

Accounts receivable have been shown net of an allowance for uncollectible 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 for the water and wastewater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts of \$30,000.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

It is the City's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/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 and accounted for using the purchase method.

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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported 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 \$25,000 for infrastructure assets, and an estimated useful life in excess of 1 year. 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.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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 fund proceeds. \$28,318 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	20-70	Years
Land Improvements	20	Years
Machinery and Equipment	2-20	Years
Utility System	15-120	Years
Infrastructure	15-70	Years
Intangibles	15-70	Years
Improvements other than buildings	20	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.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund 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, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2012, are determined on the basis of current salary rates and include salary related payments.

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 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 (plus any premiums) 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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

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 \$27,760,985, made up of four issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note IV. C. on commitments and contingencies.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their 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 position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their 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. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has adopted a financial policy authorizing the Finance Committee to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 15% of the subsequent years general fund expenditures. The balance at year end was \$11,934,659, and is included in unassigned general fund balance.

See Note III. G. for further information.

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective July 11, 2012.

Wastewater Utility

Current sewer rates were approved by the City Council effective March 1, 2012.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 I. C.

A budget has been adopted for the general fund, all special revenue funds except Home Rental Rehab and Energy Rental Rehab, all debt service funds and all capital projects funds except for TIF Districts. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$66,561. Budgets are adopted at the department level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Fund - Community Development Block Grant Fund	\$ 219,469	\$ 288,720	\$ 69,251
Special Revenue Fund - Library Cafe Fund	82,943	130,213	47,270
Special Revenue Fund - Confiscated Property Fund	92,883	95,041	2,158
Debt Service Fund - General Debt Service Fund	10,083,840	25,379,882	15,296,042
Debt Service Fund - TIF District Debt Service Fund	5,242,071	5,860,630	618,559
Permanent Fund - Cemetery Specific Endowment	3,500	4,349	849
Permanent Fund - Cemetery Trust Fund K	4,000	4,739	739
Permanent Fund - Library Endowment	10,250	25,260	15,010

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2012, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service - TIF Districts	\$ 971,024	Increment not sufficient to cover current costs

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

D. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the City's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balances	Associated Risks
Demand Deposits	\$ 46,596,620	\$ 48,718,014	Custodial credit risk
Money markets	1,056,774	1,056,774	Custodial credit risk
Repurchase agreement	12,065,157	12,065,157	Custodial credit risk, credit risk, interest rate risk, concentration of credit risk, highly sensitive to interest rate changes
US Treasuries	2,916,537	2,916,537	Custodial credit risk, interest rate risk, highly sensitive to interest rate changes
US Agencies - Implicitly Guaranteed	11,552,420	11,552,420	Custodial credit risk, credit risk, interest rate risk, highly sensitive to interest rate changes
Equity securities/stocks	1,530,414	1,530,414	Custodial credit risk, concentration of credit risk
Mortgage backed securities	8,375,102	8,375,102	Custodial credit risk, credit risk, interest rate risk, concentration of credit risk, highly sensitive to interest rate changes
Mutual Funds	1,032,110	1,032,110	Credit risk, interest rate risk
LGIP	14,134,433	14,134,433	Credit
Petty cash	8,360	-	N/A
Total Deposits and Investments	\$ 99,267,927	\$101,380,961	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 88,104,507		
Restricted cash and investments	11,163,420		
Total Deposits and Investments	\$ 99,267,927		

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The City maintains collateral agreements with its banks. At December 31, 2012, the banks had pledged various government securities in the amount of \$36,287,286 to secure the City's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

As of December 31, 2012, \$13,396,818 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>13,396,818</u>
Total	\$ <u><u>13,396,818</u></u>

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

US Treasuries

Neither insured nor registered and held by counterparty	\$ <u>2,916,537</u>
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CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

US Agencies

Neither insured nor registered and held by counterparty \$ 11,552,420

Equity securities/stocks

Neither insured nor registered and held by counterparty \$ 1,530,414

Mortgage backed securities

Neither insured nor registered and held by counterparty \$ 8,375,102

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2012, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>	<u>Not Rated</u>
US Agencies	AAA	AAA	
Mortgage back securities	AAA	Aaa	
Mutual funds			X
Repurchase agreement	AAA	Aaa	

The City also held investments in the following external pools which are not rated:

Wisconsin Local Government Investment Pool (LGIP)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2012, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Various	Repurchase agreement	31.30%
Various	Mortgage backed securities	21.70%
Various	U.S. Agencies	30.00%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2012, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Months)		
		Less than 1	1 - 5	5 or more
Repurchase agreements	\$ 12,065,157	\$ -	\$ 12,065,157	\$ -
US treasuries	2,916,537	994,423	1,922,114	-
US agencies	11,552,420	-	11,552,420	-
Mortgage backed securities	8,375,102	-	2,472,478	5,902,624
Mutual funds	1,032,110	444,540	587,570	-
Totals	\$ 35,941,326	\$ 1,438,963	\$ 28,599,739	\$ 5,902,624

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2012, the City held \$8,375,102 in Mortgage backed securities which matures on a variety of dates. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in total cash flows affects the market value of these securities and makes the market values of these securities highly sensitive to changes in interest rates. The market value of this investment at December 31, 2012, was \$8,375,102.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All receivables are expected to be collected within one year except for long-term loans of \$3,093,962 and deferred special assessments of \$133,617.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

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 levied 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>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 55,374,793	\$ 55,374,793
Special assessments not yet due	133,617	-	133,617
Revenues received in advance	-	2,048,163	2,048,163
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 133,617	 \$ 57,422,956	 \$ 57,556,573

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Equipment Replacement Account

The wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Impact Fee Account

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Capital Improvement

The water utility established a capital improvement account to report resources set aside to fund plan renewals and replacement or make up potential future deficiencies in the redemption account.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

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

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 419,911	\$ 117,195	\$ 302,716
Bond reserve account	1,395,001	1,395,001	
Impact fee account	256,671	88,512	168,159
Equipment replacement account	5,034,975	-	5,034,975
Capital improvement account	<u>4,056,862</u>	<u>4,056,862</u>	<u>-</u>
 Total	 <u>\$ 11,163,420</u>	 <u>\$ 5,657,570</u>	 <u>\$ 5,505,850</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 30,663,195	\$ 86,994	\$ -	\$ 30,750,189
Construction in progress	1,348,322	261,880	997,795	612,407
Intangible asset - easements	<u>113,421</u>	<u>5,865</u>	<u>-</u>	<u>119,286</u>
Total Capital Assets Not Being Depreciated/ Amortized	<u>32,124,938</u>	<u>354,739</u>	<u>997,795</u>	<u>31,481,882</u>
Capital assets being depreciated				
Buildings	\$ 54,913,309	\$ 892,699	\$ 784,696	\$ 55,021,312
Improvements other than buildings	5,925,484	59,465	-	5,984,949
Machinery and equipment	38,458,785	2,174,331	710,978	39,922,138
Infrastructure	<u>162,849,730</u>	<u>8,474,032</u>	<u>1,821,942</u>	<u>169,501,820</u>
Total Capital Assets Being Depreciated	<u>262,147,308</u>	<u>11,600,527</u>	<u>3,317,616</u>	<u>270,430,219</u>
Total Capital Assets	<u>294,272,246</u>	<u>11,955,266</u>	<u>4,315,411</u>	<u>301,912,101</u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings	(18,044,898)	(1,277,048)	425,235	(18,896,711)
Improvements other than buildings	(2,711,777)	(238,715)	-	(2,950,492)
Machinery and equipment	(28,412,122)	(2,026,909)	629,199	(29,809,832)
Infrastructure	(96,699,067)	(4,052,171)	1,653,153	(99,098,085)
Total Accumulated Depreciation	(145,867,864)	(7,594,843)	2,707,587	(150,755,120)
Net Capital Assets Being Depreciated	116,279,444	4,005,684	610,029	119,675,099
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 148,404,382	\$ 4,360,423	\$ 1,607,824	\$ 151,156,981

Depreciation expense was charged to functions as follows:

Governmental Activities

General Government	\$ 628,208
Public Safety	1,266,031
Public Works	684,362
Culture and Recreation	959,358
Infrastructure	4,052,171
Conservation and Development	4,713
Total Governmental Activities Depreciation Expense	\$ 7,594,843

Business-type Activities

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<u>Water</u>					
Capital assets not being depreciated / amortized					
Land	\$ 456,319	\$ -	\$ 1,359	\$ -	\$ 457,678
Construction in progress	202,947	-	3,144,383	2,605,705	741,625
Intangible assets - easements	87,190	-	11,886	-	99,076
Total Capital Assets Not Being Depreciated / Amortized	746,456	-	3,157,628	2,605,705	1,298,379

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<u>Water (cont.)</u>					
Capital assets being depreciated					
Source of supply	\$ 3,478,993	\$ (89,797)	\$ -	\$ 760,620	\$ 2,628,576
Pumping	9,724,749	(765,223)	1,077,571	206,317	9,830,780
Water treatment	5,264,355	(19,431)	120,206	114,161	5,250,969
Transmission and distribution	71,414,830	(1,231,315)	1,732,142	496,783	71,418,874
General	<u>5,059,500</u>	<u>(10,545)</u>	<u>512,956</u>	<u>229,883</u>	<u>5,332,028</u>
Total Capital Assets Being Depreciated	<u>94,942,427</u>	<u>(2,116,311)</u>	<u>3,442,875</u>	<u>1,807,764</u>	<u>94,461,227</u>
Total Capital Assets	<u>95,688,883</u>	<u>(2,116,311)</u>	<u>6,600,503</u>	<u>4,413,469</u>	<u>95,759,606</u>
Less: Accumulated depreciation for					
Source of supply	(1,182,778)	8,006	(167,756)	-	(1,342,528)
Pumping	(3,527,098)	866,813	(378,224)	212,767	(2,825,742)
Water treatment	(1,100,161)	(52,573)	(122,642)	114,161	(1,161,215)
Transmission and distribution	(14,951,047)	111,450	2,700,450	1,768,182	(15,771,865)
General	<u>(3,476,760)</u>	<u>(5,250)</u>	<u>(275,268)</u>	<u>229,883</u>	<u>(3,527,395)</u>
Total Accumulated Depreciation	<u>(24,237,844)</u>	<u>928,446</u>	<u>3,644,340</u>	<u>2,324,993</u>	<u>24,628,745</u>
Net Capital Assets Being Depreciated	<u>70,704,583</u>	<u>(1,187,865)</u>	<u>(201,465)</u>	<u>(517,229)</u>	<u>69,832,482</u>
Net Water Capital Assets	<u>\$ 71,451,039</u>	<u>\$ (1,187,865)</u>	<u>\$ 2,956,163</u>	<u>\$ 2,088,476</u>	<u>\$ 71,130,861</u>

See Note IV.H. for details on the water asset adjustments.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets not being depreciated				
Land	\$ 31,107	\$ -	\$ -	\$ 31,107
Construction in Progress	<u>340,324</u>	<u>2,991,023</u>	<u>-</u>	<u>3,331,347</u>
Total Capital Assets Not Being Depreciated	<u>371,431</u>	<u>2,991,023</u>	<u>-</u>	<u>3,362,454</u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater (cont.)</u>				
Capital assets being depreciated				
Buildings and improvements	\$ 46,119,651	\$ -	\$ 17,700	\$ 46,101,951
Machinery and equipment	18,167,656	770,034	491,409	18,446,281
Infrastructure	31,401,137	1,398,733	-	32,799,870
Total Capital Assets Being Depreciated	95,688,444	2,168,767	509,109	97,348,102
Total Capital Assets	96,059,875	5,159,790	509,109	100,710,556
Less: Accumulated depreciation for				
Buildings and improvements	(19,258,345)	(1,027,600)	17,110	(20,268,835)
Machinery and equipment	(13,112,167)	(778,984)	491,999	(13,399,152)
Infrastructure	(8,723,715)	(712,834)	-	(9,436,549)
Total Accumulated Depreciation	(41,094,227)	(2,519,418)	509,109	(43,104,536)
Net Capital Assets Being Depreciated	54,594,217	(350,651)	-	54,243,566
Net Capital Assets	\$ 54,965,648	\$ 2,640,372	\$ -	\$ 57,606,020
<u>Transit</u>				
Capital assets not being depreciated				
Land	\$ 1,683,701	\$ -	\$ -	\$ 1,683,701
Total Capital Assets Not Being Depreciated	1,683,701	-	-	1,683,701
Capital assets being depreciated				
Buildings and improvements	\$ 12,055,338	\$ 14,121	\$ -	\$ 12,069,459
Machinery and equipment	9,593,210	661,619	286,163	9,968,666
Total Capital Assets Being Depreciated	21,648,548	675,740	286,163	22,038,125
Total Capital Assets	23,332,249	675,740	286,163	23,721,826

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Transit</u> (cont.)				
Less: Accumulated depreciation for				
Buildings and improvements	(3,287,778)	(324,435)	-	(3,612,213)
Machinery and equipment	(6,800,803)	(469,824)	283,463	(6,987,164)
Total Accumulated Depreciation	(10,088,581)	(794,259)	283,463	(10,599,377)
Net Capital Assets Being Depreciated	11,559,967	(118,519)	2,700	11,438,748
Net Transit Capital Assets	\$ 13,243,668	\$ (118,519)	\$ 2,700	\$ 13,122,449
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Parking</u>				
Capital assets not being depreciated				
Land	\$ 668,744	\$ -	\$ -	\$ 668,744
Total Capital Assets Not Being Depreciated	668,744	-	-	668,744
Capital assets being depreciated				
Buildings and improvements	\$ 10,580,938	\$ 30,446	\$ -	\$ 10,611,384
Improvements other than buildings	290,947	-	-	290,947
Machinery and equipment	64,756	-	-	64,756
Total Capital Assets Being Depreciated	10,936,641	30,446	-	10,967,087
Total Capital Assets	11,605,385	30,446	-	11,635,831
Less: Accumulated depreciation for				
Buildings and improvements	(5,091,363)	(192,864)	-	(5,284,227)
Improvements other than buildings	(187,485)	(3,767)	-	(191,252)
Machinery and equipment	(42,982)	(2,903)	-	(45,885)
Total Accumulated Depreciation	(5,321,830)	(199,534)	-	(5,521,364)
Net Capital Assets Being Depreciated	5,614,811	(169,088)	-	5,445,723
Net Parking Capital Assets	\$ 6,283,555	\$ (169,088)	\$ -	\$ 6,114,467

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Cemetery</u>				
Capital assets not being depreciated				
Land	\$ 93,977	\$ -	\$ -	\$ 93,977
Construction in progress	43,391	-	43,391	-
Total Capital Assets Not Being Depreciated	137,368	-	43,391	93,977
Capital assets being depreciated				
Buildings and improvements	\$ 197,189	\$ -	\$ -	\$ 197,189
Improvements other than buildings	161,380	96,871	-	258,251
Machinery and equipment	260,364	-	1,866	258,498
Total Capital Assets Being Depreciated	618,933	96,871	1,866	713,938
Total Capital Assets	756,301	96,871	45,257	807,915
Less: Accumulated depreciation for				
Buildings and improvements	(96,853)	(2,935)	-	(99,788)
Improvements other than buildings	(107,647)	(7,467)	-	(115,114)
Machinery and equipment	(185,634)	(13,166)	1,866	(196,934)
Total Accumulated Depreciation	(390,134)	(23,568)	1,866	(411,836)
Net Capital Assets Being Depreciated	228,799	73,303	-	302,102
Net Cemetery Capital Assets	\$ 366,167	\$ 73,303	\$ 43,391	\$ 396,079

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,112,954
Wastewater	2,519,418
Transit	795,057
Parking	199,534
Cemetery	23,568

Total Business-type Activities Depreciation Expense \$ 5,650,531

Depreciation/amortization expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets. Accumulated depreciation deletions may exceed capital asset deletions due to cost of removal.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Component Units				
Capital assets not being depreciated				
Land	\$ 2,197,600	\$ 22,300	\$ -	\$ 2,219,900
Construction in progress	-	686,552	-	686,552
Total Capital Assets Not Being Depreciated	2,197,600	708,852	-	2,906,452
Capital assets being depreciated				
Leasehold improvements	1,219,532	13,419	-	1,232,951
Buildings	14,826,372	71,965	159,983	14,738,354
Machinery and equipment	264,503	27,097	2,137	289,463
Total Capital Assets Being Depreciated	16,310,407	112,481	162,120	16,260,768
Total Capital Assets	18,508,007	821,333	162,120	19,167,220
Less: Accumulated depreciation for				
Leasehold improvements	(1,199,385)	(5,884)	-	(1,205,269)
Buildings	(9,218,327)	(415,600)	42,215	(9,591,712)
Machinery and equipment	(188,946)	(23,775)	2,137	(210,584)
Total Accumulated Depreciation	(10,606,658)	(445,259)	44,352	(11,007,565)
Net Capital Assets Being Depreciated	5,703,749	(332,778)	117,768	5,253,203
Total Component Units Capital Assets, Net of Accumulated Depreciation	\$ 7,901,349	\$ 376,074	\$ 117,768	\$ 8,159,655

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Special Revenue Funds	\$ 193,073
General Fund	Prairie Home Cemetery Fund	265,903
General Fund	TIF Debt Service Fund	1,263,684
General Fund	TIF Capital Projects Fund	88,611
General Fund	Transit Utility Fund	36,508
General Fund	Debt Service Fund - General	3,244,835
General Fund	Internal Service Funds	1,150,785
Prairie Home Cemetery	Nonmajor Special Revenue Funds	89,926
Wastewater Utility	Water Utility	1,840,068
Nonmajor Special Revenue Funds	Nonmajor Special Revenue Funds	<u>6,000</u>
Total - Fund Financial Statements		8,179,393
Less: Fund eliminations		<u>(7,966,908)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 212,485</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 302,411
Business-type Activities	Governmental Activities	<u>(89,926)</u>
Total Government-Wide Financial Statements		<u>\$ 212,485</u>

All amounts are due within one year.

The principal purpose of these interfunds is to clear any fund deficit. All remaining balances resulted 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.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Wastewater Fund	Fleet Replacement	<u>\$ 1,650,422</u>	\$ 1,650,422

The principal purpose of this interfund is to fund fleet replacement. No repayment schedule has been established.

For the statement of net position, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 1,662,142	Transfer for tax equivalent.
General Fund	H.B. Mills Recreation	96	Transfer of interest income earned on donation.
Festival and Special Activities	General Fund	15,000	Transfer of funds contributed by the city for activities.
Lead Abatement Grant	Housing Development Grant	288,000	Transfer for operations
Parking Utility	Debt Service Fund - General	335,590	Transfer to pay debt service costs
Prairie Home Cemetery	General Fund	194,961	Transfer for operations
Prairie Home Cemetery	Debt Service Fund - General	68,449	Transfer to pay debt service costs
Prairie Home Cemetery	Cemetery Trust Fund C	957	Transfer of investment income
Health Insurance	General Fund	272,443	Allocate sick leave conversion
Health Insurance	Wastewater Utility	21,276	Allocate sick leave conversion
Public Works Improvement	Public Works Impact Fees	163,070	Transfer for operations
Prairie Home Cemetery	Cemetery Lot Maintenance	87,592	Transfer of investment income
Prairie Home Cemetery	Cemetery Specific Endowment	11,325	Transfer of investment income
Prairie Home Cemetery	Cemetery Trust Fund K	<u>2,790</u>	Transfer of investment income
Total - Fund Financial Statements		3,123,691	
Less: Fund eliminations		<u>(2,141,937)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 981,754</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 1,683,418	
Business-type Activities	Governmental Activities	<u>(701,664)</u>	
Total Government-wide Financial Statements		<u>\$ 981,754</u>	

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

Generally, transfers are used to (1) move revenues from the fund that collects 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 revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 100,354,539	\$ 18,858,540	\$ 19,954,207	\$ 99,258,872	\$ 11,110,123
Note anticipation notes	5,790,000	-	5,790,000	-	-
Promissory note	2,476,002	-	-	2,476,002	-
Unamortized premium	1,390,821	1,626,859	391,557	2,626,123	-
Add/(Subtract) Deferred					
Amounts For					
Refundings -					
Gains/(Losses)	-	(893,508)	-	(893,508)	-
Sub-totals	110,011,362	19,591,891	26,135,764	103,467,489	11,110,123
Other Liabilities					
Vested compensated					
absences	6,611,844	2,196,454	2,936,417	5,871,881	2,138,951
Long-term disability	507,522	-	19,266	488,256	26,856
OPEB liability	6,383,509	2,044,041	867,761	7,559,789	-
Total Other Liabilities	13,502,875	4,240,495	3,823,444	13,919,926	2,165,807
Total Governmental					
Activities Long-Term					
Liabilities	\$ 123,514,237	\$ 23,832,386	\$ 29,959,208	\$ 117,387,415	\$ 13,275,930
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 10,190,462	\$ 4,006,460	\$ 3,875,793	\$ 10,321,129	\$ 3,124,877
Revenue bonds	11,350,000	-	990,000	10,360,000	915,000
Note anticipation notes	-	5,300,000	-	5,300,000	-
Unamortized premium	292,784	403,332	144,933	551,183	-
Add/(Subtract) Deferred					
Amounts For					
Refundings -					
Gains/(Losses)	-	(156,550)	(11,656)	(144,894)	-
Sub-totals	21,833,246	9,553,242	4,999,070	26,387,418	4,039,877

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities (cont.)					
Other Liabilities					
OPEB liability	715,538	376,077	111,314	980,301	-
Total Other Liabilities	715,538	376,077	111,314	980,301	-
Total Business-type Activities Long-Term Liabilities	\$ 22,548,784	\$ 9,929,319	\$ 5,110,384	\$ 27,367,719	\$ 4,039,877

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2012, was \$271,321,475. Total general obligation debt outstanding at year end was \$114,880,001.

General Obligation Debt

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.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
GO Debt	12/15/04	10/1/19	2.375%-5.00%	\$ 21,925,000	\$ 7,515,000
GO Debt	2/15/04	10/1/18	3.10%-4.10%	3,500,000	525,000
GO Debt	4/1/05	4/1/16	3.50%-5.00%	4,220,000	1,195,000
GO Debt	5/1/05	10/1/14	3.25%-4.00%	4,770,000	1,610,000
GO Debt	5/1/05	10/1/23	3.62%-4.38%	1,700,000	1,495,000
GO Debt	3/15/06	10/1/21	4.00%-4.25%	8,900,000	6,285,000
GO Debt	6/30/06	10/1/15	4.00%-4.50%	6,975,000	1,040,000
GO Debt	5/21/07	10/1/16	3.75%-4.25%	7,950,000	4,710,000
GO Debt	5/21/07	10/1/21	4.00%-4.75%	5,885,000	5,470,000
GO Debt	8/5/08	10/1/17	3.00%-4.00%	2,310,000	1,526,234
GO Debt	8/5/08	10/1/17	4.65%-5.40%	3,860,000	3,290,000
GO Debt	7/28/09	10/1/18	2.00%-3.75%	6,980,000	3,795,000
GO Debt	7/28/09	10/1/23	3.50%-4.10%	6,260,000	6,260,000
GO Debt	7/28/09	10/1/28	1.85%-6.10%	1,865,000	1,685,000
GO Debt	2/9/10	10/1/20	2.00%-4.00%	5,460,000	3,335,000
GO Debt	8/10/10	10/1/19	.60%-2.50%	6,165,000	3,126,754
GO Debt	12/1/10	10/1/30	1.10%-5.70%	19,015,000	18,127,344
GO Debt	8/9/11	10/1/20	2.00%-4.00%	8,540,000	6,895,000
GO Debt	8/9/11	10/1/28	1.00%-5.30%	2,575,000	2,515,000
GO Debt	7/10/12	10/1/21	2.00%-4.00%	14,393,540	14,393,540
GO Debt	7/10/12	10/1/21	2.00%-4.00%	4,465,000	4,465,000
Total Governmental Activities - General Obligation Debt					<u>\$ 99,258,872</u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
GO Debt	4/1/05	4/1/21	3.00%- 5.00%	\$ 4,220,000	\$ 420,000
GO Debt	5/1/05	10/1/14	3.00%- 4.00%	4,770,000	10,000
GO Debt	12/15/04	10/1/19	2.00%- 5.00%	21,925,000	625,000
GO Debt	8/5/08	10/1/17	3.00%- 4.00%	2,310,000	33,766
GO Debt	8/10/10	10/1/19	.60%-2.50%	6,165,000	2,543,247
GO Debt	12/1/10	10/1/30	1.10%- 5.70%	19,015,000	307,656
GO Debt	8/9/11	10/1/20	2.00%- 4.00%	2,375,000	2,375,000
GO Debt	1/10/12	10/1/21	2.00%- 4.00%	4,006,460	4,006,460
Total Business-type Activities - General Obligation Debt					<u>\$ 10,321,129</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2013	\$ 11,110,123	\$ 4,050,147	\$ 3,124,877	\$ 340,253
2014	11,193,489	3,515,876	3,046,511	237,737
2015	10,610,759	3,149,090	689,241	147,015
2016	10,738,319	2,780,416	706,681	125,792
2017	9,619,743	2,395,446	730,257	104,059
2018-2022	31,320,136	7,126,482	1,989,864	190,398
2023-2027	10,601,303	2,589,172	33,698	1,668
2028-2030	4,065,000	461,914	-	-
Totals	<u>\$ 99,258,872</u>	<u>\$ 26,068,543</u>	<u>\$ 10,321,129</u>	<u>\$ 1,146,922</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water utility.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The City has pledged future water revenues to repay \$10,360,000 in revenue bonds issued in 2001-2008. Proceeds from the bonds provided financing for the capital projects and refunding of old revenue bonds. The bonds are payable solely from water revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 9% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$13,608,575. Principal and interest paid for the current year and total customer gross revenues were \$1,383,782 and \$5,849,975, respectively.

Revenue debt payable at December 31, 2012, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2012</u>
<u>Water Utility</u>					
Series 2001	6/1/2001	10/1/2015	4.00-4.88%	\$ 4,405,000	\$ 970,000
Series 2006	4/15/2006	10/1/2026	4.00-5.00	7,865,000	5,595,000
Series 2008	4/22/2008	10/1/2022	3.00-4.375	4,945,000	<u>3,795,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 10,360,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 915,000	\$ 468,781
2014	955,000	430,731
2015	1,000,000	387,694
2016	690,000	342,369
2017	720,000	313,044
2018-2022	4,105,000	1,054,356
2023-2026	<u>1,975,000</u>	<u>251,600</u>
Totals	<u>\$ 10,360,000</u>	<u>\$ 3,248,575</u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Bond Anticipation Notes					
Note Anticipation Note	10/10/2012	7/2/2013	1.375%	\$ 5,300,000	<u>\$ 5,300,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u> <u>Bond Anticipation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 5,300,000	\$ 71,256
Totals	<u>\$ 5,300,000</u>	<u>\$ 71,256</u>

Other Debt Information

Estimated payments of compensated absences, long-term disability, and OPEB liabilities are not included in the debt service requirement schedules. The compensated absences liability, long-term disability, and other post employment benefits obligation, attributable to governmental activities will be liquidated primarily by the general fund.

The city has entered into an agreement with a developer whereby the city agrees to pay to the developer certain amounts necessary for completion of a project for Tax Incremental District No. 13 (TID No. 13). The note will be repaid with tax increments generated by TID No. 13. Should TID No. 13 not generate sufficient revenues over its life to repay the note, any remaining balance will be forgiven by the developer. The balance on the note outstanding as of December 31, 2012 is \$2,476,002.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Advance Refunding

On July 10, 2012, the City issued \$10,655,000 in general obligation bonds with an average interest rate of 3.33% to advance refund \$11,930,000 of outstanding bonds with an average interest rate of 4.31%. The net proceeds of \$10,511,983 (after payment of \$143,017 in underwriting fees, insurance and other issuance costs) plus an additional \$217,440 of sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Advance Refunding (cont.)

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$13,048,530 from 2013 through 2019. The cash flow requirements on the refunding bonds are \$12,032,145 from 2013 through 2018. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$451,085.

Current Refunding

On July 10, 2012, the City issued \$4,465,000 in general obligation bonds with an average interest rate of 3.33% to current refund \$5,790,000 of outstanding notes with an average interest rate of 1.75%. The net proceeds of \$4,744,282 (after payment of \$12,853 in underwriting fees, insurance and other issuance costs) along with \$1,153,429 of cash on hand were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded note prior to the current refunding was \$5,889,072 for 2012. The cash flow requirements on the refunding bonds are \$6,059,728 from 2013 through 2027. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$170,656.

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the 2001-2008 revenue bonds:

Insurance

The water utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The water utility is covered under the following insurance policies at :

Type	Coverage	Expiration
General liability	\$ 1,000,000 each occurrence	7/1/13
General liability	3,000,000 each occurrence and aggregate	7/1/13
Automobile	1,000,000	7/1/13
Umbrella liability	10,000,000 aggregate	7/1/13
Workers compensation	500,000	7/1/13

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Debt Coverage - Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2012 as follows:

Operating revenues	\$	10,550,222
Investment income		17,618
Less: Operation and maintenance expenses		<u>(4,717,865)</u>
 Net Defined Earnings	 \$	 <u><u>5,849,975</u></u>
 Minimum Required Earnings per Resolution:		
2001 revenue bonds subsequent year debt service	\$	351,663
2006 revenue bonds subsequent year debt service		560,950
2008 revenue bonds subsequent year debt service		<u>471,169</u>
Subtotal		1,383,782
Coverage factor		<u>1.25</u>
 Minimum Required Earnings	 \$	 <u><u>1,729,728</u></u>
 Actual Debt Coverage		 <u><u>4.23</u></u>

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2012 and 2011:

	Customers		Sales (000 gals)	
	2012	2011	2012	2011
Residential	17,283	17,213	1,062,795	1,011,439
Commercial	2,158	2,144	816,621	795,106
Industrial	146	148	334,766	340,464
Public authority	<u>122</u>	<u>121</u>	<u>114,020</u>	<u>99,126</u>
 Totals	 <u><u>19,709</u></u>	 <u><u>19,626</u></u>	 <u><u>2,328,202</u></u>	 <u><u>2,246,135</u></u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2012, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 30,750,189
Construction in progress	612,407
Intangible asset	119,286
Buildings and Improvements	61,006,261
Machinery and Equipment	39,922,138
Infrastructure	169,501,820
Less: accumulated depreciation	(150,755,120)
Less: Long-term debt outstanding	(99,258,872)
Plus: Unspent capital related debt proceeds	29,058,094
Plus: Noncapital debt proceeds	519,545
Less: Unamortized premium	(2,626,123)
Unamortized Debt Issuance Costs	<u>1,010,451</u>
Total Net Investment in Capital Assets	<u>\$ 79,860,076</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2012, include the following:

Nonspendable

Major Fund	
General Fund	
Inventories	\$ 255,090
Prepaid items	<u>161,350</u>
Total Major Fund	<u>\$ 416,440</u>
Nonmajor Funds	
Capital Project Funds	
General Improvement Fund - Prepaid Items	\$ 249,454
Municipal Facilities - Prepaid Items	<u>49,048</u>
Sub-Total	<u>298,502</u>
Total Nonmajor Funds	<u>\$ 298,502</u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Restricted

Major Funds

Debt Service - General	
Debt Service	\$ 290,287
Sub-Total	<u>290,287</u>
Capital Projects - TIF Districts	
Capital improvements and purchases	<u>155,061</u>
Total Major Funds	<u>\$ 445,348</u>

Nonmajor Funds

Special Revenue Funds	
Community development block grant	\$ 1,487,229
WHEDA loan program	1,402,033
Housing development grant	1,038,161
Public works impact fees	101,208
Public works DNR grants	11,453
Park development impact fees	66,951
Home rental rehab	63,556
Energy rental rehab	22,400
Crime prevention grant	23
Confiscated property	118,202
Lead abatement grant	137,441
State confiscated property	45,558
Sub-Total	<u>4,494,215</u>
Permanent Funds	
Cemetery lot maintenance	1,129,985
Cemetery specific endowment	785,603
Cemetery trust fund K	364,413
Library endowment	36,047
H.B. Mills recreation	28,409
Sub-Total	<u>2,344,457</u>
Total Nonmajor Funds	<u>\$ 6,838,672</u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Committed

Lighted Dome	\$	6,104
Festival and Special Activities		11,997
Police Crime Prevention		1,853
Park and recreation sponsorship program		166,845
Library cafe		3,686
Cemetery trust fund C		49,227
Paramedics		7,607
Civic band donation		20,783
Sub-Total		268,102

General improvement fund		542,542
Public works improvements		542,572
Municipal facilities		126,852
Fleet replacement		381,894
Sub-Total		1,593,860

Total Nonmajor Funds	\$	1,861,962
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Assigned

Major Funds

General Fund		
City Master Plan	\$	44,734
Library		9,326
Park and rec		1,463
Historical Survey		6,100
Ultipro - Kronos Enhancement		3,000
City Hall		789
Book Proceeds/Walking Tour Insurance		1,149

Total	\$	66,561
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Unassigned

Major Funds

General fund	\$	11,908,838
Debt service - TIF Districts (deficit)		(971,024)

Total	\$	10,937,814
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CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 2,935,207
Construction in progress	4,072,972
Utility plant in service	225,528,479
Intangible assets	99,076
Less: accumulated depreciation	(84,265,858)
Less: Long-term debt outstanding	(25,981,129)
Plus: Unspent capital related debt proceeds	6,824,163
Plus: Noncapital debt proceeds	517,525
Less: Unamortized capital debt-related premium	(544,357)
Unamortized capital debt-related debt issuance costs	<u>90,671</u>
Total Net Investment in Capital Assets	<u>129,276,749</u>
Restricted	
Debt service	302,716
Equipment Replacement	<u>5,034,975</u>
Total Restricted	<u>5,337,691</u>
Unrestricted	<u>10,404,095</u>
Total Business-type Activities Net Position	<u>\$ 145,018,535</u>

H. RESTATEMENT OF NET POSITION

Net position has been restated to correct errors found in the water utility related to revenue for developer contributions recorded in 2008 that were previously recorded, plant asset retirements in prior years that were not recorded, and misstated depreciation expense due to misclassified plant assets among categories.

Business-type activities Net Position - January 1, 2011 (as reported)	\$ 142,035,147
Add: Depreciation expense on plant that should have been retired from 2007-2009	71,362
Less: 2008 contribution recorded twice	(1,159,744)
Depreciation related to misclassified plant assets among asset categories	<u>(38,134)</u>
Net Position - January 1, 2011 (as restated)	<u>\$ 140,908,631</u>

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. RESTATEMENT OF FUND BALANCES/NET POSITION (cont.)

Water utility Net Position - January 1, 2011 (as reported)	\$ 64,730,153
Add: Depreciation expense on plant that should have been retired from 2007-2009	71,362
Less: 2008 contribution recorded twice	(1,159,744)
Depreciation related to misclassified plant assets among asset categories	(38,134)
Net Position - January 1, 2011 (as restated)	\$ 63,603,637

I. COMPONENT UNITS

HOUSING AUTHORITY OF THE CITY OF WAUKESHA

This report contains the Housing Authority of the City of Waukesha (Housing Authority), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Housing Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Demand deposits	\$ 1,182,199	\$ 1,101,022	Custodial credit risk
Certificates of deposit	759,418	851,354	Custodial credit risk
Petty cash	100	-	N/A
Total Deposits and Investments	\$ 1,941,717	\$ 1,952,376	

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Housing Authority's deposits may not be returned to the Housing Authority.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

HOUSING AUTHORITY OF THE CITY OF WAUKESHA (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk (cont.)

The Housing Authority does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Housing Authority does not have any investments exposed to custodial credit risk.

The Authority has entered into a Public Deposits Security Agreement with Waukesha State Bank (Bank) which provides that the Bank will grant the Authority a security interest in certain collateral to secure payment of public deposits deposited in the Bank by the Authority to the extent the amount of such deposits exceeds federal deposit insurance plus \$400,000. The par (face) value and approximate market value of the securities held as collateral at September 30, 2012 was \$2,170,000 and \$2,399,036, respectively.

c. Restricted Assets

The following represent the balances of the restricted assets:

Family Self Sufficiency Program

The Authority holds certain assets under the Family Self Sufficiency Program which are for the purpose of assisting tenants with accumulating funds. This amounted to \$51,133 at September 30, 2012.

Housing Assistance Payments

The Authority has received Housing Assistance Payments in advance of the actual disbursement to the recipients. This amounted to \$415,219 at September 30, 2012.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

HOUSING AUTHORITY OF THE CITY OF WAUKESHA (cont.)

d. Short term credit agreement

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Line of credit	\$ -	\$ 234,046	\$ -	\$ 234,046	\$ 234,046
Totals	\$ -	\$ 234,046	\$ -	\$ 234,046	\$ 234,046

BUSINESS IMPROVEMENT DISTRICT (BID)

This report contains the Business Improvement District (BID) (BID), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The BID follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the BID's deposits was \$260,897 and is part of the City's commingled cash. See Note III. A.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for City employees covered by the WRS for the year ended December 31, 2012 was \$33,812,783; the employer's total payroll was \$35,838,068. The total required contribution for the year ended December 31, 2012 was \$5,495,090 or 16.3% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending January 1, 2011 and 2010 were \$5,369,549 and \$5,036,776, respectively, equal to the required contributions for each year.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application 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 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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.

As of December 31, 2012 there was no pension related debt for the City.

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; workers compensation; and health care of its employees. The City purchases commercial insurance to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission; and workers compensation. However, other risks, such as liability and health care are accounted for and financed by the City in internal service funds.

Self Insurance

For dental claims, the uninsured risk of loss is \$1,000 per incident and \$1,000 in the aggregate for a policy year. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

For health claims, the uninsured risk of loss is \$100,000 per incident and \$100,000 in the aggregate for a policy year. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the risk management program. Amounts payable are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$609,656 was designated for that reserve at year end.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

Claims Liability

	Dental	Health	Totals
Unpaid Claims - December 31, 2010	\$ 18,212	\$ 777,998	\$ 796,210
Current year claims and changes in estimates	477,971	8,344,379	8,822,350
Claim payments	(477,989)	(8,283,175)	(8,761,164)
Unpaid claims - December 31, 2011	18,194	839,202	857,396
Current year claims and changes in estimates	460,792	8,081,716	8,542,508
Claim payments	(487,289)	(9,150,464)	(9,637,753)
Unpaid Claims - December 31, 2012	\$ 9,891	\$ 609,656	\$ 619,547

C. COMMITMENTS AND CONTINGENCIES

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the City.

The City has active construction projects as of December 31, 2012. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

On April 12, 1992, the state of Wisconsin commenced a legal action against the utility entitled State of Wisconsin, Department of Natural Resources vs. City of Waukesha Water Utility. Case No. 91-CV-1027 Circuit Court, Waukesha County, Wisconsin. case number 92-2530, Court of Appeals and Supreme Court of the State of Wisconsin. In that case the State has requested judgment against the Utility for (1) an injunction requiring the Utility to bring its water supply system into compliance with Wisconsin Administrative Code No 109.50(1); (2) the forfeitures provided for in sections 144.99 Stats., for past violations of Wisconsin Administrative Code Sec. NR 109.50; (3) a penalty assessment pursuant to Sect. 165.87(2) (Stats.).

Although the Federal legislation underpinning EPA regulations of radionuclides has been renewed, the EPA has examined the 1996 amendments to the Safe Drinking Water Act and take the position that the contaminant level (MCL) of 5 pCi/L of radium in drinking water for Ra 226 and Ra 228, combined. The EPA conducted a new rulemaking proceeding and published a Notice of Data Availability and concluded the rulemaking in 2000.

In December 2000, the EPA finalized its rule for radium 226 and 228. In response to this rule, the City of Waukesha, doing business as the City of Waukesha Water Utility, petitioned the United States Court of Appeals, District of Columbia Circuit, in Washington, D.C. to review the rule promulgated by the EPA. The case City of Waukesha, et al. v. EPA, 01-1028, was heard on November 20, 2002. On February 25, 2003 the United States Court of Appeals ruled in favor of the EPA. As such, the municipality terminated the legal process and began negotiation with the Wisconsin Department of Natural Resources (WDNR) to develop a consent order/compliance agreement to bring the water supply into compliance with the radium standard. The municipality entered into a consent order/compliance agreement with the WDNR on December 19, 2003, and immediately began working towards compliance.

The agreement required the utility to develop new shallow wells, install treatment at some of the existing wells and blend the non-compliant water with the compliant water to bring the water supply into compliance with the radium standards. The estimated cost of the improvements is approximately thirteen million five hundred thousand dollars (\$13,500,000). The utility is balancing the radium compliance projects with the other projects that will become part of the long term water supply strategy. While the utility continues to investigate the potential to develop a new water supply, the compliance strategy focuses on projects that will ultimately be part of the long term solution. This estimate consists of the initial capital expenditures, plus operation for 20 years, and is based on implementation of one of the two highest ranked water supply options identified in a 2001 engineering study of water supply alternatives. It is estimated that the new water supply will be available by June 30, 2018.

On September 22, 2008 the city of Waukesha was referred to the Department of Justice for Alleged Violations of Consent Order #2003-SEEE-107, by not meeting the December 8, 2006 timeline for providing drinking water that meets the Safe Drinking Water Standards for Radium. Since September 22, 2008, the Waukesha Water Utility has been working with its legal counsel and the City of Waukesha Attorney to negotiate a settlement with the Department of Justice.

A settlement was successfully negotiated and was filed with the Clerk of Circuit Court in Waukesha County on March 30, 2009. The agreement requires the City of Waukesha Water Utility to pay a judgment comprised of forfeitures and fees in the amount of fifty-five thousand (\$55,000). It also recognizes the efforts the utility has undertaken in regards to capital projects and water conservation. In addition, the utility is allowed to operate under strict operating conditions until June 30, 2018.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

At that date, the city must be in complete compliance with all federal and state drinking water radionuclide standards which require that the radionuclide-compliant water can be provided in the event of failure of the system's largest well. This may be accomplished by some combination of obtaining a new source of compliant water and by treating for radionuclide-removal and/or new sources of water. If the city fails to meet the strict operating guidelines before final compliance is accomplished, the city will be required to discontinue the supply of non-radionuclide-compliant water to the distribution system and shall meet state and federal radionuclide standards within three (3) years of such failure.

In anticipation of applying for Great Lakes water to resolve the radionuclide issue, the City of Waukesha has begun the process of developing the application and having public meetings to discuss this application. The city filed its application with the WDNR in 2010. As the application requires the approval of all eight Great Lakes States, the utility anticipates that the process will be complete in 2013 or 2014.

D. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The City's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City provides health care insurance coverage for employees who retire with a minimum of 15 years of continuous service for sworn police and fire services and 10 years of employment for general employees. For police and fire retirees, the city will pay 50% of the premium until the retiree ceases to pay their portion of the premium or until they become eligible for medicare. All other retirees are required to pay 100% of the premium after any applicable accrued sick leave balance is exhausted. Administrative costs of the plan are financed through investment earnings.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with 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 cost 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 plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Annual required contribution	\$	2,672,751
Interest on net OPEB obligation		212,971
Adjustment to annual required contribution		<u>(465,604)</u>
Annual OPEB cost		2,420,118
Contributions made		<u>(979,075)</u>
Increase in net OPEB obligation (asset)		1,441,043
Net OPEB Obligation (Asset) - Beginning of Year		<u>7,099,047</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>8,540,090</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2010	\$ 2,647,476	37%	\$ 5,262,426
December 31, 2011	2,646,364	31%	7,099,047
December 31, 2012	2,420,118	40%	8,540,090

The funded status of the plan as of December 31, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	26,304,152
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>26,304,152</u></u>
Funded ratio (actuarial value of plan assets/AAL)		-%
Covered payroll (active plan members)	\$	35,411,000
UAAL as a percentage of covered payroll		74%

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial valuations of an ongoing plan involve estimates for 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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 1% after 2 years. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2012, was 30 years.

E. SUBSEQUENT EVENTS

On May 7, 2013 the City issued general obligation promissory notes in the amount of \$17,505,000 with an interest rate of 3.25%. This amount will be used to finance capital improvements and to refund existing obligations.

On May 7, 2013 the City issued general obligation bonds in the amount of \$10,085,000 with an interest rate of 3.53%. This amount will be used to refund outstanding water system bonds.

On May 7, 2013 the City issued note anticipation notes in the amount of \$4,700,000 with an interest rate of 2.00%. This amount will be used finance water utility projects.

On June 25, 2013 the City issued note anticipation notes in the amount of \$3,540,000 with an interest rate of 1.50%. This amount will be used finance sewer system improvements.

CITY OF WAUKESHA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

CITY OF WAUKESHA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 40,603,094	\$ 40,992,034	\$ 41,084,027	\$ 91,993
Intergovernmental	7,599,348	7,891,398	7,811,056	(80,342)
Licenses and permits	1,742,700	1,816,700	1,977,052	160,352
Fines, forfeitures and penalties	884,077	884,077	789,406	(94,671)
Public charges for services	3,145,915	3,215,465	2,794,766	(420,699)
Interdepartmental charges	1,133,592	1,118,592	1,129,878	11,286
Investment income	300,000	300,000	222,219	(77,781)
Miscellaneous	132,491	171,391	232,327	60,936
Total Revenues	55,541,217	56,389,657	56,040,731	(348,926)
EXPENDITURES				
Current				
General government	8,245,546	7,904,823	7,804,064	100,759
Public safety	30,396,700	29,505,415	29,693,569	(188,154)
Highways and streets	8,713,722	8,387,872	7,972,451	415,421
Sanitation	391,049	3,097,911	3,054,700	43,211
Culture and recreation	9,201,952	8,839,286	8,644,725	194,561
Capital outlay	33,300	-	265	(265)
Total Expenditures	56,982,269	57,735,307	57,169,774	565,533
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,441,052)	(1,345,650)	(1,129,043)	216,607
OTHER FINANCING SOURCES (USES)				
Transfers in	1,662,542	1,662,542	1,662,238	(304)
Transfers out	(221,490)	(345,461)	(482,404)	(136,943)
Total Other Financing Sources (Uses)	1,441,052	1,317,081	1,179,834	(137,247)
Net Changes in Fund Balance	-	(28,569)	50,791	79,360
FUND BALANCE - Beginning of Year	12,341,048	12,341,048	12,341,048	-
FUND BALANCE - END OF YEAR	\$ 12,341,048	\$ 12,312,479	\$ 12,391,839	\$ 79,360

See notes to required supplementary information and independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WAUKESHA, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
For the Year Ended December 31, 2012**

Actuarial Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 21,542,350	0.00%	\$ 21,542,350	\$ 32,206,133	67%
2009	\$ -	\$ 27,138,384	0.00%	\$ 27,138,384	\$ 35,261,000	77%
2011	\$ -	\$ 26,304,152	0.00%	\$ 26,304,152	\$ 35,411,000	74%

See notes to required supplementary information and independent auditors' report.

CITY OF WAUKESHA, WISCONSIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN
For the Year Ended December 31, 2012

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 969,414	\$ 2,504,101	39%
2011	809,743	2,672,751	30%
2012	979,075	2,672,751	37%

See notes to required supplementary information and independent auditors' report.

CITY OF WAUKESHA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2012

NOTE 1 – 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. C.

The City adopts annual budgets for the general, select special revenue, select debt service and select capital project funds. These annual appropriations lapse at year end, unless specifically authorized by the city common council to be carried forward to the succeeding year's budget.

A comparison of budget to actual for all other budgeted funds, except the General Fund, is not a required part of the basic financial statements, and is presented in the supplemental information accompanying this report.

See Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues and Other Financing Sources - Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
TAXES				
General property taxes	\$ 39,854,549	\$ 40,240,989	\$ 40,308,366	\$ 67,377
Omitted taxes	1,000	3,500	12,546	9,046
Delinquent taxes and interest	120,000	120,000	139,070	19,070
Mobile home taxes	15,000	15,000	12,936	(2,064)
Occupancy (room) tax	505,000	505,000	508,338	3,338
Payment in lieu of taxes	107,545	107,545	102,771	(4,774)
Total Taxes	40,603,094	40,992,034	41,084,027	91,993
INTERGOVERNMENTAL REVENUES				
State shared taxes	2,372,386	2,618,136	2,648,674	30,538
State fire insurance tax	183,102	183,102	184,640	1,538
State payment for municipal services	199,580	199,580	203,039	3,459
State and federal aid - law enforcement	18,560	78,560	85,325	6,765
State aid - general highway	2,485,750	2,485,750	2,485,750	-
State aid - connecting streets	75,036	75,036	74,990	(46)
State aid - ambulance	13,700	-	-	-
State aid - exempt computer	538,100	538,100	425,965	(112,135)
County aid - library	1,130,869	1,200,754	1,200,886	132
County aid - hazardous materials	145,000	145,000	144,746	(254)
County aid - recycling	288,316	288,316	290,562	2,246
County library system	69,885	-	-	-
School liaison	60,000	60,000	60,000	-
Other grants	19,064	19,064	6,479	(12,585)
Total Intergovernmental Revenues	7,599,348	7,891,398	7,811,056	(80,342)
LICENSES AND PERMITS				
Licenses	155,000	167,000	196,420	29,420
Nonbusiness licenses	17,700	17,700	17,041	(659)
Building permits and inspection fees	598,000	599,000	748,064	149,064
Cable TV franchise fee	966,000	966,500	953,664	(12,836)
Property tax exemption fees	1,500	1,500	1,400	(100)
Other permits and inspection fees	4,500	65,000	60,463	(4,537)
Total Licenses and Permits	1,742,700	1,816,700	1,977,052	160,352
FINES, FORFEITURES AND PENALTIES				
Law and ordinance violations	884,077	884,077	789,406	(94,671)

(Continued)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
PUBLIC CHARGES FOR SERVICES				
General government	\$ 34,400	\$ 31,900	\$ 52,944	\$ 21,044
Law enforcement fees	58,000	73,000	94,348	21,348
Fire department fees	44,742	44,742	90,780	46,038
Ambulance	1,300,328	1,350,328	911,468	(438,860)
Hazardous incidents	5,000	5,000	7,003	2,003
Safety inspections	215,300	204,800	211,716	6,916
Public works	4,000	4,000	5,818	1,818
Drop-Off site permits	60,000	-	-	-
Engineering	25,000	25,000	6,804	(18,196)
Snow and ice control	7,500	7,500	5,371	(2,129)
Planning and zoning	58,500	60,000	41,075	(18,925)
Library	194,845	219,845	199,202	(20,643)
Recreation	1,119,500	1,167,550	1,142,437	(25,113)
Weed control	1,500	1,500	1,790	290
Trees	13,300	17,300	21,756	4,456
Other public charges	4,000	3,000	2,254	(746)
Total Public Charges for Services	<u>3,145,915</u>	<u>3,215,465</u>	<u>2,794,766</u>	<u>(420,699)</u>
INTERDEPARTMENTAL CHARGES				
General government services	293,092	258,092	237,482	(20,610)
Planning and zoning	135,000	135,000	173,406	38,406
Public works	175,500	195,500	120,877	(74,623)
Engineering	530,000	530,000	598,113	68,113
Total Interdepartmental Charges	<u>1,133,592</u>	<u>1,118,592</u>	<u>1,129,878</u>	<u>11,286</u>
INVESTMENT INCOME				
Investment income	300,000	300,000	222,219	(77,781)
MISCELLANEOUS REVENUES				
Insurance recoveries	56,334	56,334	71,569	15,235
Property rental	30,107	30,107	31,293	1,186
Sale of city property	26,600	31,250	33,651	2,401
Donations	4,050	4,050	23,805	19,755
Miscellaneous	15,400	49,650	72,009	22,359
Total Miscellaneous	<u>132,491</u>	<u>171,391</u>	<u>232,327</u>	<u>60,936</u>
TOTAL REVENUES	<u>55,541,217</u>	<u>56,389,657</u>	<u>56,040,731</u>	<u>(348,926)</u>
OTHER FINANCING SOURCES				
Transfers in	1,662,542	1,662,542	1,662,238	(304)
Total Other Financing Sources	<u>1,662,542</u>	<u>1,662,542</u>	<u>1,662,238</u>	<u>(304)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 57,203,759</u>	<u>\$ 58,052,199</u>	<u>\$ 57,702,969</u>	<u>\$ (349,230)</u>

CITY OF WAUKESHA, WISCONSIN
Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
GENERAL GOVERNMENT				
City council	\$ 102,728	\$ 102,728	\$ 99,299	\$ 3,429
Municipal court	356,841	353,909	330,346	23,563
Mayor's office	162,528	160,172	235,601	(75,429)
City administrator	212,875	198,979	95,711	103,268
Planning commission	6,180	9,745	818	8,927
Elections	76,680	76,680	120,231	(43,551)
Human resources	166,351	147,841	151,691	(3,850)
Labor relations	101,661	100,911	80,011	20,900
Unallocated benefits	591,200	403,200	441,797	(38,597)
Clerk/Treasurer	621,151	645,084	659,072	(13,988)
Assessor	487,257	484,286	458,267	26,019
Finance	549,453	592,029	598,499	(6,470)
City attorney	606,236	602,619	646,512	(43,893)
City hall	190,205	189,280	180,184	9,096
Planning and zoning	665,453	620,926	555,303	65,623
Information systems	2,092,233	2,124,202	1,998,925	125,277
Property and liability insurance	926,414	895,982	969,332	(73,350)
Bad debts and refunds	76,000	45,000	49,710	(4,710)
Other general government	126,250	126,250	132,755	(6,505)
Contingency	125,000	25,000	-	25,000
Total General Government	<u>8,245,546</u>	<u>7,904,823</u>	<u>7,804,064</u>	<u>100,759</u>
PUBLIC SAFETY				
Police department	16,919,666	16,397,594	16,512,648	(115,054)
Emergency government	16,415	16,213	8,703	7,510
Fire department	12,488,381	12,125,549	12,262,318	(136,769)
Police and fire commission	54,944	54,920	34,160	20,760
Building inspections	747,621	741,478	708,039	33,439
Other	169,673	169,661	167,701	1,960
Total Public Safety	<u>30,396,700</u>	<u>29,505,415</u>	<u>29,693,569</u>	<u>(188,154)</u>

(Continued)

CITY OF WAUKESHA, WISCONSIN
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
HIGHWAYS AND STREETS				
Roadway and streets maintenance	352,375	317,375	265,482	51,893
Engineering	2,756,006	2,735,825	2,584,763	151,062
General public works	3,758,545	3,598,160	3,450,901	147,259
Storm sewers	16,850	16,850	15,103	1,747
Snow and ice removal	502,300	405,860	375,225	30,635
Fleet maintenance	709,586	685,017	701,146	(16,129)
Street lighting	614,060	624,785	577,421	47,364
Weed cutting	4,000	4,000	2,410	1,590
Total Highways and Streets	<u>8,713,722</u>	<u>8,387,872</u>	<u>7,972,451</u>	<u>415,421</u>
SANITATION				
Solid waste disposal	391,049	3,097,911	3,054,700	43,211
CULTURE AND RECREATION				
Public library	3,700,749	3,631,699	3,571,312	60,387
Pools	358,174	365,565	380,562	(14,997)
Recreation programs	957,411	950,587	943,919	6,668
Forestry	779,941	791,940	723,360	68,580
Parks administration	571,281	567,616	538,072	29,544
Parks maintenance	2,704,660	2,514,454	2,469,996	44,458
Cable TV	112,311	-	591	(591)
Festivals	17,425	17,425	16,913	512
Total Culture and Recreation	<u>9,201,952</u>	<u>8,839,286</u>	<u>8,644,725</u>	<u>194,561</u>
CAPITAL OUTLAY				
Parks	33,300	-	265	(265)
TOTAL EXPENDITURES	<u>56,982,269</u>	<u>57,735,307</u>	<u>57,169,774</u>	<u>565,533</u>
OTHER FINANCING USES				
Transfers out	221,490	345,461	482,404	(136,943)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 57,203,759</u>	<u>\$ 58,080,768</u>	<u>\$ 57,652,178</u>	<u>\$ 428,590</u>

CITY OF WAUKESHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2012

Special Revenue Funds											
	Lighted Dome	Festival and Special Activities	Police Crime Prevention	Community Development Block Grant	WHEDA Loan Program	Housing Development Grant	Public Works Impact Fees	Public Works DNR Grants	Park Development Impact Fees	Park and Recreation Sponsorship Program	Library Café
ASSETS											
Cash and investments	\$ 6,104	\$ 17,089	\$ 1,853	\$ -	\$ 205,871	\$ 1,038,161	\$ 167,180	\$ 31,976	\$ 89,491	\$ 177,713	\$ 52,636
Accounts receivable	-	-	-	10,000	-	-	-	-	-	1,000	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	1,658,864	1,196,162	-	-	-	-	-	-
Due from other funds	-	-	-	6,000	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	202,092	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 6,104	\$ 17,089	\$ 1,853	\$ 1,876,956	\$ 1,402,033	\$ 1,038,161	\$ 167,180	\$ 31,976	\$ 89,491	\$ 178,713	\$ 52,636
LIABILITIES AND FUND BALANCES											
Accounts payable	\$ -	\$ 3,661	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,695	\$ 46,884
Other accrued liabilities	-	-	-	229	-	-	-	-	-	4,173	1,756
Due to other funds	-	1,431	-	191,641	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advance due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	197,827	-	-	65,972	20,523	22,540	-	310
Total Liabilities	-	5,092	-	389,727	-	-	65,972	20,523	22,540	11,868	48,950
Fund Balances (Deficits)											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	1,487,229	1,402,033	1,038,161	101,208	11,453	66,951	-	-
Committed	6,104	11,997	1,853	-	-	-	-	-	-	166,845	3,686
Total Fund Balances	6,104	11,997	1,853	1,487,229	1,402,033	1,038,161	101,208	11,453	66,951	166,845	3,686
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,104	\$ 17,089	\$ 1,853	\$ 1,876,956	\$ 1,402,033	\$ 1,038,161	\$ 167,180	\$ 31,976	\$ 89,491	\$ 178,713	\$ 52,636

(Continued)

CITY OF WAUKESHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2012

Special Revenue Funds (Continued)											
	Home Rental Rehab	Energy Rental Rehab	Cemetery Trust Fund C	Crime Prevention Grant	Confiscated Property	Paramedics	WPL	WCME	Lead Abatement Grant	State Confiscated Property	Civic Band Donation Fund
ASSETS											
Cash and investments	\$ 18,556	\$ 21,400	\$ 49,716	\$ 9,686	\$ 125,776	\$ 7,607	\$ -	\$ 2,044	\$ 185,769	\$ 45,558	\$ 20,783
Accounts receivable	-	-	-	-	-	-	-	-	162,013	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	62	-	-	-	-	-	-	-	-
Loans receivable	45,000	1,000	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 63,556	\$ 22,400	\$ 49,778	\$ 9,686	\$ 125,776	\$ 7,607	\$ -	\$ 2,044	\$ 347,782	\$ 45,558	\$ 20,783
LIABILITIES AND FUND BALANCES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,574	\$ -	\$ -	\$ 2,044	\$ 42,328	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	551	-	-	-	-	-	6,000	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advance due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	9,663	-	-	-	-	162,013	-	-
Total Liabilities	-	-	551	9,663	7,574	-	-	2,044	210,341	-	-
Fund Balances (Deficits)											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	63,556	22,400	-	23	118,202	-	-	-	137,441	45,558	-
Committed	-	-	49,227	-	-	7,607	-	-	-	-	20,783
Total Fund Balances	63,556	22,400	49,227	23	118,202	7,607	-	-	137,441	45,558	20,783
TOTAL LIABILITIES AND FUND BALANCES	\$ 63,556	\$ 22,400	\$ 49,778	\$ 9,686	\$ 125,776	\$ 7,607	\$ -	\$ 2,044	\$ 347,782	\$ 45,558	\$ 20,783

(Continued)

CITY OF WAUKESHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2012

	Capital Projects Funds				Permanent Funds					Total
	General Improvement Fund	Public Works Improvements	Municipal Facilities	Fleet Replacement	Cemetery Lot Maintenance	Cemetery Specific Endowment	Cemetery Trust Fund K	Library Endowment	H. B. Mills Recreation	Nonmajor Governmental Funds
ASSETS										
Cash and investments	\$ 708,693	\$ 2,424,693	\$ 372,085	\$ 2,032,316	\$ 1,208,945	\$ 791,456	\$ 366,231	\$ 36,467	\$ 28,409	\$ 10,244,264
Accounts receivable	40,708	575	-	-	-	-	-	-	-	214,296
Taxes receivable	-	-	-	362,365	-	-	-	-	-	362,365
Special assessments	71,853	32,620	-	-	-	-	-	-	-	104,473
Accrued interest	-	-	-	-	1,356	871	518	-	-	2,807
Loans receivable	-	-	-	-	-	-	-	-	-	2,901,026
Due from other funds	-	-	-	-	-	-	-	-	-	6,000
Due from other governmental units	-	-	-	-	-	-	-	-	-	202,092
Prepaid items	249,454	-	49,048	-	-	-	-	-	-	298,502
TOTAL ASSETS	\$ 1,070,708	\$ 2,457,888	\$ 421,133	\$ 2,394,681	\$ 1,210,301	\$ 792,327	\$ 366,749	\$ 36,467	\$ 28,409	\$ 14,335,825
LIABILITIES AND FUND BALANCES										
Accounts payable	\$ 206,859	\$ 263,802	\$ 119,421	\$ -	\$ -	\$ -	\$ -	\$ 420	\$ -	\$ 700,718
Other accrued liabilities	-	-	-	-	-	-	-	-	-	6,158
Due to other funds	-	-	-	-	80,316	6,724	2,336	-	-	288,999
Deposits	-	234,238	-	-	-	-	-	-	-	234,238
Advance due to other funds	-	-	-	1,650,422	-	-	-	-	-	1,650,422
Deferred revenues	71,853	1,417,276	125,812	362,365	-	-	-	-	-	2,456,154
Total Liabilities	278,712	1,915,316	245,233	2,012,787	80,316	6,724	2,336	420	-	5,336,689
Fund Balances (Deficits)										
Nonspendable	249,454	-	49,048	-	-	-	-	-	-	298,502
Restricted	-	-	-	-	1,129,985	785,603	364,413	36,047	28,409	6,838,672
Committed	542,542	542,572	126,852	381,894	-	-	-	-	-	1,861,962
Total Fund Balances	791,996	542,572	175,900	381,894	1,129,985	785,603	364,413	36,047	28,409	8,999,136
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,070,708	\$ 2,457,888	\$ 421,133	\$ 2,394,681	\$ 1,210,301	\$ 792,327	\$ 366,749	\$ 36,467	\$ 28,409	\$ 14,335,825

CITY OF WAUKESHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds										
	Lighted Dome	Festival and Special Activities	Police Crime Prevention	Community Development Block Grant	WHEDA Loan Program	Housing Development Grant	Public Works Impact Fees	Public Works DNR Grants	Park Development Impact Fees	Park and Recreation Sponsorship Program	Library Café
REVENUES											
Intergovernmental	\$ -	\$ -	\$ -	\$ 124,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,439
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	-	-
Public charges for services	-	8,850	-	-	-	-	163,070	-	-	629,749	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Investment income/(loss)	25	-	-	-	5,624	-	(73,981)	130	357	-	98
Miscellaneous	-	-	2,419	-	17,420	-	-	-	-	48,456	-
Total Revenues	25	8,850	2,419	124,764	23,044	-	89,089	130	357	678,205	88,537
EXPENDITURES											
Current											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	2,403	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	19,307	-	-	-	-	-	-	-	563,132	130,213
Conservation and development	-	-	-	179,233	17,450	-	-	-	-	-	-
Capital Outlay	-	-	-	109,487	-	-	-	-	-	14,643	-
Debt Service											
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	19,307	2,403	288,720	17,450	-	-	-	-	577,775	130,213
Excess (Deficiency) of Revenues Over Expenditures	25	(10,457)	16	(163,956)	5,594	-	89,089	130	357	100,430	(41,676)
OTHER FINANCING SOURCES (USES)											
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	15,000	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(288,000)	(163,070)	-	-	-	-
Total Other Financing Sources (Uses)	-	15,000	-	-	-	(288,000)	(163,070)	-	-	-	-
Net Changes in Fund Balances	25	4,543	16	(163,956)	5,594	(288,000)	(73,981)	130	357	100,430	(41,676)
FUND BALANCES -											
Beginning of Year	6,079	7,454	1,837	1,651,185	1,396,439	1,326,161	175,189	11,323	66,594	66,415	45,362
FUND BALANCES -											
END OF YEAR	\$ 6,104	\$ 11,997	\$ 1,853	\$ 1,487,229	\$ 1,402,033	\$ 1,038,161	\$ 101,208	\$ 11,453	\$ 66,951	\$ 166,845	\$ 3,686

(Continued)

CITY OF WAUKESHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

Special Revenue Funds (Continued)											
	Home Rental Rehab	Energy Rental Rehab	Cemetery Trust Fund C	Crime Prevention Grant	Confiscated Property	Paramedics	WPL	WCME	Lead Abatement Grant	State Confiscated Property	Civic Band Donation Fund
REVENUES											
Intergovernmental	\$ -	\$ -	\$ -	\$ 13,299	\$ -	\$ -	\$ -	\$ -	\$ 104,416	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	20,998	-	-	-	-	27,910	-
Public charges for services	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Investment income/(loss)	-	-	5,375	4	634	31	-	-	(169)	-	95
Miscellaneous	-	-	-	-	-	-	-	-	-	-	22,988
Total Revenues	-	-	5,375	13,303	21,632	31	-	-	104,247	27,910	23,083
EXPENDITURES											
Current											
General government	-	-	287	-	-	-	-	-	-	-	-
Public safety	-	-	-	13,299	53,761	-	-	-	-	14,314	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	316,278	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	17,974
Conservation and development	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	41,280	-	-	-	-	-	-
Debt Service											
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	287	13,299	95,041	-	-	-	316,278	14,314	17,974
Excess (Deficiency) of Revenues Over Expenditures	-	-	5,088	4	(73,409)	31	-	-	(212,031)	13,596	5,109
OTHER FINANCING SOURCES (USES)											
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	288,000	-	-	-
Transfers out	-	-	(957)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(957)	-	-	-	-	288,000	-	-	-
Net Changes in Fund Balances	-	-	4,131	4	(73,409)	31	-	-	75,969	13,596	5,109
FUND BALANCES -											
Beginning of Year	63,556	22,400	45,096	19	191,611	7,576	-	-	61,472	31,962	15,674
FUND BALANCES -											
END OF YEAR	\$ 63,556	\$ 22,400	\$ 49,227	\$ 23	\$ 118,202	\$ 7,607	\$ -	\$ -	\$ 137,441	\$ 45,558	\$ 20,783

(Continued)

CITY OF WAUKESHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Capital Projects Funds				Permanent Funds					Total Nonmajor Governmental Funds
	General Improvement Fund	Public Works Improvements	Municipal Facilities	Fleet Replacement	Cemetery Lot Maintenance	Cemetery Specific Endowment	Cemetery Trust Fund K	Library Endowment	H. B. Mills Recreation	
REVENUES										
Intergovernmental	\$ 990,240	\$ 311,706	\$ 31,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,664,195
Licenses and permits	167,764	-	-	-	-	-	-	-	-	167,764
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	48,908
Public charges for services	-	-	-	-	-	-	7,835	-	-	809,504
Special assessments	102,603	18,431	-	-	-	-	-	-	-	121,034
Investment income/(loss)	5,554	11,742	1,684	8,921	129,115	87,522	26,538	132	88	209,519
Miscellaneous	-	-	23,312	6,316	18,017	9,568	-	14,615	-	163,111
Total Revenues	1,266,161	341,879	56,327	15,237	147,132	97,090	26,538	22,582	88	3,184,035
EXPENDITURES										
Current										
General government	-	-	-	-	7,122	4,349	4,739	-	-	16,497
Public safety	-	-	-	-	-	-	-	-	-	83,777
Public works	7,200	-	-	-	-	-	-	-	-	7,200
Sanitation	-	-	-	-	-	-	-	-	-	316,278
Culture and recreation	-	-	-	-	-	-	-	22,621	-	753,247
Conservation and development	-	-	-	-	-	-	-	-	-	196,683
Capital Outlay	1,293,025	4,520,229	1,871,554	592,553	-	-	-	2,639	-	8,445,410
Debt Service										
Interest and fiscal charges	-	58,579	-	-	-	-	-	-	-	58,579
Total Expenditures	1,300,225	4,578,808	1,871,554	592,553	7,122	4,349	4,739	25,260	-	9,877,671
Excess (Deficiency) of Revenues Over Expenditures	(34,064)	(4,236,929)	(1,815,227)	(577,316)	140,010	92,741	21,799	(2,678)	88	(6,693,636)
OTHER FINANCING SOURCES (USES)										
Long-term debt issued	-	3,099,310	1,091,690	374,000	-	-	-	-	-	4,565,000
Premium on debt issued	-	498,356	-	-	-	-	-	-	-	498,356
Sale of city property	-	-	-	35,765	-	-	-	-	-	35,765
Insurance recoveries	-	-	571,797	-	-	-	-	-	-	571,797
Transfers in	-	163,070	-	-	-	-	-	-	-	466,070
Transfers out	-	-	-	-	(87,592)	(11,325)	(2,790)	-	(96)	(553,830)
Total Other Financing Sources (Uses)	-	3,760,736	1,663,487	409,765	(87,592)	(11,325)	(2,790)	-	(96)	5,583,158
Net Changes in Fund Balances	(34,064)	(476,193)	(151,740)	(167,551)	52,418	81,416	19,009	(2,678)	(8)	(1,110,478)
FUND BALANCES -										
Beginning of Year	826,060	1,018,765	327,640	549,445	1,077,567	704,187	345,404	38,725	28,417	10,109,614
FUND BALANCES -										
END OF YEAR	\$ 791,996	\$ 542,572	\$ 175,900	\$ 381,894	\$ 1,129,985	\$ 785,603	\$ 364,413	\$ 36,047	\$ 28,409	\$ 8,999,136

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Lighted Dome Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 25	\$ 25
Total Revenues	-	-	25	25
EXPENDITURES				
Capital outlay	-	-	-	-
Net Change in Fund Balance	-	-	25	25
FUND BALANCE - Beginning of Year	6,079	6,079	6,079	-
FUND BALANCE - End of Year	\$ 6,079	\$ 6,079	\$ 6,104	\$ 25

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Festival and Special Activities Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Public charges for services	\$ 13,000	\$ 13,000	\$ 8,850	\$ (4,150)
EXPENDITURES				
Culture and recreation	34,912	34,912	19,307	15,605
Excess (Deficiency) of Revenues Over Expenditures	(21,912)	(21,912)	(10,457)	11,455
OTHER FINANCING SOURCES				
Transfers in	15,000	15,000	15,000	-
Net Change in Fund Balance	(6,912)	(6,912)	4,543	11,455
FUND BALANCE - Beginning of Year	7,454	7,454	7,454	-
FUND BALANCE - End of Year	\$ 542	\$ 542	\$ 11,997	\$ 11,455

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Police Crime Prevention Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 2,419	\$ 2,419
EXPENDITURES				
Public safety	-	-	2,403	(2,403)
Net Change in Fund Balance	-	-	16	16
FUND BALANCE - Beginning of Year	1,837	1,837	1,837	-
FUND BALANCE - End of Year	\$ 1,837	\$ 1,837	\$ 1,853	\$ 16

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 219,469	\$ 124,764	\$ (94,705)
Total Revenues	-	219,469	124,764	(94,705)
EXPENDITURES				
Conservation and development	-	95,000	179,233	(84,233)
Capital outlay	-	109,469	109,487	(18)
Total Expenditures	-	204,469	288,720	(84,251)
Excess (Deficiency) of Revenues Over Expenditures	-	15,000	(163,956)	(178,956)
OTHER FINANCING USES				
Transfers out	-	(15,000)	-	15,000
Net Change in Fund Balance	-	-	(163,956)	(163,956)
FUND BALANCE - Beginning of Year	1,651,185	1,651,185	1,651,185	-
FUND BALANCE - END OF YEAR	\$ 1,651,185	\$ 1,651,185	\$ 1,487,229	\$ (163,956)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
WHEDA Loan Program Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 5,624	\$ 5,624
Miscellaneous	-	-	17,420	17,420
Total Revenues	-	-	23,044	23,044
EXPENDITURES				
Conservation and development	-	-	17,450	(17,450)
Net Change in Fund Balance	-	-	5,594	5,594
FUND BALANCE - Beginning of Year	1,396,439	1,396,439	1,396,439	-
FUND BALANCE - END OF YEAR	\$ 1,396,439	\$ 1,396,439	\$ 1,402,033	\$ 5,594

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Housing Development Grant
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Conservation and development	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
OTHER FINANCING USES				
Transfers out	-	-	(288,000)	(288,000)
Net Change in Fund Balance	-	-	(288,000)	(288,000)
FUND BALANCE - Beginning of Year	1,326,161	1,326,161	1,326,161	-
FUND BALANCE - END OF YEAR	\$ 1,326,161	\$ 1,326,161	\$ 1,038,161	\$ (288,000)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Works Impact Fees Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Public charges for services	\$ 275,000	\$ 275,000	\$ 163,070	\$ (111,930)
Investment income (loss)	10,000	10,000	(73,981)	(83,981)
Total Revenues	285,000	285,000	89,089	(195,911)
EXPENDITURES				
Public works	-	-	-	-
Excess of Revenues Over Expenditures	285,000	285,000	89,089	(195,911)
OTHER FINANCING USES				
Transfers out	(200,000)	(200,000)	(163,070)	36,930
Net Change in Fund Balance	85,000	85,000	(73,981)	(158,981)
FUND BALANCE - Beginning of Year	175,189	175,189	175,189	-
FUND BALANCE - END OF YEAR	\$ 260,189	\$ 260,189	\$ 101,208	\$ (158,981)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Works DNR Grant Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ -	\$ 250	\$ 130	\$ (120)
EXPENDITURES				
Public works	-	-	-	-
Net Change in Fund Balance	-	250	130	(120)
FUND BALANCE - Beginning of Year	11,323	11,323	11,323	-
FUND BALANCE - END OF YEAR	\$ 11,323	\$ 11,573	\$ 11,453	\$ (120)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Development Impact Fees Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Public charges for services	\$ 365,000	\$ 365,000	\$ -	\$ (365,000)
Investment income	6,000	6,000	357	(5,643)
Total Revenues	371,000	371,000	357	(370,643)
EXPENDITURES				
Culture and recreation	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	371,000	371,000	357	(370,643)
OTHER FINANCING USES				
Transfers out	(365,000)	(365,000)	-	365,000
Net Change in Fund Balance	6,000	6,000	357	(5,643)
FUND BALANCE - Beginning of Year	66,594	66,594	66,594	-
FUND BALANCE - END OF YEAR	\$ 72,594	\$ 72,594	\$ 66,951	\$ (5,643)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park and Recreation Sponsorship Program Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Licenses and permits	\$ 700	\$ -	\$ -	\$ -
Public charges for services	519,650	530,250	629,749	99,499
Miscellaneous	24,000	47,100	48,456	1,356
Total Revenues	544,350	577,350	678,205	100,855
EXPENDITURES				
Culture and recreation	505,427	572,927	563,132	9,795
Capital outlay	25,000	28,200	14,643	13,557
Total Expenditures	530,427	601,127	577,775	23,352
Net Change in Fund Balance	13,923	(23,777)	100,430	124,207
FUND BALANCE - Beginning of Year	66,415	66,415	66,415	-
FUND BALANCE - END OF YEAR	\$ 80,338	\$ 42,638	\$ 166,845	\$ 124,207

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library Cafe Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 82,943	\$ 82,943	\$ 88,439	\$ 5,496
Investment income	-	-	98	98
Total Revenues	82,943	82,943	88,537	5,594
EXPENDITURES				
Culture and recreation	82,943	82,943	130,213	(47,270)
Net Change in Fund Balance	-	-	(41,676)	(41,676)
FUND BALANCE - Beginning of Year	45,362	45,362	45,362	-
FUND BALANCE - END OF YEAR	\$ 45,362	\$ 45,362	\$ 3,686	\$ (41,676)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Cemetery Trust Fund C Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ 11,000	\$ 11,000	\$ 5,375	\$ (5,625)
Miscellaneous	-	-	-	-
Total Revenues	11,000	11,000	5,375	(5,625)
EXPENDITURES				
General government	1,000	1,000	287	713
Excess of Revenues Over Expenditures	10,000	10,000	5,088	(4,912)
OTHER FINANCING USES				
Transfers out	(10,000)	(10,000)	(957)	9,043
Net Change in Fund Balance	-	-	4,131	4,131
FUND BALANCE - Beginning of Year	45,096	45,096	45,096	-
FUND BALANCE - END OF YEAR	\$ 45,096	\$ 45,096	\$ 49,227	\$ 4,131

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Crime Prevention Grant Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 13,299	\$ 13,299
Investment income	-	-	4	4
Total Revenues	-	-	13,303	13,303
EXPENDITURES				
Public safety	-	-	13,299	(13,299)
Capital outlay	-	-	-	-
Total Expenditures	-	-	13,299	(13,299)
Net Change in Fund Balance	-	-	4	4
FUND BALANCE - Beginning of Year	19	19	19	-
FUND BALANCE - END OF YEAR	\$ 19	\$ 19	\$ 23	\$ 4

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Confiscated Property Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 7,236	\$ 7,236	\$ -	\$ (7,236)
Fines, forfeitures and penalties	20,000	20,000	20,998	998
Investment income	-	-	634	634
Total Revenues	27,236	27,236	21,632	(5,604)
EXPENDITURES				
Public safety	-	-	53,761	(53,761)
Capital outlay	53,500	92,883	41,280	51,603
Total Expenditures	53,500	92,883	95,041	(2,158)
Net Change in Fund Balance	(26,264)	(65,647)	(73,409)	(7,762)
FUND BALANCE - Beginning of Year	191,611	191,611	191,611	-
FUND BALANCE - END OF YEAR	\$ 165,347	\$ 125,964	\$ 118,202	\$ (7,762)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Paramedics Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ 100	\$ 100	\$ 31	\$ (69)
Total Revenues	100	100	31	(69)
EXPENDITURES				
Public safety	-	-	-	-
Net Change in Fund Balance	100	100	31	(69)
FUND BALANCE - Beginning of Year	7,576	7,576	7,576	-
FUND BALANCE - END OF YEAR	\$ 7,676	\$ 7,676	\$ 7,607	\$ (69)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
WPL Special Revenue Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Library	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
OTHER FINANCING USES				
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Lead Abatement Grant Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 104,416	\$ 104,416
Investment income (loss)	-	-	(169)	(169)
Total Revenues	-	-	104,247	104,247
EXPENDITURES				
Sanitation	-	-	316,278	(316,278)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(212,031)	(212,031)
OTHER FINANCING SOURCES				
Transfer in	-	-	288,000	288,000
Net Change in Fund Balance	-	-	75,969	75,969
FUND BALANCE - Beginning of Year	61,472	61,472	61,472	-
FUND BALANCE - END OF YEAR	\$ 61,472	\$ 61,472	\$ 137,441	\$ 75,969

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
State Confiscated Property Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Fines, forfeitures and penalties	\$ 22,000	\$ 22,000	\$ 27,910	\$ 5,910
EXPENDITURES				
Public safety	7,000	15,300	14,314	986
Net Change in Fund Balance	15,000	6,700	13,596	6,896
FUND BALANCE - Beginning of Year	31,962	31,962	31,962	-
FUND BALANCE - END OF YEAR	\$ 46,962	\$ 38,662	\$ 45,558	\$ 6,896

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Civic Band Donation Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 95	95
Miscellaneous	19,000	19,000	22,988	3,988
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>23,083</u>	<u>4,083</u>
EXPENDITURES				
Culture and recreation	18,450	18,450	17,974	476
Total Expenditures	<u>18,450</u>	<u>18,450</u>	<u>17,974</u>	<u>476</u>
Net Change in Fund Balance	550	550	5,109	4,559
FUND BALANCE - Beginning of Year	<u>15,674</u>	<u>15,674</u>	<u>15,674</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 16,224</u>	<u>\$ 16,224</u>	<u>\$ 20,783</u>	<u>\$ 4,559</u>

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Debt Service Fund (Major Fund)
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 9,783,527	\$ 9,773,527	\$ 9,773,527	\$ -
Intergovernmental	118,235	118,235	3,234	(115,001)
Investment income	16,000	16,000	28,136	12,136
Total Revenues	9,917,762	9,907,762	9,804,897	(102,865)
EXPENDITURES				
Principal retirement	7,492,207	7,492,207	7,157,207	335,000
Interest and fiscal charges	2,183,640	2,183,640	2,156,076	27,564
Total Expenditures	9,675,847	9,675,847	9,313,283	362,564
Excess of Revenues Over Expenditures	241,915	231,915	491,614	259,699
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	13,190,752	13,190,752
Premium on debt issued	-	-	1,020,637	1,020,637
Payment to refunding escrow agent	-	-	(15,662,560)	(15,662,560)
Transfers out	(417,993)	(407,993)	(404,039)	3,954
Total Other Financing Sources (Uses)	(417,993)	(407,993)	(1,855,210)	(1,447,217)
Net Change in Fund Balance	(176,078)	(176,078)	(1,363,596)	(1,187,518)
FUND BALANCE - Beginning of Year	1,653,883	1,653,883	1,653,883	-
FUND BALANCE - End of Year	\$ 1,477,805	\$ 1,477,805	\$ 290,287	\$ (1,187,518)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
TIF District Debt Service Fund (Major Fund)
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 3,211,504	\$ 3,211,504	\$ 3,246,398	\$ 34,894
Intergovernmental	57,025	57,025	71,564	14,539
Investment income	(7,420)	(7,420)	12,162	19,582
Miscellaneous	-	-	90,820	90,820
Total Revenues	<u>3,261,109</u>	<u>3,261,109</u>	<u>3,420,944</u>	<u>159,835</u>
EXPENDITURES				
Current				
General government	18,835	18,835	18,940	(105)
Conservation and development	3,750	3,750	6,694	(2,944)
Debt Service				
Principal	3,291,368	3,202,000	3,202,000	-
Interest and fiscal charges	1,934,672	1,934,792	2,017,047	(82,255)
Total Expenditures	<u>5,248,625</u>	<u>5,159,377</u>	<u>5,244,681</u>	<u>(85,304)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,987,516)</u>	<u>(1,898,268)</u>	<u>(1,823,737)</u>	<u>74,531</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	1,102,789	1,102,789
Premium on debt issued	-	-	107,867	107,867
Payment to refunding agent	-	(82,694)	(615,949)	(533,255)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(82,694)</u>	<u>594,707</u>	<u>677,401</u>
Net Change in Fund Balance	<u>(1,987,516)</u>	<u>(1,980,962)</u>	<u>(1,229,030)</u>	<u>751,932</u>
FUND BALANCE - Beginning of Year	<u>258,006</u>	<u>258,006</u>	<u>258,006</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (1,729,510)</u>	<u>\$ (1,722,956)</u>	<u>\$ (971,024)</u>	<u>\$ 751,932</u>

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Improvement Capital Projects Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,143,826	\$ 898,076	\$ 898,076	\$ -
Licenses and permits	100,000	100,000	167,764	67,764
Fines, forfeitures and penalties	-	20,000	-	(20,000)
Intergovernmental charges for services	64,760	64,760	92,164	27,404
Special assessments	120,000	120,000	102,603	(17,397)
Investment income	-	-	5,554	5,554
Total Revenues	1,428,586	1,202,836	1,266,161	63,325
EXPENDITURES				
Capital outlay	1,428,586	1,859,738	1,300,225	559,513
Net Change in Fund Balance	-	(656,902)	(34,064)	622,838
FUND BALANCE - Beginning of Year	826,060	826,060	826,060	-
FUND BALANCE - END OF YEAR	\$ 826,060	\$ 169,158	\$ 791,996	\$ 622,838

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Works Improvements Capital Projects Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 203,000	\$ 1,034,470	\$ 311,706	\$ (722,764)
Special assessments	50,000	50,000	18,431	(31,569)
Public charges for services	300,000	437,000	-	(437,000)
Investment income	-	-	11,742	11,742
Total Revenues	553,000	1,521,470	341,879	(1,179,591)
EXPENDITURES				
Capital outlay	3,331,000	8,438,547	4,520,229	3,918,318
Debt Service				
Interest and fiscal charges	-	-	58,579	(58,579)
Total Expenditures	3,331,000	8,438,547	4,578,808	3,859,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,778,000)	(6,917,077)	(4,236,929)	2,680,148
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	2,778,000	5,975,690	3,099,310	(2,876,380)
Premium on debt issued	-	-	498,356	498,356
Transfers in	-	1,126,300	163,070	(963,230)
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	2,778,000	7,101,990	3,760,736	(3,341,254)
Net Change in Fund Balance	-	184,913	(476,193)	(661,106)
FUND BALANCE - Beginning of Year	1,018,765	1,018,765	1,018,765	-
FUND BALANCE - END OF YEAR	\$ 1,018,765	\$ 1,203,678	\$ 542,572	\$ (661,106)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
Municipal Facilities Capital Projects Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 541,190	\$ 31,331	\$ (509,859)
Intergovernmental charges for services	-	24,748	-	(24,748)
Public charges for services	-	77,392	-	(77,392)
Investment income	-	-	1,684	1,684
Miscellaneous	-	-	23,312	23,312
Total Revenues	-	643,330	56,327	(587,003)
EXPENDITURES				
Capital outlay	1,053,300	3,417,267	1,871,554	1,545,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,053,300)	(2,773,937)	(1,815,227)	958,710
OTHER FINANCING SOURCES				
Long-term debt issued	1,053,300	1,446,190	1,091,690	(354,500)
Insurance recoveries	-	900,133	571,797	(328,336)
Total Other Financing Sources	1,053,300	2,346,323	1,663,487	(682,836)
Net Change in Fund Balance	-	(427,614)	(151,740)	275,874
FUND BALANCE - Beginning of Year	327,640	327,640	327,640	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 327,640	\$ (99,974)	\$ 175,900	\$ 275,874

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fleet Replacement Capital Projects Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 315,000	\$ -	\$ -	\$ -
Investment income	15,000	15,000	8,921	(6,079)
Miscellaneous	-	-	6,316	6,316
Total Revenues	<u>330,000</u>	<u>15,000</u>	<u>15,237</u>	<u>237</u>
EXPENDITURES				
Capital outlay	1,498,722	932,465	592,553	339,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,168,722)</u>	<u>(917,465)</u>	<u>(577,316)</u>	<u>340,149</u>
OTHER FINANCING SOURCES				
Long-term debt issued	1,093,722	644,640	374,000	(270,640)
Sale of City property	75,000	56,800	35,765	(21,035)
Total Other Financing Sources	<u>1,168,722</u>	<u>701,440</u>	<u>409,765</u>	<u>(291,675)</u>
Net Change in Fund Balance	-	(216,025)	(167,551)	48,474
FUND BALANCE - Beginning of Year	<u>549,445</u>	<u>549,445</u>	<u>549,445</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 549,445</u>	<u>\$ 333,420</u>	<u>\$ 381,894</u>	<u>\$ 48,474</u>

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
TIF Districts Nos. 9 - 19 Capital Projects Fund (Major Fund)
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 40,000	\$ 40,000
Public charges for services	-	-	13,729	13,729
Investment income	-	-	322	322
Miscellaneous	-	-	2	2
Total Revenues	-	-	54,053	54,053
EXPENDITURES				
Conservation and development	-	-	220,667	(220,667)
Capital outlay	-	-	6,139	(6,139)
Total Expenditures	-	-	226,806	(226,806)
Net Change in Fund Balance	-	-	(172,753)	(172,753)
FUND BALANCE - Beginning of Year	327,814	327,814	327,814	-
FUND BALANCE - END OF YEAR	\$ 327,814	\$ 327,814	\$ 155,061	\$ (172,753)

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Cemetery Lot Maintenance Permanent Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ 55,000	\$ 55,000	\$ 129,115	\$ 74,115
Miscellaneous	-	-	18,017	18,017
Total Revenues	55,000	55,000	147,132	92,132
EXPENDITURES				
General government	10,000	10,000	7,122	2,878
Excess of Revenues Over Expenditures	45,000	45,000	140,010	95,010
OTHER FINANCING USES				
Transfers out	(45,000)	(45,000)	(87,592)	(42,592)
Total Other Financing Uses	(45,000)	(45,000)	(87,592)	(42,592)
Net Change in Fund Balance	-	-	52,418	52,418
FUND BALANCE - Beginning of Year	1,077,567	1,077,567	1,077,567	-
FUND BALANCE - END OF YEAR	\$ 1,077,567	\$ 1,077,567	\$ 1,129,985	\$ 52,418

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Cemetery Specific Endowment Permanent Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income/(loss)	\$ 18,500	\$ 18,500	\$ 87,522	\$ 69,022
Miscellaneous	-	-	9,568	9,568
Total Revenues	18,500	18,500	97,090	78,590
EXPENDITURES				
General government	3,500	3,500	4,349	(849)
Excess of Revenues Over Expenditures	15,000	15,000	92,741	77,741
OTHER FINANCING USES				
Transfers out	(15,000)	(15,000)	(11,325)	3,675
Total Other Financing Uses	(15,000)	(15,000)	(11,325)	3,675
Net Change in Fund Balance	-	-	81,416	81,416
FUND BALANCE - Beginning of Year	704,187	704,187	704,187	-
FUND BALANCE - END OF YEAR	\$ 704,187	\$ 704,187	\$ 785,603	\$ 81,416

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Cemetery Trust Fund K Permanent Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ 12,000	\$ 12,000	\$ 26,538	\$ 14,538
EXPENDITURES				
General government	4,000	4,000	4,739	(739)
Excess of Revenues Over Expenditures	8,000	8,000	21,799	13,799
OTHER FINANCING USES				
Transfers out	(8,000)	(8,000)	(2,790)	5,210
Net Change in Fund Balance	-	-	19,009	19,009
FUND BALANCE - Beginning of Year	345,404	345,404	345,404	-
FUND BALANCE - END OF YEAR	\$ 345,404	\$ 345,404	\$ 364,413	\$ 19,009

CITY OF WAUKESHA, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library Endowment Permanent Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Public charges for services	\$ -	\$ -	\$ 7,835	\$ 7,835
Investment income	500	500	132	(368)
Miscellaneous	14,500	14,500	14,615	115
Total Revenues	15,000	15,000	22,582	7,582
EXPENDITURES				
Culture and recreation	10,250	10,250	22,621	(12,371)
Capital outlay	-	-	2,639	(2,639)
Total Expenditures	10,250	10,250	25,260	(15,010)
Net Change in Fund Balance	4,750	4,750	(2,678)	(7,428)
FUND BALANCE - Beginning of Year	38,725	38,725	38,725	-
FUND BALANCE - END OF YEAR	\$ 43,475	\$ 43,475	\$ 36,047	\$ (7,428)

CITY OF WAUKESHA, WISCONSIN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
H. B. Mills Recreation Permanent Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	\$ 400	\$ 400	\$ 88	\$ (312)
EXPENDITURES				
Culture and recreation	-	-	-	-
Excess of Revenues Over Expenditures	400	400	88	(312)
OTHER FINANCING USES				
Transfers out	(400)	(400)	(96)	304
Net Change in Fund Balance	-	-	(8)	(8)
FUND BALANCE - Beginning of Year	28,417	28,417	28,417	-
FUND BALANCE - END OF YEAR	<u>\$ 28,417</u>	<u>\$ 28,417</u>	<u>\$ 28,409</u>	<u>\$ (8)</u>

CITY OF WAUKESHA, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
As of December 31, 2012

	Dental/Life Vision Insurance	Health Insurance	Property and Liability Insurance	Printing	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 262,228	\$ 5,850,949	\$ 1,107,262	\$ 183,287	\$ 7,403,726
Accounts receivable	-	78,357	-	-	78,357
Inventories	-	-	-	14,766	14,766
Prepaid items	10,803	13,000	1,404	-	25,207
Total Current Assets	273,031	5,942,306	1,108,666	198,053	7,522,056
Equipment	-	-	-	383,436	383,436
Less: Accumulated depreciation	-	-	-	(154,137)	(154,137)
Net Equipment	-	-	-	229,299	229,299
Total Assets	273,031	5,942,306	1,108,666	427,352	7,751,355
CURRENT LIABILITIES					
Accounts payable	-	681	-	18,938	19,619
Claims payable	9,891	609,656	-	-	619,547
Compensated absences	-	-	-	22,190	22,190
Due to other funds	145,704	-	1,005,081	-	1,150,785
Total Current Liabilities	155,595	610,337	1,005,081	41,128	1,812,141
NET POSITION					
Net investment in capital assets	-	-	-	229,299	229,299
Restricted for					
Unpaid claims and restricted deposits	117,436	5,331,969	103,585	-	5,552,990
Unrestricted	-	-	-	156,925	156,925
TOTAL NET POSITION	\$ 117,436	\$ 5,331,969	\$ 103,585	\$ 386,224	\$ 5,939,214

CITY OF WAUKESHA, WISCONSIN
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2012

	Dental/Life/ Vision Insurance	Health Insurance	Property and Liability Insurance	Printing	Totals
OPERATING REVENUES					
Charges for services	\$ 641,790	\$ 10,622,638	\$ 1,202,343	\$ 205,190	\$ 12,671,961
Other revenues	13	225,998	188,685	-	414,696
Total Operating Revenues	641,803	10,848,636	1,391,028	205,190	13,086,657
OPERATING EXPENSES					
Operation and maintenance	609,345	9,932,094	1,385,450	172,797	12,099,686
Depreciation	-	-	-	45,943	45,943
Total Operating Expenses	609,345	9,932,094	1,385,450	218,740	12,145,629
Operating Income (Loss)	32,458	916,542	5,578	(13,550)	941,028
Transfers in	-	293,719	-	-	293,719
CHANGES IN NET POSITION	32,458	1,210,261	5,578	(13,550)	1,234,747
NET POSITION - Beginning of Year	84,978	4,121,708	98,007	399,774	4,704,467
NET POSITION - END OF YEAR	\$ 117,436	\$ 5,331,969	\$ 103,585	\$ 386,224	\$ 5,939,214

CITY OF WAUKESHA, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

	Dental/Life/ Vision Insurance	Health Insurance	Property and Liability Insurance	Printing	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund services provided	\$ 641,803	\$ 10,920,536	\$ 1,391,028	\$ 205,190	\$ 13,158,557
Cash paid to suppliers	(471,501)	(10,134,241)	(380,913)	(105,058)	(11,091,713)
Cash paid to employees	-	-	-	(52,047)	(52,047)
Net Cash Provided (Used) by Operating Activities	170,302	786,295	1,010,115	48,085	2,014,797
Cash Flows from Noncapital Financing Activities					
Transfers in	-	293,719	-	-	293,719
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	-	-	-	(46,934)	(46,934)
Change in Cash and Cash Equivalents	170,302	1,080,014	1,010,115	1,151	2,261,582
Cash and Cash Equivalents - January 1	91,926	4,770,935	97,147	182,136	5,142,144
Cash and Cash Equivalents - December 31	\$ 262,228	\$ 5,850,949	\$ 1,107,262	\$ 183,287	\$ 7,403,726
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 32,458	\$ 916,542	\$ 5,578	\$ (13,550)	\$ 941,028
Adjustments to reconcile operating income (loss) to net cash provided by operations					
Depreciation	-	-	-	45,943	45,943
Changes in assets and liabilities					
Accounts receivable	-	71,900	-	-	71,900
Inventories	-	-	-	202	202
Prepaid items	443	27,706	-	-	28,149
Accounts payable	(8,303)	(229,853)	(544)	18,938	(219,762)
Due to other funds	145,704	-	1,005,081	-	1,150,785
Other current liabilities	-	-	-	(3,448)	(3,448)
Net Cash Provided by Operating Activities	\$ 170,302	\$ 786,295	\$ 1,010,115	\$ 48,085	\$ 2,014,797
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and investments	\$ 262,228	\$ 5,850,949	\$ 1,107,262	\$ 183,287	\$ 7,403,726
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 262,228	\$ 5,850,949	\$ 1,107,262	\$ 183,287	\$ 7,403,726
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
None					