

**VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin**

**Comprehensive Annual Financial Report
Year Ended December 31, 2012**

**Prepared by Financial Services Department
Jason A. Kaczmarek, CPA - Finance Director**

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comprehensive Annual Financial Report
Year Ended December 31, 2012

Table of Contents

	<u>Page(s)</u>
Introduction:	
Transmittal Letter	1-4
Organizational Chart	5
Directory of Officials	6
Certificate of Achievement - Financial Reporting	7
Financial Section:	
Independent Auditor's Report	8-9
Management's Discussion and Analysis (required supplementary information)	10-21
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund	28
Statement of Net Position - Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	31-32
Statement of Net Position - Fiduciary Fund	33
Notes to Financial Statements	34-74
Required Supplementary Information	
Schedule of Funding Progress of Net OPEB Obligation	75
Combining and Individual Fund Statements and Schedules:	
Comparative Balance Sheets - General Fund	76
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - General Fund	77-78
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Debt Service Fund	79
Combining Balance Sheet - Non-major Governmental Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	81
Combining Balance Sheet - Special Revenue Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Special Revenue Funds	83
Combining Balance Sheet - Capital Projects Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Capital Projects Funds	85
Comparative Statements of Net Position - Sewer Utility	86
Comparative Statements of Revenues, Expenses and Changes in Net Position - Sewer Utility	87
Comparative Statements of Cash Flows - Sewer Utility	88-89

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comprehensive Annual Financial Report
Year Ended December 31, 2012

Table of Contents
(Continued)

	<u>Page(s)</u>
Financial Section (Continued):	
Combining and Individual Fund Statements and Schedules (Continued):	
Comparative Statements of Net Position - Water Utility	90
Comparative Statements of Revenues, Expenses and Changes in Net Position - Water Utility	91
Comparative Statements of Cash Flows - Water Utility	92-93
Comparative Statements of Net Position - Storm Water Utility	94
Comparative Statements of Revenues, Expenses and Changes in Net Position - Storm Water Utility	95
Comparative Statements of Cash Flows - Storm Water Utility	96-97
Comparative Statements of Net Position - Risk Management Fund	98
Comparative Statements of Revenues, Expenses and Changes in Net Position - Risk Management Fund	99
Comparative Statements of Cash Flows - Risk Management Fund	100
Statement of Changes in Assets and Liabilities - Agency Fund	101
Other Supplementary Information:	
Schedule of Long-term Obligations	102-103
Statistical Section:	
Net Position by Component	104
Changes in Net Position - Summary	105
Changes in Net Position - Expenses by Function	106
Changes in Net Position - Summary of Program Revenues by Type	107
Changes in Net Position - Charges for Services by Function	108
Changes in Net Position - Operating Grants and Contributions by Function	109
Changes in Net Position - Capital Grants and Contributions by Function	110
Changes in Net Position - General Revenues and Other Changes in Net Assets	111
Fund Balances - Governmental Funds	112
Changes in Fund Balances - Governmental Funds - Summary	113
Changes in Fund Balances - Governmental Funds - Revenues	114
Changes in Fund Balances - Governmental Funds - Expenditures	115
Changes in Fund Balances - Governmental Funds - Revenues - Other Financing Sources (Uses) and Other Changes in Fund Balance	116
Assessed and Estimated Actual Value of Taxable Property	117
Property Value and Construction Data	118
Direct and Overlapping Property Tax Rates	119
Ten Largest Assessed Valuations	120
Property Tax Levies and Collections	121
Ratio of Outstanding Debt by Type to Personal Income and Property Value	122
Ratio of General Outstanding Debt to Equalized Valuation and Debt Per Capita	123
Sewer Utility Revenue Bond Coverage	124
Water Utility Revenue Bond Coverage	125
Computation of Legal Debt Margin	126
Computation of Direct and Overlapping Debt	127
Demographic and Economic Statistics	128
Principal Employers	129
Full Time Equivalent Employees by Function	130
Operating Indicators and Information About Capital Assets by Function/Department	131-132

INTRODUCTION



Village of Menomonee Falls
W156 N8480 Pilgrim Road
Menomonee Falls, WI 53051-3140
Telephone: (262) 532-4200
www.menomonee-falls.org

July 10, 2013

Citizens of Menomonee Falls
Members of the Board of Trustees

Wisconsin Statutes and the Wisconsin Administrative Code require that municipalities with a population greater than 25,000 publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to those requirements, the Comprehensive Annual Financial Report of the Village of Menomonee Falls for the fiscal year ended December 31, 2012 is hereby submitted.

The Village retained the services of Reilly, Penner & Benton, LLP to perform its audit. Based upon standard audit procedures, Reilly, Penner & Benton, LLP has issued an unqualified opinion on the Village's financial statements for the year ended December 31, 2012. The auditor's opinion is located at the front of the financial section of this report.

This report was prepared to provide the Village Board, Village staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition of Village government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Village.

This report was prepared by the Village's Financial Services Department and contains representations concerning the finances of the Village. We believe the data, as presented, is accurate in all material respects, and is organized in a manner designed to present fairly the financial position and results of operations of the Village as measured by the financial activity of its various funds and account groups. We also believe that all disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The financial section of this report includes Management's Discussion and Analysis (MD&A), an overview of the basic financial statements. The Village's MD&A can be found immediately following the report of the independent auditors. This letter of transmittal is designed to complement MD&A, and should be read in conjunction with it.

VILLAGE PROFILE

The Village of Menomonee Falls is located in Waukesha County directly northwest of the City of Milwaukee, in the southeast corner of Wisconsin. Incorporated in 1892, the Village of Menomonee Falls covers approximately 33.3 square miles and has a population of 35,680 (per the State of Wisconsin Department of Administration). Approximately one third of the Village remains undeveloped.

VILLAGE PROFILE (continued)

The governing and legislative body of the Village is the seven member Village Board. The Village operates under the council/manager form of government whereby the appointed Village Manager is responsible for the day-to-day operations of the Village, the appointment of administrative staff members, and the supervision of all Village employees.

The Village provides typical municipal services including: police, fire, emergency dispatch and ambulance services; public works activities such as highway and street maintenance, refuse and recycling collection; recreational activities such as parks, public library and historical center; community development activities including planning and zoning enforcement, economic development, and general administrative and financial services. The Village operates Water, Sewer and Storm Water utilities as enterprise funds. Risk management services for property liability are accounted for in the Village's Internal Service Fund.

For financial reporting purposes, all funds involved in the provision of these services are included if the Village is financially accountable. Financial accountability is determined by several different factors including fiscal dependence, ability to impose its will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal status. After careful evaluation, the Village has included in this financial report all funds of the Village, including the Sewer, Water, and Storm Water Utilities, as well as one discretely presented component unit, the Community Development Authority (CDA).

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

The Village's accounting records for governmental and agency funds are based upon the modified accrual basis, with revenues recorded when available and measurable and expenditures recorded when the services and goods are received and the liabilities are incurred. Accounting records for the Village's utilities are maintained on the accrual basis.

In developing the Village's overall accounting system, consideration was given to the adequacy of the internal accounting control structure. Internal controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial resources for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Village's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Village Board policy provides for adoption of an annual budget prepared by management. The budget, as adopted by the Board, is intended to appropriate expenditures on a program or functional basis. The Village Manager is granted authority to allow the expenditure level for a specific department to exceed the budget amount, provided that the overall program or functional appropriation is not exceeded. Amendments to the adopted General Fund Budget, at the function level or in total, require the approval of the Village Board.

The annual capital budget summarizes long range plans for infrastructure and major equipment purchases. The adopted capital budget is the basis for debt issuance. The Village works closely with financial advisors from Hutchinson, Schockey, Erley & Company in the management of overall debt. Additional information related to Village debt can be found in Footnote 3-F.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The fiscal health of a municipality can be assessed in several ways: current growth, preparation for the future, and the results of operations. The Village continues to forge new directions and is emerging as a regional leader in economic innovation. The Village views current low borrowing rates and lower property prices as opportunities. Using a variety of financing tools such as impact fees, tax incremental financing, municipal revenue obligations, and close partnerships with business, the Village is preparing for a more robust economic future.

Overall housing starts in 2012 increased sharply with 20 more homes constructed than the previous year and the Village accounted for over 10% of all the new home construction in Waukesha County (53 of the 524). Menomonee Falls ranked third in new home starts in Waukesha County and had the second highest average value when considering the communities with more than 20 new home starts. The high value and consistent volume of new construction verifies that demand for residential property in the Village is increasing as the economy improves.

The Village aggressively uses Tax Incremental Financing Districts (TIDs) as catalysts for development. The Village Board policy of working for continued growth is evident in its commitment to capital expenditures in the TIDs. Despite the current economy, the Village issued additional debt in 2012 for projects in the TIDs. During 2012, the Village entered into a development agreement with Kohl's Department Stores to expand their operations and build a new 900,000 square foot corporate campus in TID #10. The value of this new campus will be at least \$90 million and could create more than 3,000 jobs over the coming years. Also of significant note is the 92,000 square foot facility currently under construction in TID #8. The building will be occupied by Froedert Health and the Wisconsin Athletic Club.

In 2012 the Village's equalized value decreased 3% and is a direct reflection of the continuing economic problems in the country. The number of permits issued in 2012; though, was up slightly, marked by a spike in new housing starts. The Village's 5.8% unemployment rate is well below that of the State of Wisconsin's 6.9%. We expect these percentages to improve in the future as projects are completed. Additionally, the Village's manufacturing assessed real estate value in 2012 ranked third in the State. With over \$300 million in manufacturing assessed value, Menomonee Falls only trails Milwaukee and Green Bay. From a growth perspective, the Village features the fifth highest rate of industrial assessed value growth over the previous year (2.39%) when compared to the other nine top valued municipalities.

Financial Policies

The Village continues to follow basic short-term and long-term planning policies. In the short-term, the Village philosophy is one of conservative stability towards budgets, taxes and utility user charges. Long range planning focuses on the maintenance and protection of Village infrastructure and a commitment towards growth.

The Village Board is committed to maintaining an unassigned General Fund balance of around 3 months of operating expenditures. As of December 31, 2012, the unassigned General Fund balance approximated 3.1 months of 2013 budgeted expenditures, providing a reasonable cushion for unanticipated emergencies.

One of the primary impacts of the economic down turn has been in the area of earnings on investments. Although earnings on investment income are negligible compared to prior years, management continues to follow a conservative approach to investing excess funds, placing safety and liquidity before return on investment.

FACTORS AFFECTING FINANCIAL CONDITION

Financial Planning

The Village continually updates its long-range development and financial plans. The local road improvement program is based upon assessment of local road conditions together with the age and condition of the underlying utility infrastructure. The Village relies on an Overall Economic Development Plan, Comprehensive Outdoor Recreation Plan, and Impact fee studies, to provide a basis for the development of new parks, utility structures and fire stations.

The Village policy towards budget and tax stabilization prompted the development of an internal Revolving Capital Loan program which provides departments with an interest-free method of funding large equipment and vehicle purchases with amortized repayments included in the operating budget. Consolidation of the Municipal Facilities Fund with the Revolving Capital Loan Fund at the end of 2010 provided combined resources for the primary government as a whole, further evidence of the Village Board's commitment toward control of debt and user fee stabilization in the utilities.

By necessity, long range planning includes assessment of future debt issuance in conjunction with current debt service requirements. Village debt policies are designed to comply with requirements of Wisconsin State Statutes, and bond covenants, while maintaining the highest bond rating possible. Management reviews capital planning and resultant bond issuance in light of resources on hand and effect on future cash flows. The Village maintains a solid Aa2 general obligation bond rating from Moody's Investors Service, based upon its healthy fund balance, conservative financial management and aggressive debt repayment schedules.

CERTIFICATE OF ACHIEVEMENT

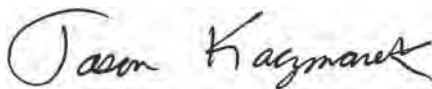
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Menomonee Falls for its comprehensive annual financial report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTs

The preparation of this report was made possible by the dedicated services of the entire staff of the Village of Menomonee Falls Finance Department and the advice of the Village's independent auditors, Reilly, Penner & Benton, LLP. Appreciation is expressed to Village employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

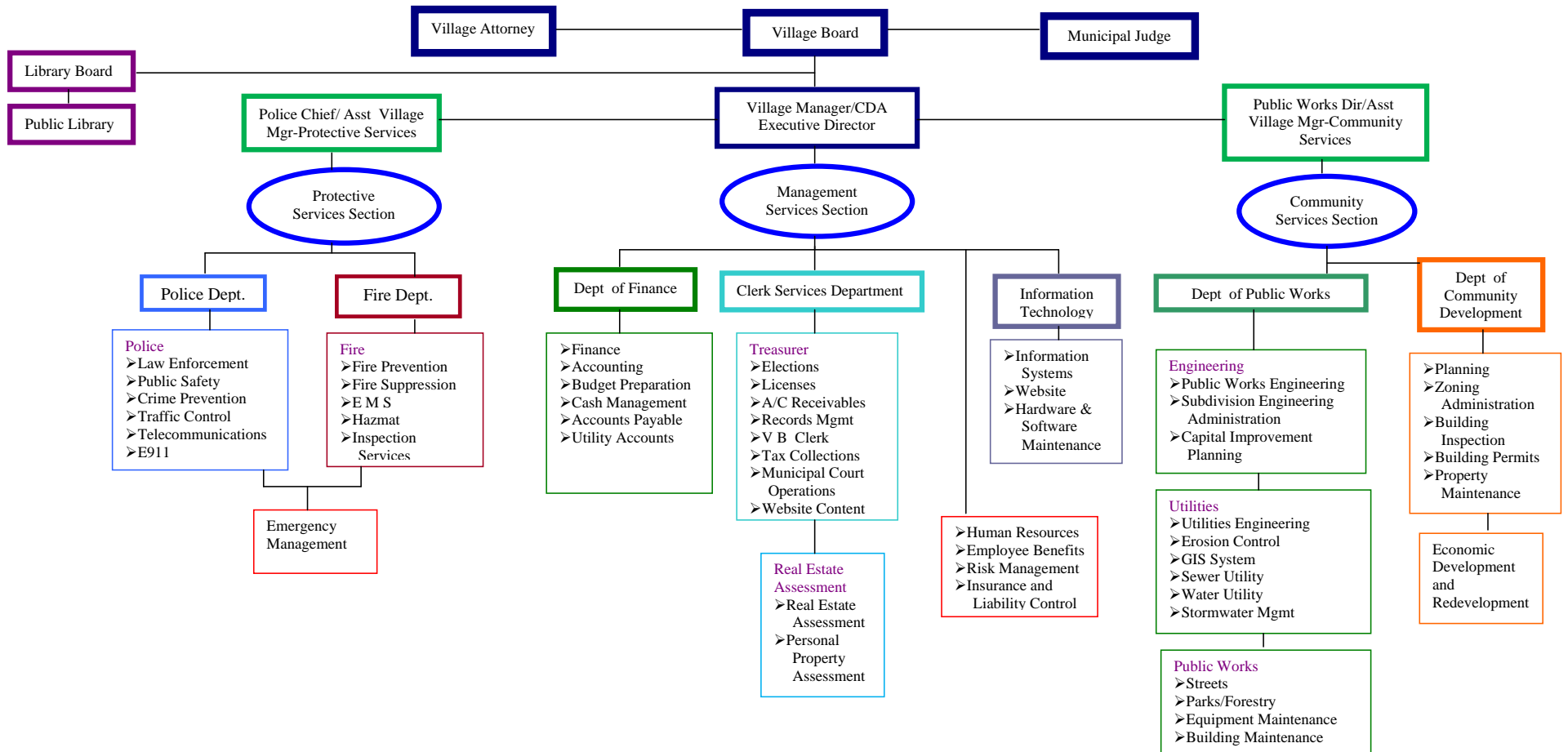
Respectfully submitted,

A handwritten signature in black ink that reads "Jason Kaczmarek". The signature is written in a cursive, flowing style.

Jason A Kaczmarek, CPA
Finance Director

VILLAGE OF MENOMONEE FALLS

Functional Organization Chart



VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Directory of Officials
As of December 31, 2012

Elected Officials:

Village Board:	<u>Title</u>	<u>Term Expires</u>
Randall R. Newman	President	April 2015
Michael K. McDonald	Trustee	April 2013
Jeffrey R. Steliga	Trustee	April 2013
Sharon K. Ellis	Trustee	April 2014
Dennis M. Farrell	Trustee	April 2014
James A. Jeskewitz	Trustee	April 2014
Stephen C. Raymonds	Trustee	April 2013

Certified Public Accountants:

Reilly, Penner & Benton LLP, Milwaukee, Wisconsin

Bond Counsel:

Quarles & Brady, Milwaukee, Wisconsin

Financial Advisor:

Hutchinson, Schockey, Erley & Co., Milwaukee, Wisconsin

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Menomonee Falls
Wisconsin

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

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



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

Steven R. Volz
Thomas G. Wieland
David A. Grotkin
Joel A. Joyce



Brian J. Mechenich
Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse

INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Menomonee Falls
Menomonee Falls, Wisconsin

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

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.

Auditor's 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. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village'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 Village'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.

Opinion

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 unit, each major fund and the aggregate remaining fund information of the Village of Menomonee Falls, Wisconsin, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Menomonee Falls' financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, other supplementary information as listed in the table of contents and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The 2012 combining and individual fund financial statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, The Village of Menomonee Falls' basic financial statements for the year ended December 31, 2011, which are not presented with the accompanying financial statements. In our report dated July 10, 2012, we expressed unqualified opinions of the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information. In our opinion, the 2011 data included in the other supplementary information is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2011, taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reilly, Penner & Besten LLP

July 12, 2013
Milwaukee, Wisconsin

Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis provides management's overview and analysis of the Village's basic financial statements for the year ended December 31, 2012. This discussion is designed to: (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position, and (4) identify any changes in the Village's financial plan.

Please read it in conjunction with the transmittal letter beginning on page 1 and the Village's financial statements, which begin on page 22.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 22 and 23) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 24. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. These statements also include information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Village as a Whole – Government-wide Financial Statements

The analysis of the Village as a whole begins on page 22. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Village's net position and changes in them. Net position is the difference between what the citizens own and what the citizens owe in liabilities at one moment in time. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors play a significant role in determining the Village's overall position, such as changes in property tax base and the condition of the Village's capital assets (roads, buildings, water and sewer lines, etc.)

Two kinds of activities are reported in the Statement of Net Position and the Statement of Activities:

- Governmental activities include most of the Village's basic services, including police, fire, street maintenance, parks, library, and general administration. These services are supported primarily by property taxes, user fees, and state and federal grants.
- Business-type activities include the Water, Sewer and Storm Water Utilities. The Village charges a fee to customers to help cover all or most of the cost of water and sanitary sewer utility services. The Village funds storm water activities primarily through property taxes.

The Statement of Net Position and the Statement of Activities also include the financial information for a component unit of the Village, the Community Development Authority, a legally separate entity, over which the Village exercises significant control. Financial information for this entity is reported separately from the financial information of the primary government. Separately issued financial statements for this entity may be obtained from the Financial Services Department of the Village.

Reporting the Village's Most Significant Funds - Fund Financial Statements

The analysis of the Village's major funds begins on page 24, and provides detailed information about the most significant funds, not the Village as a whole. Some funds are required to be established by state law and bond covenants. However, the Village establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like donations). The Village's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general operations and the basic services it provides. Governmental fund information helps the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Reconciliations between the government-wide statements and the governmental fund statements are provided with the fund financial statements.

Proprietary Funds

Proprietary funds are financed and reported in a manner similar to normal business-type entities and are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Village's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Village uses an internal service fund (the other component of proprietary funds) to report self-insurance activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties other than the Village. These funds are not available to fund Village activities, and are therefore not reflected in the government-wide financial statements. The only fiduciary fund maintained by the Village is an agency fund, which is used to record assets collected on behalf of other taxing units.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 34 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other required supplementary information can be found on page 75 of this report. Combining and individual fund statements and schedules begin on page 76 of this report.

Government-wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Menomonee Falls, assets exceeded liabilities by \$247,152,518 as of December 31, 2012. The largest portion of the Village's net position (89%) reflects its investments in capital assets (e.g. land, building, equipment, improvements, construction in progress and infrastructure) less any outstanding debt used to acquire those assets. The Village uses these assets to provide service to citizens; consequently these assets are not available for future spending. It should be noted that the resources needed to pay debt related to capital assets must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities. An additional portion of the Village's net position, 8%, represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net position will be discussed in later sections of this analysis.

Condensed Net Position (in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:						
Capital assets	\$ 155.0	\$ 145.9	\$ 135.5	\$ 134.8	\$ 290.5	\$ 280.7
Other assets	84.3	82.9	22.3	23.4	106.6	106.3
Total assets	239.3	228.8	157.8	158.2	397.1	387.0
Liabilities:						
Long-term liabilities	80.2	77.2	10.4	10.0	90.6	87.2
Other liabilities	55.7	45.8	3.7	4.3	59.4	50.1
Total liabilities	135.9	123.0	14.1	14.3	150.0	137.3
Net Position:						
Invested in capital assets, net of related debt	84.8	94.1	126.6	126.3	211.4	220.4
Restricted	15.2	5.5	4.8	6.6	20.0	12.1
Unrestricted	3.4	6.2	12.3	11.0	15.7	17.2
Total net position	\$ <u>103.4</u>	\$ <u>105.8</u>	\$ <u>143.7</u>	\$ <u>143.9</u>	\$ <u>247.1</u>	\$ <u>249.7</u>

Changes in Net Position

Net position of the Village as a whole decreased by \$2,560,789 or 1%.

During 2012 the net position of governmental activities decreased 2.3% to \$103,464,235. Restricted assets include \$8,718,485 for debt service and \$3,605,412 for capital projects including TIDs, and \$3,016,358 for special revenue fund purposes. The Unrestricted net position of governmental activities amounts to \$3,353,935.

Net position of business activities totaled \$143,688,283 as of December 31, 2012. Business-type net position totaling \$4,837,262 are restricted for capital projects, operations and maintenance, and depreciation. The Village may use the unrestricted net position totaling \$12,262,744 to finance continuing operations and capital projects of the utilities.

All governmental revenues other than program revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Changes in Net Position

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8.8	\$ 7.3	\$ 15.7	\$ 14.9	\$ 24.5	\$ 22.2
Operating grants and contributions	2.6	2.4	-	-	2.6	2.4
Capital grants and contributions	1.7	0.8	1.1	1.2	2.8	2.0
General revenues:						
Property taxes	26.1	25.8	1.2	1.2	27.3	27.0
Unrestricted grants and contributions	1.1	1.2	-	-	1.1	1.2
Investment earnings	0.1	0.1	-	0.1	0.1	0.2
Other revenues	(4.0)	0.1	0.1	-	(3.9)	0.1
Total revenues	<u>36.4</u>	<u>37.7</u>	<u>18.1</u>	<u>17.4</u>	<u>54.5</u>	<u>55.1</u>
Expenses:						
General government	4.9	4.4	-	-	4.9	4.4
Public safety	14.0	14.3	-	-	14.0	14.3
Public works	8.5	8.6	-	-	8.5	8.6
Culture and recreation	3.1	3.3	-	-	3.1	3.3
Conservation and development	5.3	7.3	-	-	5.3	7.3
Interest on long-term debt	3.0	3.0	-	-	3.0	3.0
Sewer Utility	-	-	10.2	9.4	10.2	9.4
Water Utility	-	-	6.7	6.7	6.7	6.7
Storm Water Utility	-	-	1.4	1.4	1.4	1.4
Total expenses	<u>38.8</u>	<u>40.9</u>	<u>18.3</u>	<u>17.5</u>	<u>57.1</u>	<u>58.4</u>
Increase (decrease) in net position	<u>(2.4)</u>	<u>(3.2)</u>	<u>(0.2)</u>	<u>(0.1)</u>	<u>(2.6)</u>	<u>(3.3)</u>
Net position, beginning of year	105.8	109.0	143.9	144.0	249.7	253.0
Net position, end of year	<u>\$ 103.4</u>	<u>\$ 105.8</u>	<u>\$ 143.7</u>	<u>\$ 143.9</u>	<u>\$ 247.1</u>	<u>\$ 249.7</u>

Governmental activities decreased net position by \$2,356,794. Significant changes in revenues and expenses were as follows:

Revenues:

Charges for services totaled \$8,774,008, an increase of \$1,490,107 from 2011. Nearly all of this change is due to an increase in landfill tipping fees. See additional comments under the Municipal Facilities and Equipment Fund section below.

Capital grants and contributions totaled \$1,714,561, an increase of \$941,435 from 2011. \$702,832 of this is due to a one-time infrastructure contribution from the State for the reconstruction of Mill Rd. Special assessments were significantly higher in 2012.

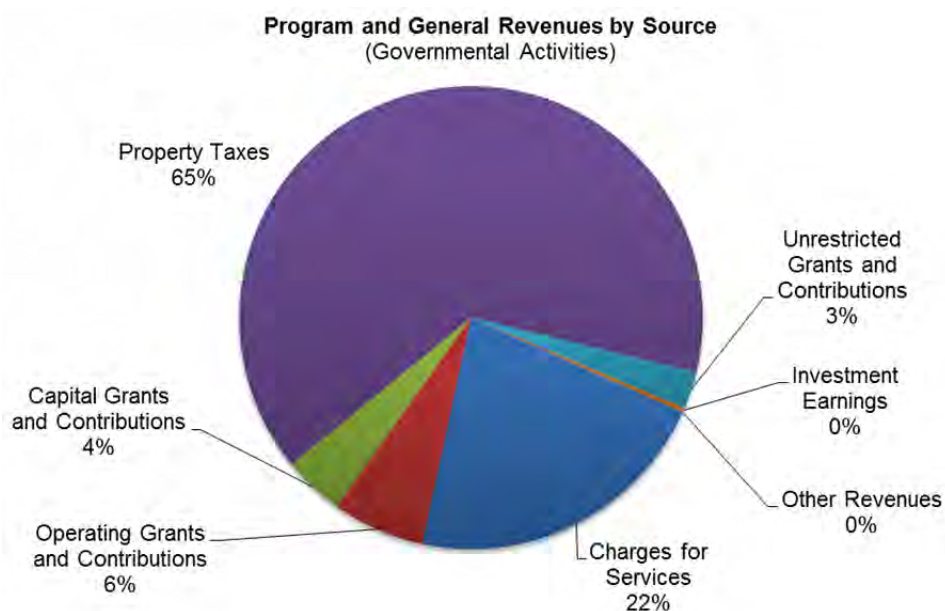
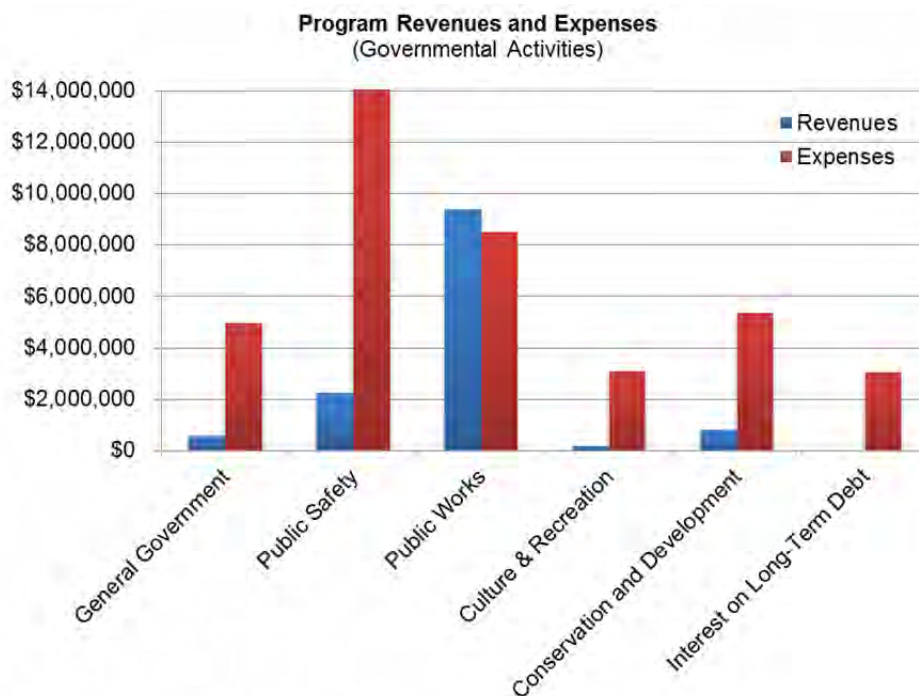
Other revenues totaled \$(3,818,305), a decrease of \$3,951,015 from 2011. This negative number represents the conveyance of land in TID #8 to developers. TID #8 needed significant environmental remediation before it was suitable for redevelopment.

Expenses:

Governmental expenses totaled \$38,941,171, a decrease of \$2,035,182 from 2011. The decrease is due to overall lower spending in the TID funds compared to 2011. TID #8 environmental cleanup expenses were significantly higher in 2011, but this was partially offset by development incentives in TID #10 during 2012.

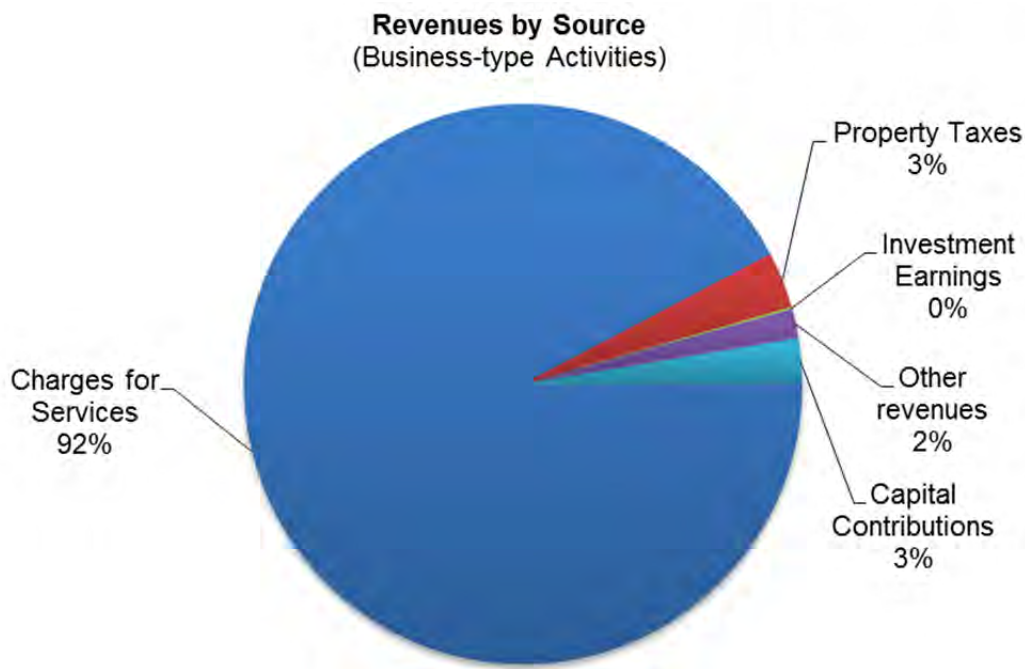
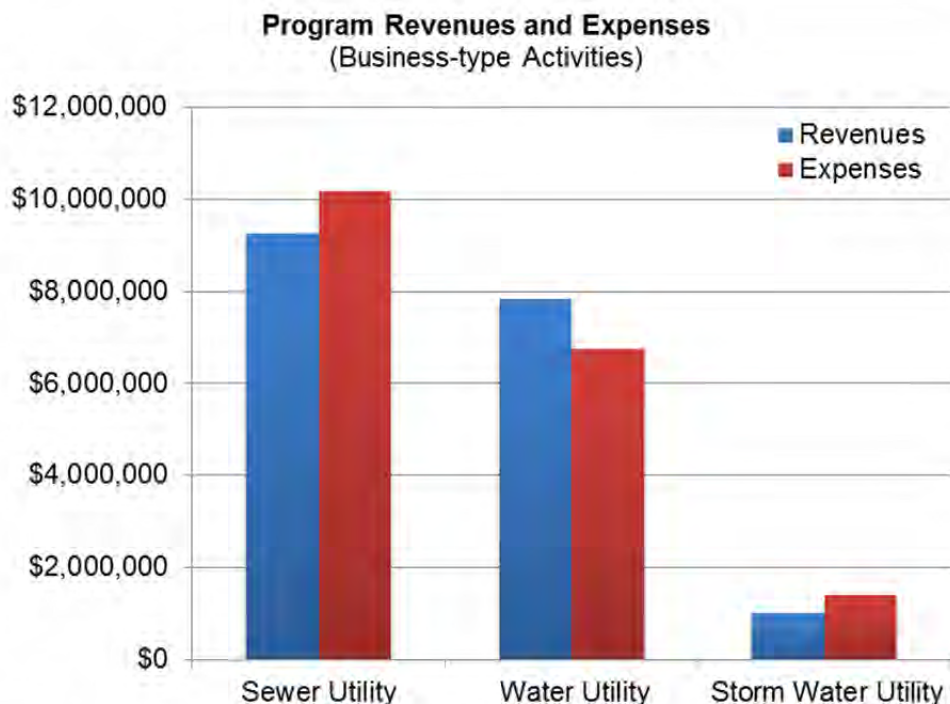
The Village is aggressively dealing with street and road deterioration, spending approximately \$3.5 million in 2012 on road construction and repairs. Funding for the construction and repairs came from the tax levy and a debt issuance.

Governmental expenses included \$3,758,831 in depreciation expense.



Business-Type Activities

Business-type activities, which include the operations of the sewer, water and storm water utilities, accounted for a decrease of \$203,995 in the Village's net position. Total expenses exceeded charges for services by \$2,605,009. The deficit was mostly offset by a tax levy of \$1,231,250, capital grants and contributions totaling \$1,083,645, and general revenues totaling \$86,119.



Sewer Utility

The Sewer Utility reported a net operating loss of \$1,522,022 for 2012, a \$480,147 decrease from the \$1,041,875 loss reported in 2011. The Utility had an overall decrease in net position totaling \$915,576, a \$497,498 decrease over the net decrease in 2011 of \$418,098. Note that capital contributions can vary widely from year-to-year since they are dependent on the completion of developer projects in the Village. Capital contributions for 2012 were \$121,963 less than in 2011 which is a contributing factor in this year's decrease in net position.

Charges for services increased \$239,428 or 2.9% which is due to an increase in water consumption. Investment earnings continue to be minimal due to the economic recession. The Sewer Utility capitalized \$134,321 of improvements during 2012 of which \$42,748 were contributed by developers. The majority of the improvements are related to the Section 31 sanitary sewer and pump station project.

Operating expenses totaled \$10,048,631, an increase of \$719,575 (7.7%). The majority of that increase is due to an increase in MMSD charges. Direct operating expenses increased 11.4% and administrative expenses decreased 5%. Depreciation expense decreased 1.8% primarily due to some older assets becoming fully depreciated. The Village contracts with other municipalities for sewerage treatment. The largest vendor servicing the Village is Metropolitan Milwaukee Sewerage Treatment District (MMSD). In 2012, the Village paid MMSD \$1,765,091 for user charges, a 2.9% increase, and \$5,138,272 for capital charges, a 13% increase from 2011.

Sewer Utility Activity Summary (in millions of dollars)

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Charges for services	\$ 8.5	\$ 8.3	\$ 0.2
Operating expenses	10.0	9.3	0.7
Operating income	<u>(1.5)</u>	<u>(1.0)</u>	<u>(0.5)</u>
Non-operating income	0.4	0.2	0.2
Capital contributions	0.2	0.4	(0.2)
Net increase (decrease) in net position	<u>(0.9)</u>	<u>(0.4)</u>	<u>(0.5)</u>
Net position, beginning of year	66.8	67.2	(0.4)
Net position, end of year	<u>\$ 65.9</u>	<u>\$ 66.8</u>	<u>\$ (0.9)</u>

Water Utility

The Water Utility reported net operating income of \$690,764 for 2012, an increase from the \$271,467 reported in 2011. Operating revenues of the Water Utility totaled \$7,097,796 for 2012, a 7.9% increase over the \$6,577,855 reported in 2011. The increase in charges for services is attributable to the drought conditions we had in 2012 during the summer, as people were watering their lawns more often. Operating expenses totaled \$6,407,032, an increase of \$100,644 (1.6%). Real estate taxes paid to the Village in 2012 were \$88,036 or 7.3% higher than in 2011. Overall 2012 net income totaled \$1,105,351, an increase of \$608,455 over the \$496,896 reported in 2011. The additional income is attributable to the increase in charges for services as noted above.

The Water Utility capitalized \$3,413,679 of improvements during 2012, of which \$476,722 were contributions from developers. The majority of the capitalized improvements were related to the continued replacement of old utility infrastructure. In addition, a significant amount is attributable to the repainting of the Kohler water tower as well as further construction of well #10.

The Village purchases water from Milwaukee Water Works and supplements with water from Village deep wells. The Village paid \$1,577,018 to Milwaukee Water Works in 2012, a 7% increase from 2011. This increase is attributable to an increase in consumption.

Water Utility (continued)

Water Utility Activity Summary (in millions of dollars)

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Charges for services	\$ 7.1	\$ 6.6	\$ 0.5
Operating expenses	<u>6.4</u>	<u>6.3</u>	<u>0.1</u>
Operating income	<u>0.7</u>	<u>0.3</u>	<u>0.4</u>
Non-operating income	(0.2)	(0.2)	-
Capital contributions	<u>0.6</u>	<u>0.4</u>	<u>0.2</u>
Net increase (decrease) in net position	<u>1.1</u>	<u>0.5</u>	<u>0.6</u>
Net position, beginning of year	<u>55.3</u>	<u>54.8</u>	<u>0.5</u>
Net position, end of year	<u>\$ 56.4</u>	<u>\$ 55.3</u>	<u>\$ 1.1</u>

Storm Water Utility

The Storm Water Utility reported a net operating loss of \$306,583 for 2012 which is similar to the \$327,013 loss reported in 2011. The 2012 net loss (before capital contributions) totaled \$393,770, also similar to 2011. The overall decrease in net position for 2012 is \$393,770, \$209,042 more than the \$184,7281 loss reported in 2011. This change is nearly all attributable to one-time capital contributions received in 2011, but none in 2012. Capital contributions can vary widely from year-to-year since they are dependent on the completion of developer projects in the Village.

The Storm Water Utility capitalized \$674,461 of improvements during 2012, none of which was contributed from developers. Some of the larger amounts are attributable to construction on Duke St. and Park Blvd.

The Storm Water Utility is funded primarily through property taxes.

Operating revenues of the Storm Water Utility totaled \$959,510 for 2012, a slight decrease from 2011. Operating expenses totaled \$1,266,093, a slight decrease from 2011.

Storm Water Utility Activity Summary (in millions of dollars)

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Property taxes and charges for services	\$ 0.9	\$ 1.0	\$ (0.1)
Operating expenses	<u>1.3</u>	<u>1.3</u>	<u>-</u>
Operating income	<u>(0.4)</u>	<u>(0.3)</u>	<u>(0.1)</u>
Capital contributions	<u>-</u>	<u>0.2</u>	<u>(0.2)</u>
Net increase (decrease) in net position	<u>(0.4)</u>	<u>(0.1)</u>	<u>(0.3)</u>
Net position, beginning of year	<u>21.9</u>	<u>22.0</u>	<u>(0.1)</u>
Net position, end of year	<u>\$ 21.5</u>	<u>\$ 21.9</u>	<u>\$ (0.4)</u>

Fund Financial Analysis

Fund financial reporting, beginning on page 24, focuses on short-term spendable resources and fund balances available for future use.

Governmental Funds

As of December 31, 2012, Village governmental funds reported a combined fund balance of \$47,581,622, \$2,696,804 more than last year's total of \$44,884,818. The increase includes \$8.4 million in refunding bond proceeds being held in escrow. Without that particular refunding issuance, the combined fund balance actually decreased \$5.7 million. This decrease is mostly attributable to the environmental remediation expenditures incurred in TID #8 as well as land acquisition and other development transactions in TID #10.

General Fund

The fund balance of the General Fund amounted to \$9,265,584, essentially the same as the prior year balance of \$9,246,770. The total General Fund balance equates to 3.1 months of 2013 budgeted expenditures.

Revenues for the General Fund are primarily property taxes. The Village received \$318,227 less in state shared revenues and state transportation aid, although this was offset by a slight increase in tax revenue, increased interest on advances to TID funds, as well as minor increases in other revenues. Earnings on investments continue to be insignificant to overall operations due to the current economic situation.

General Fund expenditures were \$820,083 less than budgeted. Some of the larger savings include:

- Layoffs in the Building Maintenance, Streets, and Parks departments;
- Higher than expected public works and engineering work done for the Village Utilities and also for external developments going on in the Village;
- Lower than expected fuel costs.

Debt Service Fund

The Debt Service Fund balance increased \$8,682,512 to \$8,718,485. \$8.4 million of this increase is due to refunding bond proceeds being held in escrow. The remaining increase is due to the deposit of new debt issuance premiums that have been set aside for future debt service. Annual debt service requirements were met primarily by property taxes levied of \$2,394,007 and transfers from other governmental funds of \$7,137,742.

Municipal Facilities and Equipment Fund (MFEF)

The MFEF continues to be a strong asset to the Village. During 2012 the MFEF added almost \$2.7 million to its fund balance which ended up at just a little over \$8.8 million. Landfill tipping fees were unexpectedly strong at \$4.5 million for 2012, which is \$1.7 million higher than budget. The unexpected increase resulted from the landfill's acceptance of material from some large-volume soil and material removal projects, one of which was the TID #8 cleanup.

Tax Incremental Financing District #6 – Main Street

As of December 31, 2012, approximately \$14.1 million of the notes receivable balance relates to a note that was signed in 2010 by a hotel developer within TID #6. A \$1.2 million principal reduction payment was received from the developer in June 2011. This amount will be released in 2014 when the debt that was used to finance the original receivable becomes due. The Village expects to receive the entire amount of the receivable. Any shortfalls that may arise in the future would be recovered by future tax increment revenues of TID #6. The Village holds a first mortgage on the property.

Tax Incremental Financing District #6 – Main Street (continued)

In late 2011 the hotel went into receivership and the Village is still involved in legal proceedings on the property. Under the court appointed receiver, any revenues generated by the hotel are to be controlled by the receiver so that the receiver can pay the expenses, including principal and interest, related to the property. Subsequent to the execution of a court order appointing receiver, the Village advanced \$140,692 to the hotel developer to pay certain operating costs of the Hotel. The purpose of this advance was to protect the Village's position in the Hotel's assets.

Tax Incremental Financing District #10

In July 2012 the Village signed a development agreement with Kohl's Department Stores. In accordance with that agreement, the Village began acquiring the land necessary for the development. During 2012 TID #10 spent over \$8.5 million on land acquisitions. TID #10 also spent a little over \$3.5 million on developer incentives, all according to the agreed-upon developer agreements. Funding for this activity came from the issuance of general obligation notes. In September 2012, TID #10 received \$10,025,000 from debt proceeds.

Proprietary Funds

The Sewer, Water and Storm Water Utilities were discussed in the Governmental-wide Analysis on pages 10-17.

Capital Assets

As of December 31, 2012, the Village had \$280.7 million invested in a broad range of capital assets including buildings, police, fire and public works equipment, roads, bridges, and water and sewer lines. (See table below) More information on capital assets is located in Note 3 E.

Capital Assets (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Non-depreciable assets:						
Land	\$ 90.8	\$ 88.0	\$ 0.6	\$ 0.6	\$ 91.4	\$ 88.6
Construction in progress	3.1	4.4	5.7	7.4	8.8	11.8
Total non-depreciable assets	93.9	92.4	6.3	8.0	100.2	100.4
Depreciable assets:						
Land improvements	4.0	3.8	1.0	1.0	5.0	4.8
Buildings and improvements	40.2	33.1	7.9	8.0	48.1	41.1
Equipment and furnishings	17.8	17.3	9.3	9.3	27.1	26.6
Infrastructure	41.7	38.3	168.3	163.2	210.0	201.5
Total depreciable assets	103.7	92.5	186.5	181.5	290.2	274.0
Less accumulated depreciation	42.6	39.0	57.4	54.7	100.0	93.7
Net depreciable assets	61.1	53.5	129.1	126.8	190.2	180.3
Total capital assets	\$ 155.0	\$ 145.9	\$ 135.4	\$ 134.8	\$ 290.4	\$ 280.7

The Village's 2012 capital budget anticipated a spending level of \$5.9 million for capital projects. The Village borrowed approximately \$4.6 million to fund these expenditures and designated \$1 million of the 2011 General Fund surplus to fund a significant portion of the budget. Cash on hand in other funds was also earmarked to make up the balance of the budget.

Capital Assets (continued)

Major changes in capital assets of governmental activities included the following:

Road construction (including developer contributions)	\$	2,740,718
Land and building purchases in TID #10		8,512,042
Land acquisition in TID #8		4,603,141

The most significant changes in capital assets of business type activities included the following:

Kohler Tower repainting	\$	3,324,595
Well #10 construction		2,086,195
Duke St infrastructure		382,074
Fleet Ave infrastructure		316,644

Long-term Debt

As of December 31, 2012, long-term debt outstanding totaled \$108 million compared to \$94 million at December 31, 2011, a net increase of \$14 million. The following debt issuances occurred in 2012:

General obligation debt	General capital projects	\$	4,610,000
General obligation debt	Refunding of 2002B bonds		6,400,000
General obligation debt	Refunding of 2003B bonds		7,950,000
General obligation debt	TID #5 refunding notes		1,850,000
General obligation debt	Tax incremental districts		10,025,000
		\$	<u>30,835,000</u>

Principal paid on outstanding debt totaled \$17,322,322, of which \$8,600,000 was for refinancing, and \$8,722,322 was paid toward principal reduction.

Information related to the 2012 Capital Budget and related borrowing is summarized as follows:

2012 sidewalk, road and curb and gutter program	\$	750,000
General reconstruction projects- streets, bridges, trails		1,970,000
Water Utility projects		1,640,000
Storm Utility projects		250,000
Total debt issuance	\$	<u>4,610,000</u>

Outstanding Debt, December 31 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds/notes	\$ 94.7	\$ 80.9	\$ 6.9	\$ 5.5	\$ 101.6	\$ 86.4
Mortgage revenue bonds	-	-	4.7	6.3	4.7	6.3
Bond/note anticipation notes	1.3	1.3	-	-	1.3	1.3
	<u>\$ 96.0</u>	<u>\$ 82.2</u>	<u>\$ 11.6</u>	<u>\$ 11.8</u>	<u>\$ 107.6</u>	<u>\$ 94.0</u>

Long-term Debt (continued)

The Village's general obligation bond rating is Aa2 by Moody's. The Water Utility mortgage revenue bonds are rated Aa3 from Moody's Investors Service. The outstanding Sewer Utility mortgage revenue bonds are actually clean water fund loans and are therefore not rated by Moody's.

State Statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized value. The current debt limit for the Village of Menomonee Falls is \$215,774,595. As of December 31, 2012 the Village had \$101,560,000 in outstanding general obligation debt, or 47% of the limit.

For more information related to long-term debt obligations, see Note 3 F. Other long-term obligations include accrued sick leave and OPEB obligation.

Economic Factors and Next Year's Budgets and Rates

Property taxes and state revenues make up almost 90% of the General Fund's budget. The 2013 General Fund operating budget increased 1% from 2012 which coincided with the 1% increase in property taxes. The increase in taxes was a result of new construction. The Village expects only a slight decrease in shared revenues and transportation aid.

The total assessed value for the Village increased \$32.8 million or 0.7%. Total assessed values for 2012 and 2011 were \$4,421,648,981 and \$4,388,814,210 respectively. The ratio of assessed values to equalized values was 102.46% as of January 1, 2012.

The Village as Trustee

The Village acts as Trustee for property taxes collected on behalf of other taxing units: the State of Wisconsin, Waukesha County, Menomonee Falls School District, Hamilton School District and Waukesha County Technical College. All of the Village's fiduciary activities are reported in the Statement of Net Position - Fiduciary Fund on page 33. The Village excludes these assets from other financial statements because the Village cannot use these assets to finance its operations.

Contacting Village Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If there are questions about this report or a need for further information, contact the Director of Financial Services, Village of Menomonee Falls, W156 N8480 Pilgrim Road, Menomonee Falls, Wisconsin, 53051.

BASIC FINANCIAL STATEMENTS

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Net Position
December 31, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets:				
Cash and equivalents	\$ 32,127,111	\$ 9,252,715	\$ 41,379,826	\$ 167,282
Investments	514,590	---	514,590	---
Taxes receivable	18,741,473	1,231,250	19,972,723	---
Special charges on the tax roll	1,311,737	585,614	1,897,351	---
Intergovernmental aid receivable	1,148,677	---	1,148,677	---
Accounts receivable	2,195,719	3,164,327	5,360,046	---
Internal balances	1,479,038	(1,479,038)	---	---
Inventories	188,319	122,989	311,308	---
Prepaid items	533,516	1,794	535,310	---
Notes receivable	14,571,349	---	14,571,349	717,351
Pledges receivable	10,619	---	10,619	---
Special assessments	1,529,974	---	1,529,974	---
Restricted assets:				
Cash and equivalents	8,374,271	5,682,988	14,057,259	---
Advances to enterprise funds	667,021	(667,021)	---	---
Unamortized debt issuance costs	923,763	56,064	979,827	---
Deferred charges	---	4,377,891	4,377,891	---
Capital assets:				
Land and construction in progress	93,859,765	6,302,464	100,162,229	---
Other capital assets net of accumulated depreciation	61,153,672	129,158,971	190,312,643	---
Total assets	\$ 239,330,614	\$ 157,791,008	\$ 397,121,622	\$ 884,633
Liabilities and Net Position:				
Liabilities:				
Accounts payable and accrued expenses	\$ 4,661,312	\$ 409,363	\$ 5,070,675	\$ 325
Incurred but not reported claims	76,759	---	76,759	---
Deposits	1,525,358	50,000	1,575,358	---
Unearned revenue	26,666,036	1,394,990	28,061,026	---
Liabilities payable from restricted assets:				
Current portion of revenue bonds	---	826,330	826,330	---
Accrued interest	---	19,396	19,396	---
Compensated absences - vacation due within one year	986,910	118,573	1,105,483	---
Compensated absences - sick leave due within one year	64,188	---	64,188	---
Compensated absences - sick leave more than one year	2,882,583	392,669	3,275,252	---
OPEB obligation	951,003	183,964	1,134,967	---
Bonds and notes - due within one year	21,650,416	887,748	22,538,164	---
Bonds and notes - due in more than one year	76,401,814	9,819,692	86,221,506	---
Total liabilities	135,866,379	14,102,725	149,969,104	325
Net Position:				
Net investment in capital assets	84,770,045	126,588,277	211,358,322	---
Restricted for:				
Capital projects	3,605,412	3,379,626	6,985,038	---
Debt service	8,718,485	36,781	8,755,266	---
Other	3,016,358	1,420,855	4,437,213	884,308
Unrestricted	3,353,935	12,262,744	15,616,679	---
Total net position	103,464,235	143,688,283	247,152,518	884,308
Total liabilities and net position	\$ 239,330,614	\$ 157,791,008	\$ 397,121,622	\$ 884,633

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Activities
Year Ended December 31, 2012

	Program Revenues				Net Revenue (Expense) and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business- type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 4,929,014	\$ 566,574	\$ ---	\$ ---	\$ (4,362,440)	\$ ---	\$ (4,362,440)	\$ ---
Public safety	14,059,166	1,639,585	487,864	107,000	(11,824,717)	---	(11,824,717)	---
Public works	8,508,057	5,779,785	1,977,282	1,604,161	853,171	---	853,171	---
Culture and recreation	3,082,115	120,513	41,352	---	(2,920,250)	---	(2,920,250)	---
Conservation and development	5,322,277	667,551	107,075	3,400	(4,544,251)	---	(4,544,251)	---
Interest on long-term debt	3,040,542	---	---	---	(3,040,542)	---	(3,040,542)	---
Total governmental activities	<u>38,941,171</u>	<u>8,774,008</u>	<u>2,613,573</u>	<u>1,714,561</u>	<u>(25,839,029)</u>	<u>---</u>	<u>(25,839,029)</u>	<u>---</u>
Business-type Activities:								
Sewer Utility	10,153,534	8,526,609	---	373,943	---	(1,252,982)	(1,252,982)	---
Water Utility	6,728,861	7,097,796	---	709,702	---	1,078,637	1,078,637	---
Storm Water Utility	1,375,279	28,260	---	---	---	(1,347,019)	(1,347,019)	---
Total business-like activities	<u>18,257,674</u>	<u>15,652,665</u>	<u>---</u>	<u>1,083,645</u>	<u>---</u>	<u>(1,521,364)</u>	<u>(1,521,364)</u>	<u>---</u>
Total primary government	<u>\$ 57,198,845</u>	<u>\$ 24,426,673</u>	<u>\$ 2,613,573</u>	<u>\$ 2,798,206</u>	<u>(25,839,029)</u>	<u>(1,521,364)</u>	<u>(27,360,393)</u>	<u>---</u>
Component Unit:								
Community Development Authority	\$ 18,436	\$ 16,354	\$ ---	\$ ---	---	---	---	(2,082)
General Revenues:								
Taxes:								
Property taxes levied for general purposes					18,235,109	---	18,235,109	---
Property taxes levied for utility purposes					---	1,231,250	1,231,250	---
Property taxes levied for debt service					2,394,007	---	2,394,007	---
Property taxes levied for TID districts					4,213,930	---	4,213,930	---
Payments in lieu of taxes - Water Utility					1,292,036	---	1,292,036	---
Grants and contributions not restricted to specific programs					1,047,409	---	1,047,409	---
Investment earnings					118,049	24,509	142,558	285
Interest on advances to utilities					25,232	---	25,232	---
Debt payments received					213,716	---	213,716	---
Loss on retirement of capital assets					(4,138,753)	(1,575)	(4,140,328)	---
Other revenues					81,500	63,185	144,685	---
Total general revenues					<u>23,482,235</u>	<u>1,317,369</u>	<u>24,799,604</u>	<u>285</u>
Change in net assets					<u>(2,356,794)</u>	<u>(203,995)</u>	<u>(2,560,789)</u>	<u>(1,797)</u>
Net position, beginning of year					105,821,029	143,892,278	249,713,307	886,105
Net position, end of year					<u>\$ 103,464,235</u>	<u>\$ 143,688,283</u>	<u>\$ 247,152,518</u>	<u>\$ 884,308</u>

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Balance Sheet - Governmental Funds
December 31, 2012

	General Fund	Debt Service Fund	Municipal Facilities and Equipment Fund	T.I.D. #6 Main Street	T.I.D. #10	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and equivalents	\$ 11,676,554	\$ 344,214	\$ 5,293,096	\$ 3,510,202	\$ 1,052,006	\$ 9,399,083	\$ 31,275,155
Restricted cash in escrow	---	8,374,271	---	---	---	---	8,374,271
Certificate of deposit	514,590	---	---	---	---	---	514,590
Accounts receivable:							
Taxes	10,552,494	2,336,230	---	48,524	---	5,804,225	18,741,473
Special charges on the tax roll	908	---	---	---	---	1,310,829	1,311,737
Intergovernmental aid	396,232	---	---	1,081	29,218	722,146	1,148,677
Special assessments	---	---	---	---	---	1,529,974	1,529,974
Accounts	830,309	---	1,131,734	140,692	---	51,734	2,154,469
Notes	---	---	---	14,129,157	---	442,192	14,571,349
Pledges	---	---	---	---	---	10,619	10,619
Other	---	---	---	---	---	889	889
Due from other funds	---	---	962,981	---	---	960,681	1,923,662
Advances to other capital projects funds	---	---	895,812	---	---	---	895,812
Prepaid items	527,216	---	---	---	---	6,300	533,516
Inventory of supplies, at cost	188,319	---	---	---	---	---	188,319
Advance to other governmental funds	4,945,801	---	---	---	---	432,849	5,378,650
Long-term advances to utilities	145,762	---	521,259	---	---	---	667,021
Total assets	<u>\$ 29,778,185</u>	<u>\$ 11,054,715</u>	<u>\$ 8,804,882</u>	<u>\$ 17,829,656</u>	<u>\$ 1,081,224</u>	<u>\$ 20,671,521</u>	<u>\$ 89,220,183</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 2,177,012	\$ ---	\$ ---	\$ ---	\$ 72,746	\$ 1,706,660	\$ 3,956,418
Accrued compensated absences	927,137	---	---	---	---	59,773	986,910
Deposits	119,235	---	---	1,206,845	---	199,278	1,525,358
Deferred revenue	17,248,906	2,336,230	---	49,605	29,218	8,763,433	28,427,392
Due to other funds	40,311	---	---	13,315	864	413,531	468,021
Long-term advances from other governmental funds	---	---	---	1,280,923	---	4,993,539	6,274,462
Total liabilities	<u>20,512,601</u>	<u>2,336,230</u>	<u>---</u>	<u>2,550,688</u>	<u>102,828</u>	<u>16,136,214</u>	<u>41,638,561</u>
Fund Balances:							
Nonspendable	2,498,367	---	1,417,071	14,129,157	---	439,149	18,483,744
Restricted	91,526	8,718,485	---	1,149,811	978,396	6,330,549	17,268,767
Committed	---	---	---	---	---	1,043,079	1,043,079
Assigned	---	---	7,387,811	---	---	11,584	7,399,395
Unassigned	6,675,691	---	---	---	---	(3,289,054)	3,386,637
Total fund balances	<u>9,265,584</u>	<u>8,718,485</u>	<u>8,804,882</u>	<u>15,278,968</u>	<u>978,396</u>	<u>4,535,307</u>	<u>47,581,622</u>
Total liabilities and fund balance	<u>\$ 29,778,185</u>	<u>\$ 11,054,715</u>	<u>\$ 8,804,882</u>	<u>\$ 17,829,656</u>	<u>\$ 1,081,224</u>	<u>\$ 20,671,521</u>	<u>\$ 89,220,183</u>

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2012

Total fund balance of governmental funds	\$ 47,581,622
--	---------------

Amounts reported for governmental activities in the government-wide statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.

Land and construction in progress	93,859,765
Other capital assets net of accumulated depreciation	61,153,672

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Pledges receivable	10,619
Special assessments receivable	915,786
Police fines receivable	241,560
Grants receivable	151,200
Notes receivable	442,191

Governmental funds report premiums and discounts associated with the issuance of long-term debt as other financing sources and uses, but these items are amortized over the life of the debt issue on the statement of activities. Similarly, debt issuance costs and losses on refundings of debt are recorded as expenditures in the governmental funds, but amortized over the life of the debt issue on the statement of activities.

Unamortized debt issuance costs	923,763
Net unamortized premiums, discounts and losses on refunding	(2,062,746)

The following long-term liabilities which are not due and payable in the current period are not reported in the funds:

Bonds and promissory notes payable	(95,989,484)
Compensated absences payable - sick pay	(2,946,771)
OPEB obligation	(951,003)
Accrued interest payable on long-term bonds and notes	(702,894)

The Risk Management Fund, an internal service fund, is used by management to charge the cost of insurance to individual funds. The assets and liabilities of this fund are included in governmental activities in the statement of net assets.

836,955

Net position of governmental activities	\$ <u><u>103,464,235</u></u>
--	-------------------------------------

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
Year Ended December 31, 2012

	General Fund	Debt Service Fund	Municipal Facilities and Equipment Fund	T.I.D. #6 Main Street	T.I.D. #10	Other Governmental Funds	Total
Revenues:							
Property taxes	\$ 16,341,595	\$ 2,394,007	\$ ---	\$ ---	\$ ---	\$ 5,956,765	\$ 24,692,367
Other taxes	150,679	---	---	---	---	---	150,679
Payments in lieu of taxes - Water Utility	1,292,036	---	---	---	---	---	1,292,036
Charges for services:							
Licenses and permits	1,141,357	---	---	---	---	---	1,141,357
Fines and forfeitures	631,119	---	---	---	---	18,870	649,989
Program revenues	---	---	---	---	---	1,447,884	1,447,884
Tipping fees	---	---	4,458,388	---	---	---	4,458,388
Other charges for services	936,982	---	---	---	---	200	937,182
Operating grants and contributions:							
Intergovernmental	2,737,111	---	---	1,116	---	435,058	3,173,285
Donations	---	---	---	---	---	9,246	9,246
Capital grants and contributions:							
Intergovernmental	---	---	---	---	---	13,388	13,388
Special assessments and interest	---	---	---	---	---	178,285	178,285
Contributions from developers	---	---	---	---	---	331,443	331,443
Investment earnings	37,821	---	2,720	6,152	3,130	20,952	70,775
Interest on advances to governmental funds	189,950	---	1,523	---	---	24,564	216,037
Interest on advances to utilities	13,187	---	12,045	---	---	---	25,232
Other revenues	104,639	---	5,625	---	---	11,643	121,907
Total governmental revenues	<u>23,576,476</u>	<u>2,394,007</u>	<u>4,480,301</u>	<u>7,268</u>	<u>3,130</u>	<u>8,448,298</u>	<u>38,909,480</u>
Expenditures:							
Current:							
General government	3,506,482	---	9,839	282,422	159,772	219,972	4,178,487
Public safety	13,222,182	---	6,793	---	---	120,505	13,349,480
Public works	3,452,310	---	775	---	12,742	3,340,896	6,806,723
Culture and recreation	752,556	---	---	---	---	1,835,437	2,587,993
Conservation and development	820,027	---	---	---	3,588,522	703,288	5,111,837
Interest on advances from governmental funds	---	---	---	65,984	---	150,053	216,037
Debt issuance costs	---	393,613	---	---	---	---	393,613
Capital outlay	107,881	---	110,242	---	8,746,329	7,102,146	16,066,598
Debt Service:							
Principal on long-term debt	---	6,548,416	---	---	---	---	6,548,416
Interest and fiscal charges on long-term debt	---	3,022,128	---	---	---	---	3,022,128
Total expenditures	<u>21,861,438</u>	<u>9,964,157</u>	<u>127,649</u>	<u>348,406</u>	<u>12,507,365</u>	<u>13,472,297</u>	<u>58,281,312</u>
Excess (deficit) of revenues over (under) expenditures	<u>1,715,038</u>	<u>(7,570,150)</u>	<u>4,352,652</u>	<u>(341,138)</u>	<u>(12,504,235)</u>	<u>(5,023,999)</u>	<u>(19,371,832)</u>
Other Financing Sources (Uses):							
Transfers in	541,285	7,137,742	787,947	---	---	3,564,261	12,031,235
Transfers out	(2,237,509)	---	(2,447,656)	(775,286)	(64,135)	(6,506,649)	(12,031,235)
Principal payments on refunded debt	---	(8,600,000)	---	---	---	---	(8,600,000)
Debt payments received	---	---	---	213,716	---	---	213,716
Bonds and notes issued	---	16,200,000	---	---	10,025,000	2,715,000	28,940,000
Debt issuance premiums	---	1,514,920	---	---	---	---	1,514,920
Total other financing sources (uses)	<u>(1,696,224)</u>	<u>16,252,662</u>	<u>(1,659,709)</u>	<u>(561,570)</u>	<u>9,960,865</u>	<u>(227,388)</u>	<u>22,068,636</u>
Net change in fund balances	<u>18,814</u>	<u>8,682,512</u>	<u>2,692,943</u>	<u>(902,708)</u>	<u>(2,543,370)</u>	<u>(5,251,387)</u>	<u>2,696,804</u>
Fund balance, beginning of year	<u>9,246,770</u>	<u>35,973</u>	<u>6,111,939</u>	<u>16,181,676</u>	<u>3,521,766</u>	<u>9,786,694</u>	<u>44,884,818</u>
Fund balance, end of year	<u>\$ 9,265,584</u>	<u>\$ 8,718,485</u>	<u>\$ 8,804,882</u>	<u>\$ 15,278,968</u>	<u>\$ 978,396</u>	<u>\$ 4,535,307</u>	<u>\$ 47,581,622</u>

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2012**

Net change in fund balances of governmental funds	\$	2,696,804
---	----	-----------

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

Governmental funds report capital outlays as expenditures. In the government-wide statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation.

Governmental capital outlays in fund financial statements	16,066,597
Depreciation expense in government-wide financial statements	(3,758,831)

Certain capital assets acquired by the Village are contributed to the Village by outside parties. As no current financial resources were acquired by the Village as a result of these contributions, these contributions are not recorded in the governmental funds.

9,984,032

In the statement of activities, the net gain or loss on the sale or retirement of capital assets is reported. However, in the governmental funds, only the proceeds from the sale of capital assets provides a current financial resource to be reported. Therefore, the change in fund balance differs from the change in net position by the cost of the assets sold or retired net of the accumulated depreciation on those assets.

(13,135,693)

Governmental funds report proceeds from the issuance of long-term debt and capital leases as other financing sources, but issuing debt and capital leases increases long-term liabilities in the statement of net position. Repayments of long-term debt and capital lease principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net position.

Proceeds from the issuance of debt in governmental fund financial statements	(20,340,000)
Principal payments on debt in governmental fund financial statements	6,548,416

Governmental funds report premiums and discounts associated with the issuance of long-term debt as other financing sources and uses but these items are amortized over the life of the debt issue on the statement of activities. Similarly, debt issuance costs and losses on refundings of debt are recorded as expenditures in the governmental funds but amortized over the life of the debt issue on the statement of activities.

Premiums on issuances of debt in governmental fund financial statements	(1,514,920)
Debt issuance costs in governmental fund financial statements	393,613
Amortization of these amounts included in interest expense in the statement of activities	112,433

Interest on long-term debt in the governmental funds is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest costs are reported as they accrue, regardless of when they are due. This is the amount by which the current accrual exceeds the prior year accrual.

(130,847)

The Risk Management Fund, an internal service fund, is used to allocate the cost of insurance to individual funds. The change in net position of this fund is reported under governmental activities statement of activities.

(10,686)

Certain revenues which do not provide current financial resources are deferred in the governmental funds, but are reported in the statement of activities.

Decrease in deferred pledges receivable	(1,296)
Increase in deferred special assessments receivable	532,900
Increase in deferred police fines receivable	119,598
Decrease in deferred notes receivable	(21,838)
Increase in deferred intergovernmental aid	151,200

Certain expenses do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. These expenses are accrued in the government-wide statement of net position and reported as expenses in the statement of activities.

Decrease in accrued compensated absences - sick pay	26,696
Increase in OPEB obligation	(74,972)

Change in net position of governmental activities	\$	(2,356,794)
---	----	-------------

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund
Year Ended December 31, 2012

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 16,337,544	\$ 16,337,544	\$ 16,341,595	\$ 4,051
Other taxes	154,500	154,500	150,679	(3,821)
Payments in lieu of taxes - Water Utility	1,220,000	1,220,000	1,292,036	72,036
Licenses and permits	946,150	946,150	1,141,357	195,207
Fines and forfeitures	671,500	671,500	631,119	(40,381)
Intergovernmental	2,776,765	2,776,765	2,737,111	(39,654)
Charges for services	866,950	866,950	936,982	70,032
Investment earnings	100,000	100,000	37,821	(62,179)
Interest on advances to other governmental funds	57,500	57,500	189,950	132,450
Interest on advances to utilities	18,000	18,000	13,187	(4,813)
Other	98,810	98,810	104,639	5,829
Total revenues	<u>23,247,719</u>	<u>23,247,719</u>	<u>23,576,476</u>	<u>328,757</u>
Expenditures:				
General government	3,608,341	3,608,341	3,525,242	83,099
Public safety	13,342,950	13,342,950	13,311,303	31,647
Public Works	3,778,800	3,778,800	3,452,310	326,490
Culture and recreation	830,585	830,585	752,556	78,029
Conservation and development	1,120,845	1,120,845	820,027	300,818
Total expenditures	<u>22,681,521</u>	<u>22,681,521</u>	<u>21,861,438</u>	<u>820,083</u>
Excess of revenues over expenditures	566,198	566,198	1,715,038	1,148,840
Other Financing Sources (Uses):				
Transfers in	16,623	16,623	541,285	524,662
Transfers out	(582,821)	(582,821)	(2,237,509)	(1,654,688)
Net other financing uses	<u>(566,198)</u>	<u>(566,198)</u>	<u>(1,696,224)</u>	<u>(1,130,026)</u>
Net change in fund balance	---	---	18,814	18,814
Fund Balance:				
Beginning of year	9,246,770	9,246,770	9,246,770	---
End of year	<u>\$ 9,246,770</u>	<u>\$ 9,246,770</u>	<u>\$ 9,265,584</u>	<u>\$ 18,814</u>

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Net Position - Proprietary Funds
December 31, 2012

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund
	Sewer Utility	Water Utility	Storm Water Utility		
Assets:					
Current assets:					
Cash and equivalents	\$ 4,998,410	\$ 2,218,696	\$ 2,035,609	\$ 9,252,715	\$ 851,956
Cash and equivalents - restricted	175,269	670,457	---	845,726	---
Receivables:					
Taxes	300,000	---	931,250	1,231,250	---
Special charges on the tax roll	394,458	191,156	---	585,614	---
Utility customers	1,764,397	1,082,620	---	2,847,017	---
Other	209,552	105,531	2,227	317,310	40,361
Due from other funds	---	---	---	---	23,397
Prepaid items	---	1,794	---	1,794	---
Inventory	16,658	93,494	12,837	122,989	---
Total current assets	7,858,744	4,363,748	2,981,923	15,204,415	915,714
Noncurrent Assets:					
Cash and equivalents - restricted	3,564,660	1,272,602	---	4,837,262	---
Land and construction in progress	3,711,186	1,859,170	732,108	6,302,464	---
Other capital assets, net of depreciation	50,436,076	55,968,150	22,754,745	129,158,971	---
Unamortized debt issuance costs	---	47,385	8,679	56,064	---
Prepaid capacity charge	4,377,891	---	---	4,377,891	---
Total noncurrent assets	62,089,813	59,147,307	23,495,532	144,732,652	---
Total assets	\$ 69,948,557	\$ 63,511,055	\$ 26,477,455	\$ 159,937,067	\$ 915,714
Liabilities and Net Position:					
Current Liabilities:					
Accounts payable and accrued liabilities	\$ 234,223	\$ 86,860	\$ 49,872	\$ 370,955	\$ 2,000
Deposits	---	---	50,000	50,000	---
Incurred but not reported insurance claims	---	---	---	---	76,759
Compensated absences - vacation due within one year	35,010	74,876	8,687	118,573	---
Deferred revenue	335,000	128,740	931,250	1,394,990	---
Current portion of general obligation notes	71,090	345,000	388,494	804,584	---
Current portion of revenue bonds	83,164	---	---	83,164	---
Accrued interest	1,380	18,335	18,693	38,408	---
Current portion of advance	82,633	---	77,830	160,463	---
Due to other funds	351,806	901,681	225,551	1,479,038	---
Liabilities payable from restricted assets:					
Current portion of revenue bonds	166,330	660,000	---	826,330	---
Accrued interest	8,939	10,457	---	19,396	---
Total current liabilities	1,369,575	2,225,949	1,750,377	5,345,901	78,759
Long-Term Liabilities:					
Compensated absences - sick pay	115,373	240,331	36,965	392,669	---
OPEB obligation	12,389	160,091	11,484	183,964	---
Advances from other funds	438,626	---	67,932	506,558	---
General obligation notes	415,450	2,520,000	3,134,996	6,070,446	---
Revenue bonds	1,751,119	1,998,127	---	3,749,246	---
Total long-term liabilities	2,732,957	4,918,549	3,251,377	10,902,883	---
Total liabilities	4,102,532	7,144,498	5,001,754	16,248,784	78,759
Net Position:					
Net investment in capital assets	53,660,721	52,964,193	19,963,363	126,588,277	---
Restricted for:					
Debt service	---	36,781	---	36,781	---
Operations and maintenance	777,421	295,534	---	1,072,955	---
Depreciation	272,900	75,000	---	347,900	---
Capital projects	2,514,339	865,287	---	3,379,626	---
Unrestricted	8,620,644	2,129,762	1,512,338	12,262,744	836,955
Total net position	65,846,025	56,366,557	21,475,701	143,688,283	836,955
Total liabilities and net position	\$ 69,948,557	\$ 63,511,055	\$ 26,477,455	\$ 159,937,067	\$ 915,714

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund
	Sewer Utility	Water Utility	Storm Water Utility		
Operating Revenues:					
Charges for services	\$ 8,526,609	\$ 7,097,796	\$ 28,260	\$ 15,652,665	\$ ---
General property taxes	---	---	931,250	931,250	---
Total operating revenues	<u>8,526,609</u>	<u>7,097,796</u>	<u>959,510</u>	<u>16,583,915</u>	<u>---</u>
Operating Expenses:					
Operation and maintenance	7,795,121	2,469,642	440,171	10,704,934	59,001
Administrative expense	913,045	1,048,565	286,571	2,248,181	---
Depreciation expense	1,302,939	1,520,796	526,441	3,350,176	---
Taxes paid to Village	---	1,292,036	---	1,292,036	---
Social Security tax	37,526	70,219	12,910	120,655	---
Regulatory commission remainder assessments	---	5,774	---	5,774	---
Total operating expenses	<u>10,048,631</u>	<u>6,407,032</u>	<u>1,266,093</u>	<u>17,721,756</u>	<u>59,001</u>
Operating income (loss)	<u>(1,522,022)</u>	<u>690,764</u>	<u>(306,583)</u>	<u>(1,137,841)</u>	<u>(59,001)</u>
Nonoperating Revenues (Expenses):					
General property taxes	300,000	---	---	300,000	---
Investment earnings	11,207	9,518	3,784	24,509	48,315
Sale of materials	6,999	18,771	13,527	39,297	---
Miscellaneous revenues	19,200	---	4,688	23,888	---
Gain (loss) on retirement of property and plant	---	(1,575)	---	(1,575)	---
Impact fees	130,792	131,763	---	262,555	---
Rent	(19,200)	---	---	(19,200)	---
Fiscal charges on debt	(64)	(1,539)	(351)	(1,954)	---
Amortization of premiums, discounts and losses on refundings	---	(61,178)	1,313	(59,865)	---
Amortization of debt issuance costs	---	(9,366)	(465)	(9,831)	---
Interest on long-term debt	(73,594)	(249,746)	(96,496)	(419,836)	---
Interest on advances from governmental funds	(12,045)	---	(13,187)	(25,232)	---
Net nonoperating revenues (expenses)	<u>363,295</u>	<u>(163,352)</u>	<u>(87,187)</u>	<u>112,756</u>	<u>48,315</u>
Net income (loss) before capital contributions	<u>(1,158,727)</u>	<u>527,412</u>	<u>(393,770)</u>	<u>(1,025,085)</u>	<u>(10,686)</u>
Capital Contributions	243,151	577,939	---	821,090	---
Increase (decrease) in net position	<u>(915,576)</u>	<u>1,105,351</u>	<u>(393,770)</u>	<u>(203,995)</u>	<u>(10,686)</u>
Net Position:					
Balance, beginning of year	66,761,601	55,261,206	21,869,471	143,892,278	847,641
Balance, end of year	<u>\$ 65,846,025</u>	<u>\$ 56,366,557</u>	<u>\$ 21,475,701</u>	<u>\$ 143,688,283</u>	<u>\$ 836,955</u>

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund
	Sewer Utility	Water Utility	Storm Water Utility		
Cash Flows From Operating Activities:					
Receipts from customers	\$ 8,447,246	\$ 5,292,714	\$ 28,467	\$ 13,768,427	\$ ---
Payments to suppliers	(7,502,843)	(2,175,058)	(151,047)	(9,828,948)	(64,176)
Payments to and on behalf of employees	(812,642)	(1,280,134)	(549,620)	(2,642,396)	---
Internal activity - receipts from other funds	---	1,816,800	18,533	1,835,333	51,468
Internal activity - payments to other funds	(709,600)	(1,315,629)	---	(2,025,229)	---
Other receipts	6,999	18,771	949,465	975,235	(7,364)
Other payments	---	---	---	---	7,175
Net cash provided (used) by operating activities	(570,840)	2,357,464	295,798	2,082,422	(12,897)
Cash Flows From Noncapital Financing Activities					
Principal payments on advances	---	---	(73,424)	(73,424)	---
Net cash used by noncapital financing activities	---	---	(73,424)	(73,424)	---
Cash Flows From Capital and Related Financing Activities:					
Additions to property and plant	(187,576)	(3,000,782)	(632,479)	(3,820,837)	---
Fair value of debt issued	---	1,155,000	740,000	1,895,000	---
Debt issuance discounts	---	40,311	25,827	66,138	---
Debt issuance costs	---	(14,272)	(9,144)	(23,416)	---
Principal payments on debt	(313,412)	(1,580,000)	(280,494)	(2,173,906)	---
Interest on debt	(77,399)	(250,202)	(101,160)	(428,761)	---
Fiscal charges on debt	(64)	(1,539)	(351)	(1,954)	---
Advances from municipality	(81,013)	---	---	(81,013)	---
Interest on advances	(12,045)	---	(13,187)	(25,232)	---
General property taxes	300,000	---	---	300,000	---
Impact fees	130,792	131,763	---	262,555	---
Special assessments collected	---	---	---	---	---
Net cash used by capital and related financing activities	(240,717)	(3,519,721)	(270,988)	(4,031,426)	---
Cash Flows From Investing Activities:					
Investment earnings	11,207	9,518	3,784	24,509	48,315
Net cash provided by investing activities	11,207	9,518	3,784	24,509	48,315
Net increase (decrease) in cash and equivalents	(800,350)	(1,152,739)	(44,830)	(1,997,919)	35,418
Cash and equivalents, beginning of year	9,538,689	5,314,494	2,080,439	16,933,622	816,538
Cash and equivalents, end of year	\$ 8,738,339	\$ 4,161,755	\$ 2,035,609	\$ 14,935,703	\$ 851,956
Reconciliation to cash and cash equivalents on the statement of net assets:					
Cash and cash equivalents - unrestricted	\$ 4,998,410	\$ 2,218,696	\$ 2,035,609	\$ 9,252,715	\$ 851,956
Cash and cash equivalents - restricted	3,739,929	1,943,059	---	5,682,988	---
Total cash and equivalents	\$ 8,738,339	\$ 4,161,755	\$ 2,035,609	\$ 14,935,703	\$ 851,956

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2012
(Continued)

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Sewer	Water	Storm	Enterprise	Internal
	Utility	Utility	Water	Funds	Service
			Utility		Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided					
(Used) by Operating Activities:					
Operating income (loss)	\$ (1,522,022)	\$ 690,764	\$ (306,583)	\$ (1,137,841)	\$ (59,001)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,302,939	1,520,796	526,441	3,350,176	---
Depreciation charged to other accounts	---	159,500	---	159,500	---
Amortization of prepaid capacity	252,152	---	---	252,152	---
Proceeds from sales of materials	6,999	18,771	13,527	39,297	---
Miscellaneous revenues	---	---	4,688	4,688	---
Changes in assets and liabilities related to operations:					
Receivables	(69,416)	(96,979)	207	(166,188)	4,118
Inventory	(2,684)	3,532	12,989	13,837	---
Prepaid items	---	---	---	---	---
Due from other funds	(559,686)	(23,593)	18,533	(564,746)	51,468
Accounts payable and accrued liabilities	13,194	27,731	24,177	65,102	2,000
Compensated absences	23,405	1,495	(723)	24,177	---
OPEB obligation	(8,721)	29,381	2,542	23,202	---
Incurred but not reported claims	---	---	---	---	(11,482)
Deferred revenue	(7,000)	26,066	---	19,066	---
Net cash provided (used) by operating activities	\$ (570,840)	\$ 2,357,464	\$ 295,798	\$ 2,082,422	\$ (12,897)
Noncash Capital Activities:					
Utility plant contributions	\$ 42,748	\$ 476,722	\$ ---	\$ 519,470	\$ ---
Amortization of debt issuance premiums, discounts and losses on refundings	---	61,178	(1,313)	59,865	---
Amortization of debt issuance costs	---	9,366	465	9,831	---
Loss on sale of utility plant	---	1,575	---	1,575	---

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Net Position - Fiduciary Fund
December 31, 2012

Assets:

Cash and equivalents	\$ 13,513,226
Taxes receivable	<u>48,480,496</u>
Total assets	\$ <u><u>61,993,722</u></u>

Liabilities:

Due to other taxing units	\$ <u><u>61,993,722</u></u>
---------------------------	-----------------------------

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

INDEX TO NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial Reporting Entity
- B. Government-Wide and Fund Financial Statements
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities, and Net Position or Equity

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgetary Information
- B. Deposits and Investments Laws and Regulations
- C. Debt Restrictions

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES AND ACCOUNTS

- A. Cash and Investments
- B. Receivables
- C. Interfund Balances and Transfers
- D. Restricted Assets
- E. Capital Assets
- F. Long-Term Obligations
- G. Net Position and Fund Balances

NOTE 4. OTHER NOTES

- A. Employee Pension Plan
- B. Other Post-Employment Benefits
- C. Risk Management
- D. Tax Incremental Districts
- E. Contingent Liabilities
- F. Commitments
- G. Letters of Credit
- H. Regulatory Agency – Water Utility
- I. Leases as Lessor
- J. Deficit Fund Balances
- K. Accounting Pronouncements
- L. Subsequent Events

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies

The Village complies with U.S. generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB provides the Village the option of electing to apply FASB pronouncements issued after November 30, 1989. The Village has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Menomonee Falls is a municipal corporation governed by a seven-member Board of Trustees and an appointed Village Manager. All significant operations of the Village over which it has oversight responsibility have been included in the accompanying financial statements. The decision to include a potential component unit in the Village's reporting entity is based on the criteria set forth in GASB, which includes the ability to appoint a voting majority of an organization's governing body and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village.

The Village has included in its financial statements the following entities, which are not considered separate entities with corporate powers:

- Water Utility
- Sewer Utility
- Storm Water Utility

The Village has included in its financial statements the following component unit, which is considered a separate entity with corporate powers:

- Community Development Authority ("CDA")

The CDA is a discretely presented component unit. The primary mission of the CDA is to promote urban renewal and community and economic development within the Village. The board of the CDA is composed of seven board members, two of which are Village trustees and the remaining five are citizens appointed by the Village Board. The Village exercises significant control over the CDA due to its ability to appoint all CDA board members and the Village's ability to approve and/or modify the budget of the CDA. Separately issued financial statements for the CDA may be obtained from the Financial Services Department of the Village.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The Village's Storm Water Utility is financed primarily by property taxes.

The statement of net position presents the governmental and business-type activities assets, liabilities and net position on a full accrual basis, which recognizes all long-term assets and long-term liabilities. The Village's net position is reported in three classifications: net investment in capital assets, which consists of the difference between capital assets net of accumulated depreciation less outstanding debt used to acquire those assets; restricted net position, which represents assets required by outside parties or legislation to be spent in a specific manner; and unrestricted net position, net position not included in the other two classifications.

The statement of activities presents the activities of the governmental and business-type activities on a full accrual basis. These activities are presented in a manner which demonstrates the degree to which the direct expenses of a given function are offset by program revenues of that function. Program revenues are presented in three classifications: charges for services, which include direct charges to customers benefiting from the services, goods or privileges provided; operating grants and contributions, which were received in activities related to that function but not required to be used for capital asset acquisition; and capital grants and contributions which were received in activities related to that function and required to be used in the acquisition of capital assets. Other revenues not attributable to individual functions and taxes are reported as general revenues.

Fund Financial Statements

Fund 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 that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. 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 Village or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Major Governmental Funds

- General Fund - The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial transactions except those legally or administratively required to be accounted for in another fund.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

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

Major Governmental Funds (continued)

- Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).
- Municipal Facilities and Equipment Fund – A no-interest internal loan fund to finance equipment purchases.
- Tax Incremental Financing District #6 – Tax Incremental Financing District #6 is a capital projects fund and accounts for construction and financing within the District.
- Tax Incremental Financing District #10 – Tax Incremental Financing District #10 is a capital projects fund and accounts for construction and financing within the District.

Major Proprietary Funds

- Sewer Utility – accounts for the operations of the Village's sanitary sewer system.
- Water Utility – accounts for the operations of the Village's water distribution system.
- Storm Water Utility – accounts for the operations of the Village's storm water management system.

Non-major Governmental Funds

- Special Revenue Funds - are used to account for revenues requiring separate accounting because of legal or regulatory provisions, and consist of the following individual funds:

Revolving Loan Fund
Police Department
Fire Department
Parks Department
Community Development
Library
Community Grant

Teen Court
Cable TV
Unallocated
Solid Waste Collection
Library Operations and Maintenance
TID #9 EDMF

- Capital Projects Funds - are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds), and consist of the following individual funds:

General Capital Projects
Tax Incremental Financing District #2
Tax Incremental Financing District #4
Tax Incremental Financing District #5
Tax Incremental Financing District #7

Tax Incremental Financing District #8
Tax Incremental Financing District #9
Tax Incremental Financing District #11
Special Assessments

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

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

Non-major Proprietary Funds

- Risk Management Fund – an internal service fund used to allocate the cost of insurance to the individual funds. Internal service funds are always non-major funds and are eliminated in the preparation of the government-wide statements.

Fiduciary (Agency) Funds

- Agency funds - are used to account for assets held by the Village in a purely custodial capacity. The Village's agency fund is used for recording assets collected for other taxing jurisdictions. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Since, by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not included in the preparation of the government-wide statements.

C. Measurement Focus and Basis of Accounting

Measurement Focus

In the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b) The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting

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

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using 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.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for certain items related to long-term liabilities. Such items include: accumulated unpaid sick pay, and principal and interest on general long-term debt which are reported when due.

All proprietary funds utilize 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.

Operating revenues and expenses for proprietary funds are those that result from providing services and production and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Generally, property tax revenues of proprietary funds are considered nonoperating revenues; however, the Village's Storm Water Utility Fund does not charge user fees. The Village has determined that the portion of Storm Water Utility tax revenue budgeted to cover the cost of operations should be reported as operating revenue, while the portion of Storm Water Utility tax revenue budgeted to cover capital related costs should be reported as nonoperating revenue. The Village's proprietary funds include both enterprise funds and an internal service fund, as further described below.

Enterprise Funds

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Funds consist of the Water, Sewer and Storm Water Utilities.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting (continued)

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village or to other governments, on a cost-reimbursement basis. The Internal Service Fund consists of the Risk Management Fund which accounts for and finances the Village's uninsured risks of loss.

D. Assets, Liabilities, and Net Position or Equity

Cash and Investments

For the purpose of the statement of net position, and for the purpose of the statement of cash flows – Proprietary Funds “cash and cash equivalents”: includes all demand, savings and money market accounts, and monies invested in the Wisconsin Local Government Investment Pool. Investments are carried at fair value.

Receivables

In the government-wide statements, receivables consist of all revenues earned or to which the Village is otherwise entitled to and has not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, police fines, ambulance fees, special assessments, notes and pledges. Business-type activities report utility fees as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

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 provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other taxing units on the statement of net position – Fiduciary (Agency) Fund. Taxes are levied in December on the assessed value as of the prior January 1.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

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

Property Tax Calendar – 2012 Tax Roll:

Levy date	December 2012
Lien date	September 1, 2013
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes due in full	January 31, 2013
Tax Settlement with other governmental units:	
First settlement	January 15, 2013
Second settlement	February 20, 2013
Final settlement	August 20, 2013
Tax sale by County - 2012 delinquent real estate taxes	October 2017

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds” on the fund financial statements and reflected as “internal balances” on the government-wide financial statements. Long-term interfund loans 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.

Inventories and Prepaid Items

Inventories of Governmental and Proprietary Funds consist of supplies and are valued at cost using the first in/first out method, and are reported in both the government-wide and fund financial statements.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. These restrictions are the result of bond covenants and legislation.

Deferred Charges

The deferred charges in the enterprise funds represent the Sewer Utility’s share of construction costs for collection systems and treatment facilities shared with other municipalities and located outside of the municipal boundaries. Although the Village has no direct ownership of these facilities, it is entitled to a percentage of each facility’s capacity. These costs are being amortized using the straight-line method over the expected life of the facilities.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

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

Capital Assets

The accounting treatment related to capital assets depends on whether the assets are used in governmental operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are defined by the Village as assets with an original cost of more than \$5,000 for general capital assets and more than \$50,000 for infrastructure assets and having an estimated useful life of four or more years. All capital assets are valued at historical cost, or estimated historical cost if actual costs are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

In addition to the purchased cost of capital assets, business-type activities also capitalize interest incurred on debt during construction of capital assets financed through long-term debt when such costs are significant. No interest was capitalized during the current year.

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

Buildings and improvements	40 years
Improvements other than buildings	20 years
Equipment and furnishings	4-25 years
Infrastructure	25-80 years

Fund Financial Statements

In the fund financial statements, capital assets acquired in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund. Fixed assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

Updated Water Utility Depreciation Rates

The Water Utility depreciation rates are set by the Public Service Commission of Wisconsin ("PSC"). Effective January 1, 2010, certain capital asset depreciation rates were updated to agree with the PSC ruling on docket 3580-WR-103.

Compensated Absences

The accounting treatment for compensated absences depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The compensated absences consist of accumulated sick and vacation pay earned but unused by Village employees.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences (continued)

Accumulated Vacation Pay

Employees accumulate vacation pay based on various factors but are generally required to use all vacation earned annually. Accordingly, the liability for accumulated vacation pay is expected to be paid from current resources. The liability for vacation pay is recorded in both the government-wide statement and fund financial statements for all fund types.

Accumulated Sick Pay

The Village's policies regarding sick leave permit employees to accumulate sick leave to an unlimited amount. Upon retirement or death, a maximum of 880 hours will be paid to the retiree or beneficiary.

The liability for accumulated sick pay is recorded as long-term debt in the government-wide financial statements up to the maximum amount to be paid out upon termination.

Due to the long-term nature of this liability, the governmental funds only report this liability in the fund financial statements if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). The proprietary funds record this liability as it is incurred in the same manner as it is recorded on the government-wide financial statements.

Long-term Obligations and Conduit Debt

The reporting of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The long-term debt consists of general obligation notes and bonds, revenue bonds, and unamortized debt discounts.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Premiums and discounts on issuance, gains and losses on debt refundings, as well as issuance costs are deferred and amortized over the life of the debt.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the debt and premiums on issuance are reported as other financing sources. Discounts on issuance are reported as other financing uses. Payments of principal and interest, losses on debt refundings, as well as costs of issuance are reported as expenditures. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

The Village of Menomonee Falls has permitted the issuance of Industrial Revenue Bonds for various organizations. The principal and interest of Industrial Revenue Bonds are payable solely from revenues and other amounts derived from the projects. The Village has no obligation for the debt, and accordingly, no liability for the bonds is included in the financial statements. These bonds do not enter into the debt limitations of the Village. The aggregate amount of these conduit obligations outstanding as of December 31, 2012 was \$38,928,274.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

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

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 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 the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village’s fund balance classification policies and procedures are as follows:

- a. Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form (i.e. convertible into cash) or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale and long-term receivables.
- b. Restricted – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).
- c. Committed – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Village’s highest level of decision-making authority. Fund balance amounts are committed through a formal action of the Village. An ordinance and resolution are equally binding. The formal action must occur prior to the end of the reporting period, but the amount of 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 Village that originally created the commitment.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

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

Equity Classifications (continued)

Fund Statements (continued)

- d. Assigned – Amounts that are constrained by the Village's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.
- e. Unassigned – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

Amounts noted as committed relate to constraints approved by the Board of Trustees. Amounts noted as assigned relate to constraints approved by the Village Manager.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Village adopts annual budgets for the General and Debt Service Funds. These annual appropriations lapse at year end. A comparison of budget to actual is presented in the basic financial statements for the General Fund.

Annual budgets are adopted in accordance with state statutes, and are adopted on a GAAP basis with the exception of including planned additions to or deductions from fund balances as other financing sources and uses. Budgets are prepared by department heads and forwarded to the Village Manager, who develops a preliminary budget for submission to the Village Board. Adoption of annual budgets usually takes place in October.

Once the annual budget is adopted, appropriations may only be modified with the approval of a two-thirds majority of the Village Board, including transfers between appropriations. Appropriations (or functions, such as general government, public safety, etc.) represent the level of expenditures which cannot be exceeded without approval of the Village Board. Transfers within appropriations can be made with the approval of the Village Manager. The budgetary data presented in the statement of revenues, expenditures and changes in fund balances – budget to actual – General Fund reflects the original approved budget and subsequent revisions/transfers as authorized by the Village Board or Village Manager under Village policy.

The Village does not record encumbrances.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

2. Stewardship, Compliance, and Accountability (continued)

B. Deposits and Investment Laws and Regulations

The Village invests its funds in accordance with the provisions of applicable Wisconsin Statutes. In accordance with these provisions, the Village may invest any of its funds not immediately needed in any of the following:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
2. Bonds or securities of any county, city, drainage district, technical college districts, village, town, or school district of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
5. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
6. Repurchase agreements secured by federal bonds or securities with public depositories.
7. Bonds issued by local exposition districts.
8. Bonds issued by local professional baseball park districts and professional football stadium districts.
9. Bonds issued by the University of Wisconsin Hospitals and Clinic Authority.
10. The Local Government Investment Pool Fund ("LGIP").

C. Debt Restrictions

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of total equalized value of taxable property within the Village's jurisdiction. As of December 31, 2012, the Village was obligated for a total of \$101,560,000 in general obligation debt, or 47.07% of the total debt limit.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

As of December 31, 2012, the Village held the following cash and investments.

	<u>Custodial Balance</u>	<u>Carrying Amount</u>
Primary Government:		
Cash and Equivalents:		
Demand deposits	\$ 14,890,373	\$ 14,626,873
State of Wisconsin Local Government Investment Pool	45,947,894	45,947,894
Cash in escrow	8,374,271	8,374,271
Petty cash	---	1,273
Total cash and equivalents	<u>69,212,538</u>	<u>68,949,038</u>
Investments – certificates of deposit	514,590	514,590
Total cash and investments	<u>\$ 69,212,538</u>	<u>\$ 68,950,311</u>
 Reconciliation to Financial Statements:		
Cash and equivalents:		
Per statement of net position:		
Cash and equivalents		\$ 41,379,826
Restricted assets – cash and equivalents		14,057,259
Per statement of net position – Fiduciary Fund		<u>13,513,226</u>
Total cash and equivalents		55,437,085
Investments per statement of net position		<u>514,590</u>
Total cash and investments		<u>\$ 68,950,311</u>
 Component Unit:		
Demand deposits	\$ <u>165,023</u>	\$ <u>167,282</u>
 Cash and equivalents per statement of net position		\$ <u>167,282</u>

The Village had no significant type of investment during the year not included in the above schedule.

Custodial Credit Risk - Cash and Investments

Demand deposits held by the Village at December 31, 2012 have associated custodial credit risks. The Village's investment policies do not address these risks. The Village's investment policies are discussed in Note 2.B.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it.

As of December 31, 2012, the Village's demand deposits were exposed to custodial credit risk in that \$3,967,613 of those balances were uninsured, and uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Village's name.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

A. Cash and Investments (continued)

Custodial Credit Risk - Cash and Investments (continued)

Additionally, the Village's certificates of deposit were exposed to custodial credit risk in that \$264,590 of those balances were uninsured, and uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Village's name.

As of December 31, 2012, the Village's component unit's demand deposits were not exposed to custodial credit.

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000 per financial institution for interest bearing accounts and unlimited amounts for noninterest bearing 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 coverage and other legal implications, recovery of material principal losses may be significant to individual municipalities. Accordingly, this coverage has not been included when calculating the insured amount of such deposits.

The uninsured balance of bank deposits at year end is significantly higher than at other times of the year due to the collection of property taxes during December.

The LGIP does not have a credit quality rating. It is part of the State of Wisconsin Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP 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 Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value on an investment. As of December 31, 2012 the Village's investments were comprised of investments in the LGIP. The weighted average maturity is 75 days.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

B. Receivables

The following schedules provide detail on receivables, related allowances, and amounts not expected to be collected within one year:

Governmental Activities

	<u>Gross Receivable</u>	<u>Allowance Doubtful Accounts</u>	<u>Net Receivable</u>	<u>Expected After December 31, 2013</u>
Taxes	\$ 18,749,538	\$ 8,065	\$ 18,741,473	\$ ---
Special charges on tax roll	1,311,737	---	1,311,737	---
Intergovernmental aid	1,148,677	---	1,148,677	---
Accounts	2,492,524	296,805	2,195,719	590,000
Notes	14,571,349	---	14,571,349	11,450,000
Pledges	32,719	22,100	10,619	8,900
Special assessments	1,529,974	---	1,529,974	1,400,000

The allowance for taxes is for delinquent personal property taxes receivable. Allowances related to accounts are for police fines of \$294,001 and for ambulance billings of \$2,804. The allowances for pledges receivable is for pledges to the library special revenue fund. The gross receivable for pledges receivable has been reduced by \$1,281 to the net present value of expected future cash flows using a discount rate of 4%.

As of December 31, 2012, approximately \$14.1 million of the notes receivable balance relates to a note that was signed in 2010 by a hotel developer within TID #6. A \$1.2 million principal reduction payment was received from the developer in June 2011. This amount will be released in 2014 when the debt that was used to finance the original receivable becomes due. The Village expects to receive the entire amount of the receivable. Any shortfalls that may arise in the future would be recovered by future tax increment revenues of TID #6. The Village holds a first mortgage on the property.

In late 2011 the hotel went into receivership and the Village is still involved in legal proceedings on the property. Under the court appointed receiver, any revenues generated by the hotel are to be controlled by the receiver so that the receiver can pay the expenses, including principal and interest, related to the property. Subsequent to the execution of a court order appointing receiver, the Village advanced \$140,692 to the hotel developer to pay certain operating costs of the hotel. The purpose of this advance was to protect the Village's position in the hotel's assets.

Business-type Activities

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>	<u>Expected After December 31, 2013</u>
Taxes	\$ 1,231,250	\$ ---	\$ 1,231,250	\$ ---
Special charges on tax roll	585,614	---	585,614	---
Accounts	3,188,094	23,767	3,164,327	---

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**B. Receivables (continued)*****Fiduciary (Agency) Funds***

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>	<u>Expected After December 31, 2013</u>
Taxes	\$ 48,480,496	\$ ---	\$ 48,480,496	\$ ---

Component Unit - CDA

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>	<u>Expected After December 31, 2013</u>
Notes	\$ 1,701,373	\$ 984,022	\$ 717,351	\$ 530,000

The allowance for notes reflects portions of the notes which are forgivable if the debtor complies with certain requirements. All forgivable portions of these notes are considered allowances until the debtor has demonstrated noncompliance with the related provisions.

C. Interfund Balances and Transfers***Internal Balances (Due to (from) other funds)***

Balances due to and from other funds include interfund accounts receivable or payable for goods or services received or provided. Interfund balances are the result of timing differences and are settled on a monthly basis.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TID #6	\$ 13,315
General Fund	TID #10	864
Municipal Facilities and Equipment Fund	General Fund	962,981
General Fund	Other governmental funds	680,445
General Fund	Sewer Utility	290,555
General Fund	Water Utility	269,055
General Fund	Storm Water Utility	225,551
Risk Management Fund	General Fund	23,397

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**C. Interfund Balances and Transfers (continued)*****Advances***

Advances between funds represent interfund long-term loans.

The General Fund has advanced funds to the Storm Water Utility to temporarily fund Storm Water Utility operations, with interest charged at 6% on the outstanding advances.

The General Fund has advanced funds to TID #6, TID #7, TID #8, and TID #9 for planning related expenditures, with interest charged at 6% on the outstanding balance.

The General Capital Projects Fund has advanced funds to TID #5 to fund a job incentive grant, with interest charged at 6% on the outstanding balance.

The Municipal Facilities and Equipment Fund has advanced funds to the General Capital Projects Fund to pay off a prior advance from the Sewer Utility. The proceeds of the previous advance were used to pay off the governmental funds portion of the unfunded pension liability to the Wisconsin Retirement System. Interest is charged on this advance at the average rate offered by the State of Wisconsin Local Government Investment Pool for the first eleven months of the year. The average rate for 2012 was .16%.

The Municipal Facilities and Equipment Fund has advanced funds to TID #9 for planning related expenditures.

The Municipal Facilities and Equipment Fund has advanced funds to the Sewer Utility that was provided to pay off a bond issue. Interest is being charged at 2% on the outstanding advances.

Aggregated balances outstanding for these advances are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TID #6	\$ 1,280,923
General Fund	Other governmental funds	3,664,878
General Fund	Storm Water Utility	145,762
Other governmental funds	Other governmental funds	432,849
Municipal Facilities and Equipment Fund	Other governmental funds	895,812
Municipal Facilities and Equipment Fund	Sewer Utility	521,259

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**C. Interfund Balances and Transfers (continued)*****Transfers***

Transfers between governmental funds are summarized as follows:

Transfers in	Transfers out	Amount
General Fund	Other governmental funds	\$ 541,285
Debt Service Fund	Municipal Facilities and Equipment Fund	2,139,262
Debt Service Fund	TID #6	775,286
Debt Service Fund	TID #10	64,135
Debt Service Fund	Other governmental funds	4,159,059
Municipal Facilities and Equipment Fund	General Fund	787,947
Other governmental funds	Municipal Facilities and Equipment Fund	308,394
Other governmental funds	General Fund	1,449,564
Other governmental funds	Other governmental funds	1,806,303

These transfers were made for the following purposes:

- Transfers to the General Fund from other governmental funds of \$524,662 were made to offset the budgeted deficit of general fund revenues under expenditures. The remaining amount of \$16,623 was transferred from the General Capital Projects Fund to fund 2012 road repair projects.
- Transfers to the Debt Service Fund from TID #6, TID #10, Municipal Facilities and Equipment Fund and other governmental funds were made to fund the other governmental funds' debt service requirements.
- Transfers to the Municipal Facilities and Equipment Fund from the General Fund were made to reallocate resources available for certain facilities and equipment expenditures.
- Transfers to the other governmental funds from the Municipal Facilities and Equipment Fund were made to provide funding for TID #9, and to subsidize solid waste collection expenditures.
- Transfers to the other governmental funds from the General Fund were made to provide funding for capital projects, and to subsidize solid waste collection expenditures.
- Transfers between other governmental funds were made to reallocate resources available for certain expenditures to the funds in which the expenditures were recorded.

Certain payments between funds have been recorded as revenues and expenses of the related funds, as opposed to transfers, as they represent payment for services provided. Principal examples include:

- The payment in lieu of taxes from the Water Utility to the General Fund.
- Public Fire Protection charges from the General Fund to the Water Utility.
- Interest paid on advances between various funds.
- Reimbursements for depreciation of meters, the return on investment in meters, and the tax equivalent on meters from the Sewer Utility to the Water Utility.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

D. Restricted Assets

Cash and equivalents of the water and sewer utilities as described below are restricted for specific purposes. These restrictions are the result of covenants of debt issuances, and ordinances enacted related to the interceptor sewer tax and impact fees charged to developers, and are summarized as follows:

Restricted cash and equivalents:	Sewer Utility	Water Utility	Total
Interceptor sewer reserve	\$ 1,193,068	\$ ---	\$ 1,193,068
Impact fee reserve	1,321,271	865,287	2,186,558
Debt reserve	---	641,781	641,781
Special redemption reserve	175,269	65,457	240,726
Operation and maintenance reserve	777,421	295,534	1,072,955
Depreciation reserve	272,900	75,000	347,900
Total	\$ 3,739,929	\$ 1,943,059	\$ 5,682,988

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets

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

Governmental Activities

	Balance January 1, 2012	Additions	Transfers	Disposals	Balance December 31, 2012
Nondepreciable capital					
Land	\$ 88,007,160	\$ 7,612,245	\$ 482,957	\$ (5,343,403)	\$ 90,758,959
Construction in progress	4,351,811	1,310,508	(2,064,785)	(496,729)	3,100,805
Total nondepreciable capital assets	92,358,971	8,922,753	(1,581,828)	(5,840,132)	93,859,764
Depreciable capital assets:					
Land improvements	3,791,253	95,155	165,331	---	4,051,739
Buildings and improvements	33,180,251	14,468,238	43,653	(7,482,627)	40,209,515
Equipment and furnishings	17,260,505	196,133	406,389	(81,664)	17,781,363
Infrastructure	38,311,571	2,368,350	966,455	---	41,646,376
Total depreciable capital assets	92,543,580	17,127,876	1,581,828	(7,564,291)	103,688,993
Less accumulated depreciation:					
Land improvements	1,553,838	194,045	---	---	1,747,883
Buildings and improvements	9,898,328	1,163,990	---	(187,066)	10,875,252
Equipment and furnishings	13,111,790	869,302	---	(81,664)	13,899,428
Infrastructure	14,481,264	1,531,494	---	---	16,012,758
Total accumulated depreciation	39,045,220	3,758,831	---	(268,730)	42,535,321
Net depreciable capital assets	53,498,360	13,369,045	1,581,828	(7,295,561)	61,153,672
Net total capital assets	\$ 145,857,331	22,291,798	\$ ---	\$ (13,135,693)	\$ 155,013,436

Depreciation was charged to governmental functions as follows:

General government	\$ 649,404
Public safety	559,504
Public works	1,864,370
Culture and recreation	486,353
Conservation and	199,200
Total depreciation	<u>\$ 3,758,831</u>

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets (continued)

Business-type Activities

	Balance January 1, 2012	Additions	Transfers	Disposals	Balance December 31, 2012
Nondepreciable capital assets:					
Land	\$ 608,648	\$ ---	\$ ---	\$ (95)	\$ 608,553
Construction in progress	7,380,320	2,488,971	(4,175,380)	---	5,693,911
Total nondepreciable capital assets	7,988,968	2,488,971	(4,175,380)	(95)	6,302,464
Depreciable capital assets:					
Land improvements	1,041,812	---	---	---	1,041,812
Buildings and improvements	7,972,250	---	---	(38,618)	7,933,632
Equipment and furnishings	9,313,686	477,843	111,637	(609,466)	9,293,700
Infrastructure	163,221,003	1,230,566	4,063,743	(204,097)	168,311,215
Total depreciable capital assets	181,548,751	1,708,409	4,175,380	(852,181)	186,580,359
Less accumulated					
Land improvements	367,720	21,870	---	---	389,590
Buildings and improvements	3,460,715	303,404	---	(38,618)	3,725,501
Equipment and furnishings	5,826,695	523,348	---	(607,986)	5,742,057
Infrastructure	45,107,283	2,661,054	---	(204,097)	47,564,240
Total accumulated depreciation	54,762,413	3,509,676	---	(850,701)	57,421,388
Net depreciable capital assets	126,786,338	(1,801,267)	4,175,380	(1,480)	129,158,971
Net total capital assets	\$ 134,775,306	\$ 687,704	\$ ---	\$ (1,575)	\$ 135,461,435
Depreciation was charged to proprietary functions as follows:					
Sewer Utility					\$ 1,302,939
Water Utility					1,680,296
Storm Water Utility					526,441
Total depreciation					<u>\$ 3,509,676</u>

Depreciation expense is different from additions because of joint metering and internal allocations.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long-term debt:					
General obligation debt	\$ 80,917,900	\$ 28,940,000	\$ (15,148,416)	\$ 94,709,484	\$ 21,650,416
Note anticipation note	1,280,000	---	---	1,280,000	---
Other liabilities:					
Accumulated unpaid sick pay	2,973,466	28,339	(55,034)	2,946,771	64,188
Total governmental long-term obligations	<u>\$ 85,171,366</u>	<u>\$ 28,968,339</u>	<u>\$ (15,203,450)</u>	<u>\$ 98,936,255</u>	<u>\$ 21,714,604</u>
Business-type Activities:					
Long-term debt:					
Revenue bonds	\$ 6,327,935	\$ ---	\$ (1,592,322)	\$ 4,735,613	\$ 909,494
General obligation debt	5,537,100	1,895,000	(581,584)	6,850,516	804,584
Total long-term debt	<u>11,865,035</u>	<u>1,895,000</u>	<u>(2,173,906)</u>	<u>11,586,129</u>	<u>1,714,078</u>
Other liabilities:					
Accumulated unpaid sick pay	370,345	39,794	(17,470)	392,669	---
Total business-type long-term obligations	<u>\$ 12,235,380</u>	<u>\$ 1,934,794</u>	<u>\$ (2,191,376)</u>	<u>\$ 11,978,798</u>	<u>\$ 1,714,078</u>

Accumulated vacation pay is considered earned and payable and thus, is recorded as a current liability.

Activity related to accumulated unpaid sick pay is summarized as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
Balance, beginning of year	\$ 2,973,466	\$ 370,345	\$ 3,343,811
Sick leave benefit earned - current year	28,339	39,793	68,132
Sick leave used – current year	---	---	---
Sick leave paid upon retirement	(55,034)	(17,469)	(72,503)
Balance, end of year	<u>\$ 2,946,771</u>	<u>\$ 392,669</u>	<u>\$ 3,339,440</u>

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**F. Long-Term Obligations (continued)*****General Obligation Debt***

All general obligation notes and bonds payable are backed by the full faith and credit of the Village, and will be retired by resources derived from various sources, including property tax levies, special assessments, tipping fees, park impact fees, and tax increments. Details of general obligation debt are presented below:

	Date of Issue	Maturity Date	Average Coupon Rate	Original Indebtedness	Balance 12/31/12
Bonds:	05/15/03	05/01/22	4.41%	\$ 12,000,000	\$ 8,925,000
	05/15/04	05/01/18	4.92%	7,225,000	5,425,000
Notes:	08/01/03	06/01/13	3.56%	3,770,000	525,000
	09/01/04	09/01/14	3.60%	3,360,000	425,000
	07/01/05	06/01/15	3.87%	3,780,000	1,600,000
	09/01/06	06/01/16	4.21%	2,660,000	1,275,000
	06/01/07	06/01/17	4.32%	1,750,000	1,225,000
	07/01/08	12/01/18	4.10%	3,800,000	2,775,000
	06/01/09	05/01/19	3.35%	3,320,000	2,800,000
	02/01/10	09/01/14	2.15%	2,800,000	1,150,000
	06/01/10	06/01/20	3.16%	3,955,000	3,550,000
	05/17/10	11/01/14	4.25%	17,650,000	17,650,000
	10/05/10	12/01/19	3.06%	11,800,000	9,975,000
	06/06/11	06/01/21	2.80%	6,830,000	6,525,000
	10/18/11	10/01/13	2.00%	5,500,000	5,500,000
	10/18/11	10/01/19	2.03%	1,800,000	1,400,000
	07/02/12	06/01/22	2.90%	4,610,000	4,610,000
	07/02/12	03/01/21	3.42%	6,400,000	6,400,000
	07/02/12	03/01/22	3.34%	7,950,000	7,950,000
	09/28/12	09/01/19	2.43%	1,850,000	1,850,000
	09/28/12	09/01/15	3.00%	10,025,000	10,025,000
Total general obligation debt					\$ 101,560,000
Governmental activity debt					\$ 94,709,484
Business-type activity debt					6,850,516
Total general obligation debt					\$ 101,560,000

During the year ended December 31, 2012, the Village paid off one general obligation bond and one general obligation note through current refundings. The refinanced principal of the refundings issued totaled \$8,600,000. As a result of the current refundings, the Village decreased its future debt service requirements by \$340,965.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

General Obligation Debt (continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. As of December 31, 2012, the Village has used 47.07% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2012:

Equalized Value January 1, 2012	\$ <u>4,315,491,900</u>
Debt limit (5% of equalized value)	\$ <u><u>215,774,595</u></u>

General Obligation Debt by Funding Source:

Tax levy	\$ 23,937,600
Tipping fees	15,125,000
Special assessments	1,361,884
TID increments	54,285,000
Utility user fees	6,850,516
Total General Obligation debt	\$ <u><u>101,560,000</u></u>

Ratio of applicable general obligation debt to debt limit	<u>47.07 %</u>
---	----------------

Note Anticipation Notes

The Note Anticipation Notes ("Notes") are issued pursuant to Section 67.12(1)(b) of the Wisconsin Statutes. The Notes will be special obligations of the Village and do not constitute general obligation indebtedness of the Village nor a charge against its general credit or taxing power. The Notes are payable solely from revenues and tax increments generated by Tax Incremental District No. 6. Details of the Notes are presented below:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Average Coupon Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/12</u>
Governmental Activities:					
Note Anticipation Notes	10/05/10	03/01/13	1.50%	\$ 1,280,000	\$ <u><u>1,280,000</u></u>

Revenue Bonds

Water and Sewer Utility revenue bonds are payable solely from revenues generated by the respective utilities. A statutory mortgage lien upon the water and sewerage system and any additions, improvements, and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the resolutions authorizing the mortgage revenue bond issues. The earnings of both the Water and Sewer Utilities remain subject to the lien until payment in full of the principal and interest on the bonds.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**F. Long-Term Obligations (continued)*****Revenue Bonds***

Details of revenue bonds outstanding are presented below:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Average Coupon Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/12</u>
Business-type Activities:					
Revenue Bonds:					
Water Utility	07/01/00	12/01/18	5.57%	\$ 1,425,000	\$ 650,000
	03/15/05	12/01/16	4.08%	5,280,000	2,085,000
Clean Water Fund Loans:					
Sewer Utility	10/18/93	05/01/13	3.19%	1,702,971	91,886
	02/19/01	05/01/20	2.97%	217,231	106,592
	12/17/01	05/01/16	3.21%	791,035	248,761
	08/22/07	05/01/27	2.55%	1,887,778	1,553,374
Total business-type					\$ 4,735,613

During the year ended December 31, 2009, the Village defeased Sewer Utility mortgage revenue bonds by placing funds in escrow sufficient to meet the future debt service requirements as they mature. The principal of the defeased bonds totaled \$3,860,000. As of December 31, 2012, the defeased bonds are no longer outstanding.

Subsequent Debt Issuances

In February 2013, the Village Board approved the issuance and sale of \$1,280,000 general obligation promissory notes. The debt was issued on February 28, 2013. The proceeds from the issuance will be used to refinance the remaining debt service requirements on the 2010 note anticipation notes. The loan has a maturity life of 3.59 years, with an average interest rate of 1.75%.

In June 2013, the Village Board approved the issuance and sale of \$2,370,000 general obligation promissory notes. The debt was issued on June 17, 2013. The proceeds from the issuance will be used to fund 2013 Water and Storm Water Utility projects. The loan has a maturity life of 7.90 years, with an average interest rate of 2.99%.

In June 2013, the Village Board approved the issuance and sale of \$1,930,000 general obligation taxable refunding bonds for purposes of refinancing the 2000 water revenue bonds and the 2005 water revenue bonds. The debt was issued on June 17, 2013. The loan has a maturity life of 5.59 years, with an average interest rate of 2.28%.

In June 2013, the Village Board approved the issuance and sale of \$7,175,000 taxable general obligation promissory notes. The debt was issued on June 17, 2013. The proceeds from the issuance will be used to pay off the general fund advance to TID #8 as well as to fund 2013 construction projects. The loan has a maturity life of 3.46 years, with an average interest rate of 1.15%.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Debt Maturities

Debt service requirements to maturity for long-term debt are as follows:

Governmental Activities:

Year	General Obligation Debt		Anticipation Notes		Total
	Principal	Interest	Principal	Interest	
2013	\$ 20,370,416	\$ 2,901,510	\$ ---	\$ 13,253	\$ 23,285,179
2014	24,206,416	2,520,278	---	22,400	26,749,094
2015	16,231,416	1,569,379	---	22,400	17,823,195
2016	6,306,416	1,071,858	1,280,000	22,400	8,680,674
2017	6,582,910	869,822	---	---	7,452,732
2018-2022	21,011,910	1,470,128	---	---	22,482,038
2023-2027	---	---	---	---	---
2028-2032	---	---	---	---	---
Totals	\$ 94,709,484	\$ 10,402,975	\$ 1,280,000	\$ 80,453	\$ 106,472,912

Business-type Activities:

Year	General Obligation Debt		Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2013	\$ 1,609,584	\$ 206,568	\$ 249,494	\$ 112,687	\$ 2,178,333
2014	968,584	218,497	162,064	43,958	1,393,103
2015	1,003,584	178,912	166,647	39,309	1,388,452
2016	948,584	153,533	171,361	34,527	1,308,005
2017	967,090	128,715	108,957	30,687	1,235,449
2018-2022	3,888,090	269,975	557,995	109,778	4,825,838
2023-2027	200,000	3,100	584,095	37,940	825,135
2028-2032	---	---	---	---	---
Totals	\$ 9,585,516	\$ 1,159,300	\$ 2,000,613	\$ 408,886	\$ 13,154,315

Total Primary Government:

Year	General Obligation Debt		Anticipation Notes and Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2013	\$ 21,980,000	\$ 3,108,078	\$ 249,494	\$ 125,940	\$ 25,463,512
2014	25,175,000	2,738,775	162,064	66,358	28,142,197
2015	17,235,000	1,748,291	166,647	61,709	19,211,647
2016	7,255,000	1,225,391	1,451,361	56,927	9,988,679
2017	7,550,000	998,537	108,957	30,687	8,688,181
2018-2022	24,900,000	1,740,103	557,995	109,778	27,307,876
2023-2027	200,000	3,100	584,095	37,940	825,135
2028-2032	---	---	---	---	---
Totals	\$ 104,295,000	\$ 11,562,275	\$ 3,280,613	\$ 489,339	\$ 119,627,227

The debt maturity schedules include the revised payment schedules related to the 2013 debt proceeds used to refinance the 2010 note anticipation notes, 2000 water revenue bonds, and the 2005 water revenue bonds.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Premiums, Discounts, and Gains and Losses on Refundings

Governmental Activities:

Premiums and discounts on issuance, and gains and losses on refundings are recognized in the year in which they occur in the fund financial statements, but are deferred and amortized using the straight-line method over the life of the debt issue in the government-wide statements.

Business-type Activities:

Premiums and discounts on issuance, and gains and losses on refundings are deferred and amortized using the straight-line method over the life of the debt issue in both the fund statements and the government-wide statements.

Activity for the year ended December 31, 2012 is summarized as follows:

	Balance January 1, 2012	Additions	Amortization Expense (Benefit)	Balance December 31, 2012
Governmental Activities	\$ 895,354	\$ 1,514,921	\$ (347,529)	\$ 2,062,746
Business-type Activities:				
Storm Water Utility	\$ ---	\$ (25,827)	\$ 1,313	\$ (24,514)
Water Utility	178,362	(40,311)	(61,178)	76,873
Total business-type activities	\$ 178,362	\$ (66,138)	\$ (59,865)	\$ 52,359

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**G. Net Position and Fund Balances*****Government-wide Financial Statement Net Position******Governmental Activities***

Governmental net position consist of the following:

Net Investment in Capital Assets:

Land and construction in progress	\$	93,859,765	
Other capital assets net of accumulated depreciation		61,153,672	
Less related long-term debt		<u>(70,243,392)</u>	
Total net investment in capital assets			\$ 84,770,045

Restricted for:

Capital Projects:

Park development and land acquisition	668,035	
Library facilities	190,886	
Tax Incremental District projects	<u>2,746,491</u>	
Total restricted for capital projects		3,605,412

Debt Service		8,718,485
--------------	--	-----------

Other:

Community development	1,194,127	
Public safety programs	519,969	
Parks operations	5,351	
Library operations and maintenance	<u>1,296,911</u>	
Total restricted for other		3,016,358

Unrestricted		<u>3,353,935</u>
Total governmental net position	\$	<u><u>103,464,235</u></u>

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**G. Net Position and Fund Balances (continued)*****Government-wide Financial Statement Net Position (continued)******Business-type Activities***

Business-type net position consist of the following:

Net Investment in Capital Assets:

Land and construction in progress	\$	6,302,464	
Other capital assets net of accumulated depreciation		129,158,971	
Less related long-term debt		<u>(8,873,158)</u>	
Total net investment in capital assets			\$ 126,588,277

Restricted for:

Capital Projects:

Interceptor sewer improvements	1,193,069	
Other sewer infrastructure improvements	1,321,270	
Other water infrastructure improvements	<u>865,287</u>	
Total restricted for capital projects		3,379,626

Debt Service:

Restricted for debt service – sewer	175,269	
Less liabilities payable from restricted assets – sewer	<u>(175,269)</u>	
Restricted for debt service – water	707,238	
Less liabilities payable from restricted assets – water	<u>(670,457)</u>	
Total restricted for debt service		36,781

Other:

Operation and maintenance – sewer	777,421	
Depreciation fund – sewer	272,900	
Operation and maintenance – water	295,534	
Depreciation fund – water	<u>75,000</u>	
Total restricted for other		1,420,855

Unrestricted

		<u>12,262,744</u>	
Total business-type net position			\$ <u>143,688,283</u>

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**G. Net Position and Fund Balances (continued)*****Fund Financial Statements***

Governmental fund balances consist of the following:

General Fund:

Nonspendable:

Prepaid items	\$	527,216	
Advances to other funds		1,753,754	
Delinquent personal property taxes receivable		29,078	
Inventory of supplies		188,319	
Total nonspendable			\$ 2,498,367

Restricted for tourism		91,526	
------------------------	--	--------	--

Unassigned		6,675,691	
------------	--	-----------	--

Total General Fund			\$ <u>9,265,854</u>
---------------------------	--	--	---------------------

Debt Service Fund:

Restricted for debt service			\$ <u>8,718,485</u>
-----------------------------	--	--	---------------------

Municipal Facilities and Equipment Fund:

Nonspendable:

Deferred charges	\$	895,812	
Advances to other funds		521,259	
Total nonspendable			\$ 1,417,071

Assigned:

Facilities and equipment		7,387,811	
--------------------------	--	-----------	--

Total Municipal Facilities and Equipment Fund			\$ <u>8,804,882</u>
--	--	--	---------------------

T.I.D. #6 Main Street:

Nonspendable for long-term loans receivable		14,129,157	
---	--	------------	--

Restricted for TIF District Improvements and Debt Service		1,149,811	
---	--	-----------	--

Total T.I.D. #6 Main Street			\$ <u>15,278,968</u>
------------------------------------	--	--	----------------------

T.I.D. #10 :

Restricted for TIF District Improvements and Debt Service		978,396	
---	--	---------	--

Non-major Funds:

Nonspendable:

Prepaid items	\$	6,300	
Advances to other funds		432,849	
Total nonspendable			\$ 439,149

Restricted:

Revolving loans for community development	697,612	
---	---------	--

Public safety programs	519,969	
------------------------	---------	--

Park development and land acquisition	668,035	
---------------------------------------	---------	--

Parks operations	5,351	
------------------	-------	--

Library facilities	180,267	
--------------------	---------	--

Library operations and maintenance	1,109,488	
------------------------------------	-----------	--

TIF District Improvements and Debt Service	3,149,827	
--	-----------	--

Total restricted		6,330,549
-------------------------	--	-----------

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

3. Detail Notes on Transaction Classes and Accounts (continued)**G. Net Position and Fund Balances (continued)*****Fund Financial Statements (continued)***

Committed:

Community grants	\$	9,933	
Cable TV programs		62,583	
Capital projects		970,563	
Total committed			\$ 1,043,079
Assigned:			
Special revenue projects			11,584
Unassigned			(3,289,054)
Total non-major funds			\$ 4,535,307

4. Other Notes**A. Employee Pension Plan**

All eligible Village of Menomonee Falls 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 at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the 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.

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

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.8%	11.3%

The payroll for employees covered by the WRS for the year ended December 31, 2012 was \$12,626,926; the employer's total payroll was \$12,877,027. The total required contribution for the year ended December 31, 2012 was \$1,670,698, which consisted of \$925,710, or 7.3% of payroll from the employer and \$744,989, or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$1,688,202 and \$1,561,997, respectively, equal to the required contributions for each year.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

4. Other Notes (continued)

A. Employee Pension Plan (continued)

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

B. Other Post-Employment Benefits

Plan Description

The Village allows employees eligible to retire under the WRS pension plan to remain on the Village's health insurance plan after retirement. As a requirement of continued coverage, the retirees are required to contribute a blended premium rate that is an average of the cost of premiums for active and retired employees. This contribution is less than the actual cost of the age-adjusted retiree premiums. Under GASB 45, this circumstance is considered to be an other post-employment benefit ("OPEB") for the retirees, commonly referred to as an implicit rate subsidy.

The Village Board of Trustees authorizes the provisions of, and amendments to, this policy.

Funding Policy

The Village funds these costs on a pay-as-you-go basis. Currently, the only Village contribution towards the costs of this obligation is the current period's implied subsidy, or the difference between the retiree contribution and the actual age-adjusted cost of retiree premiums paid by the Village.

Annual OPEB Cost and Net OPEB Obligation

The Village'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 the parameters of GASB 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 over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

4. Other Notes (continued)**B. Other Post-Employment Benefits (continued)****Annual OPEB Cost and Net OPEB Obligation (continued)**

Annual required contribution	\$	509,519
Interest on net OPEB obligation		33,699
Annual OPEB cost (expense)		<u>543,218</u>
Contributions made		<u>(445,044)</u>
Increase in net OPEB obligation		98,174
Net OPEB obligation – beginning of year		1,036,793
Net OPEB obligation – end of year	\$	<u><u>1,134,967</u></u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	\$ 567,199	301,784	53%	\$ 863,570
December 31, 2011	641,284	468,061	73%	1,036,793
December 31, 2012	543,218	445,044	82%	1,134,967

Funding Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Village's OPEB obligation was completely unfunded, resulting in an unfunded actuarial accrued liability ("UAAL") of \$4,745,889. The covered payroll (annual payroll of active employees covered by the plan) was \$11,523,749 and the ratio of the UAAL to covered payroll was 41.2%.

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

Actuarial Methods and Assumptions

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.25% investment rate of return, an inflation rate of 8.10%, and an annual healthcare cost trend rate of 8.10% initially, reduced by decrements to an ultimate rate of 4.6% after ten years. The plan's unfunded actuarial accrued liability is being amortized as a level percentage over an open amortization period of thirty years.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

4. Other Notes (continued)

C. Risk Management

The Village is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; and errors and omissions, natural disasters and workers' compensation. The Village purchases general, automobile and workers' compensation insurance from the Cities and Villages Mutual Insurance Company. The Village purchases commercial insurance for all other risks. There have been no significant reductions in insurance for any risk of loss in the past year. No claims have significantly exceeded the commercial coverage in the past three years.

In 1993, the Village joined the Wisconsin Municipal Insurance Commission ("WMIC"). The WMIC is an intergovernmental cooperative commission formed to facilitate the formation of the Cities and Villages Mutual Insurance Company ("CVMIC"). The CVMIC is a separate and distinct entity independent of the WMIC and owned by the participating cities and villages of the WMIC. The CVMIC was formed to provide insurance to Wisconsin municipalities as of January 1, 1988.

The CVMIC provides the Village with \$5,000,000 of liability coverage for losses over their self-insurance retention of \$100,000 per occurrence with \$300,000 aggregate stop loss.

The Village's annual cost is the sum of the principal and interest on its general obligation bonds, its annual premiums, claims and other operating expenses. The CVMIC pays dividends to the Village based on a schedule designed to enable the Village to partially or fully finance the Village's related debt service requirements. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among the participating municipalities based on payroll and loss history. The Village and other participants are subject to cover loss experiences that exceed predictions through retrospective assessments.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The municipality does not exercise any control over the activities of the agencies beyond the election of the officers and board.

The Village's Risk Management Fund was established in 1991 as an Internal Service Fund to account for and finance the Village's uninsured risk of loss. At December 31, 2012, this fund had net position totaling \$836,955 which is available to pay future claims. Additionally, a liability of \$76,759 for claims incurred but not yet reported has been recorded, representing the discounted present value of expected losses using an expected future investment yield assumption of 7%. The following is a summary of the changes in this liability account:

Fiscal Year	Balance January 1,	Claims and Changes In Estimates	Claim Payments	Balance December 31,
2012	\$ 88,241	\$ 6,646	\$ (18,128)	\$ 76,759
2011	90,436	32,548	(34,743)	88,241

Payments to WMIC for current year insurance coverage are reflected in the statement of revenues, expenses and changes in net position – Proprietary Funds. The Village's share of assets, liabilities and fund equity was approximately 2% as of December 31, 2012. Percentage participation will be affected by acceptance of new members to the CVMIC.

Summary financial information for CVMIC and WMIC for the year ended December 31, 2012 is available from the CVMIC offices. As of December 31, 2012, the CVMIC had assets of \$42,209,309 and a policyholders' surplus of \$25,150,873.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

4. Other Notes (continued)

D. Tax Incremental Districts

Tax increment financing ("TID"), as authorized by Section 66.1105 of the Wisconsin Statutes, is a method by which the Village can recover its development and public improvement costs in TID designated areas. These costs are recovered from the increase in property tax revenue which results from the increased valuation in the designated area. The Village finances development and public improvement costs in its TID through the issuance of general obligation long-term debt. Project costs are reported primarily as capital projects fund expenditures. Tax increments are reported as capital projects fund revenues and are used to meet maturing debt obligations incurred to provide financing for development and public improvement costs within the tax incremental district. Certain details related to each of the Village's tax incremental districts are listed below. For complete details of financial activity related to any of the tax incremental districts, compilation reports are available for viewing in the Village's Financial Services Department.

T.I.D. #2 - Village Centre

During 1991, the Village created Tax Incremental District #2 ("TID #2"). TID #2 has a statutory life of 27 years which will expire February 18, 2018. The last date to incur project costs was February 18, 2001. There have been no amendments made to the original TID #2 project plan. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 10,079,425	\$ 12,324,605	\$ 10,079,425	\$ 13,125,593	\$ 1,150,000

T.I.D. #4 – Heritage Reserve

On May 6, 1996, the Village created Tax Incremental District #4 ("TID #4"). TID #4 has a statutory life of 23 years which will expire May 6, 2019. On April 15, 2002 the original project plan was amended to expand the original plan boundaries and to increase certain planned project expenditures. On December 17, 2009, the project plan was amended by the addition of certain provisions. After repayment in full of outstanding project costs, including but not limited to bonds issued for project costs, the balance in TID #4 shall be transferred to a separate Reserve Fund which will be paid to the overlying taxing jurisdictions and to the general fund of the Village upon the termination of TID #4 at the end of its maximum life. Future tax increments are to be allocated as follows: (1) \$1 million to fund future TID #4 costs allowed by the project plan, and (2) the remainder attributable to TID #8 - Richfield Way. The last date to incur project costs is May 6, 2014. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 56,085,164	\$ 21,183,626	\$ 56,085,164	\$ 19,187,033	---

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

4. Other Notes (continued)**D. Tax Incremental Districts (continued)****T.I.D. #5 - Westbrook Corporate Park**

On June 14, 1999, the Village created Tax Incremental District #5 ("TID #5"). TID #5 has a statutory life of 23 years which will expire June 14, 2022. On December 18, 2000 the original project plan was amended to increase certain planned project expenditures. On July 16, 2001 the original project plan was amended to expand the original plan boundaries and to increase certain planned project expenditures. The last date to incur project costs is June 14, 2017. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 20,527,977	\$ 8,364,808	\$ 20,527,977	\$ 15,789,909	\$ 8,175,000

T.I.D. #6 – Main Street

On April 17, 2006, the Village created Tax Incremental District #6 ("TID #6"). TID #6 has a statutory life of 27 years which will expire April 17, 2033. The last date to incur project costs is April 17, 2028. On July 21, 2008 the original project plan was amended to change the original plan boundaries. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 26,760,500	\$ 376,169	\$ 26,760,500	\$ 4,902,201	\$ 19,805,000

T.I.D. #7 – First Park

On February 18, 2008, the Village created Tax Incremental District #7 ("TID #7"). TID #7 has a statutory life of 20 years which will expire February 18, 2028. The last date to incur project costs is February 18, 2023. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 11,096,724	\$ 1,035,197	\$ 11,096,724	\$ 1,246,658	\$ 213,769

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

4. Other Notes (continued)

D. Tax Incremental Districts (continued)

T.I.D. #8 – Falls Parkway

On July 8, 2008, the Village created Tax Incremental District #8 ("TID #8"). TID #8 has a statutory life of 27 years which will expire July 8, 2035. On December 17, 2009, the project plan was amended by the addition of certain provisions and to provide transfers in from TID #4. The last date to incur project costs is July 8, 2030. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 58,945,750	\$ 3,090,455	\$ 58,945,750	\$ 17,389,422	\$ 14,872,809

T.I.D. #9 - Appleton Avenue Corridor

On January 18, 2010, the Village created Tax Incremental District #9 ("TID #9"). TID #9 has a statutory life of 27 years which will expire January 18, 2037. The last date to incur project costs is January 18, 2032. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 23,481,963	\$ 319,910	\$ 23,481,963	\$ 714,445	\$ 363,300

T.I.D. #10

On August 17, 2011, the Village created Tax Incremental District #10 ("TID #10"). TID #10 has a statutory life of 20 years which will expire August 17, 2031. The last date to incur project costs is August 17, 2026. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 62,163,088	\$ 4,206	\$ 62,163,088	\$ 13,078,063	\$ 14,125,000

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

4. Other Notes (continued)**D. Tax Incremental Districts (continued)****T.I.D. #11**

On August 17, 2011, the Village created Tax Incremental District #11 ("TID #11"). TID #11 has a statutory life of 20 years which will expire August 17, 2031. The last date to incur project costs is August 17, 2026. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2012:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/12</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/12</u>	<u>Outstanding debt as of 12/31/12</u>
\$ 4,501,500	\$ 115	\$ 4,501,500	\$ 546,657	\$ 525,000

E. Contingent Liabilities

The Village has identified the following items as potential liabilities not recorded in the financial statements:

- The Village participates in a number of federal and state assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. Audits under the Single Audit Act of 1984 have been conducted when applicable but final acceptance is still pending. Accordingly, the Village's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Village expects such amounts, if any, to be immaterial.
- The Village is periodically engaged in the courts defending and prosecuting cases over a wide range of possible situations. The ultimate outcome of these claims has not been determined. In the opinion of management, after considering the Village's insurance coverage, potential payment of claims by other parties, and the statutory limitation on claims against Wisconsin municipalities, the likelihood of material impact on the Village's financial statements upon resolution of these matters is remote.
- The Village has been advised by the Wisconsin Department of Natural Resources that the Village is considered to be a responsible party with respect to property owned by the Village and formerly operated by others as a landfill known as the Bruce Landfill. The Village continues to monitor site contamination in accordance with an agreement with the Wisconsin Department of Natural Resources. Currently, there are no requirements for remediation activities, and the Village is unable to say at this time what, if any, remediation activities might be required in future periods. In the event that the Village is determined to have any liability with respect to the Bruce Landfill, the Village may have rights against third parties.
- The Village has entered into employment contracts with two non-represented Village employees. The terms of these contracts include salary continuation benefits for the employees in the event that the employees are terminated without cause. The length of salary continuation benefits is six months for each employee.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Notes to Financial Statements
December 31, 2012

4. Other Notes (continued)

F. Commitments

During 2008, the Village entered into an agreement with the City of Milwaukee wherein the Village agrees to purchase all of the water supplied to a portion of the Village from Milwaukee Water Works for a period of ten years from the effective date of the agreement. Charges under this agreement are approximately \$110,000 per month.

The Village has issued municipal revenue obligations ("MRO") from TID #5, TID #7, TID #10 and TID #11 as part of development agreements. The principal amount of the MRO's are \$3,100,000, \$5,100,000, \$2,500,000 and \$500,000, and are payable solely from tax increments collected by the TID #5, TID #7, TID #10 and TID #11, respectively. The payment schedules vary. The TID #7 MRO carries an 8.5% interest rate, while all of the others maintain a 0% interest rate. The obligation does not constitute a charge upon any funds of the Village. The increments collected by the Districts are pledged in their entirety. If the tax increments collected by the Districts during the life of the Districts are insufficient to pay the principal and interest on the MRO's, the obligations terminate with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligations are not reported as a liability in the accompanying financial statements. The balance of the maximum potential commitments at December 31, 2012 was approximately \$12,547,599.

G. Letters of Credit

The Village enters into a number of contracts for land development in conjunction with contractors and developers. The developers finance these construction projects under letters of credit, whereby the Village is reimbursed for any expenditure up to the limit of the letter of credit. Any over-expenditures on the projects would be paid by the Village.

H. Regulatory Agency - Water Utility

The Utility operates under service rules established by the Public Service Commission of Wisconsin ("PSCW"). Rates charged are regulated by the PSCW and the accounting records of the Utility are maintained in accordance with the Uniform System of Accounts prescribed by the PSCW.

I. Leases as Lessor

The Village has entered a lease agreement with a local school district, wherein the Village has agreed to allow the use of Village property for the purpose of the school district's operations. Revenue from this activity totaled \$32,780 for the year ended December 31, 2012. Future minimum lease payments receivable in conjunction with these leases are as follows:

Year:	Amount
2013	\$ 32,780
2014	32,780
2015	32,780
2016	32,780
2017	32,780
2018 – 2021	79,218
Total	\$ 243,118

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

4. Other Notes (continued)**I. Leases as Lessor (continued)**

The Village has entered into several lease agreements with telecommunications companies, wherein the Village has agreed to allow the use of Village property for the purpose of telecommunication relays. Payments received on these leases totaled \$32,099 for the year ended December 31, 2012. Future minimum lease payments receivable in conjunction with these leases are as follows:

Year:	Amount
2013	\$ 33,292
2014	9,676
2015	9,966
Total	\$ 52,934

The Village has entered into several lease agreements with telecommunications companies, wherein the Village has agreed to allow the use of Water Utility property for the purpose of telecommunication relays. Payments received on these leases totaled \$208,653 for the year ended December 31, 2012. Future minimum lease payments receivable in conjunction with these leases are as follows:

Year:	Amount
2013	\$ 172,798
2014	158,299
2015	143,078
2016	150,231
Total	\$ 624,406

J. Deficit Fund Balances

As of December 31, 2012, the following non-major individual funds had deficit fund balances:

Fund	Deficit
Capital Projects Funds:	
T.I.D. #7	\$ 211,641
T.I.D. #8	2,763,967
T.I.D. #9	144,535
T.I.D. #11	21,543
Special Assessments	147,548

The deficits are anticipated to be funded with future contributions, general tax revenues or long-term borrowing.

VILLAGE OF MENOMONEE FALLS

Waukesha County, Wisconsin

Notes to Financial Statements

December 31, 2012

4. Other Notes (continued)

K. Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has approved GASB Statement No. 61, The Financial Reporting Entity: Omnibus, and Statements No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements, Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and Statement No. 64, Derivative

Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53. Application of these standards may restate portions of these financial statements.

The Governmental Accounting Standards Board ("GASB") has approved GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities. The standard reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources, deferred inflows of resources, or current-period outflows and inflows. This pronouncement is effective for financial statements covering periods beginning after December 15, 2012.

L. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (July 12, 2013). In addition to debt transactions noted in note 3.F., the Village was approved for a Purchased Water Adjustment Clause rate change effective July 1, 2013. Other than these items, there were no subsequent events that required recognition or disclosure.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Required Supplementary Information

Schedule of Funding Progress of Net OPEB Obligation
December 31, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2007	\$ ---	\$ 3,755,942	\$ 3,755,942	---	\$ 12,923,158	29.1%
December 31, 2009	---	5,312,851	5,312,851	---	12,641,585	42.0%
December 31, 2011	---	4,745,889	4,745,889	---	11,523,749	41.2%

Notes:

1. The data presented in this schedule was taken from the report issued by the actuary, except the covered payroll data which was supplied by the Village.

See independent auditor's report.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GENERAL FUND

This Fund accounts for the financial resources of the Village which are not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, fines and penalties, intergovernmental revenues, public charges for services, investment earnings and a property tax equivalent charged to the Water Utility. Primary expenditures are for public safety, public works, culture, recreation and education, community development, and general administration.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Balance Sheets - General Fund
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Cash and equivalents	\$ 11,676,554	\$ 12,043,136
Certificate of deposit	514,590	2,134,966
Accounts receivable:		
Taxes	10,552,494	9,664,809
Special charges on the tax roll	908	9,547
Intergovernmental aid	396,232	351,032
Accounts	830,309	724,943
Due from other funds	---	3,652,794
Prepaid items	527,216	269,610
Inventory	188,319	252,642
Advance to other governmental funds	4,945,801	1,596,269
Advances to utilities	145,762	219,186
Total assets	<u><u>\$ 29,778,185</u></u>	<u><u>\$ 30,918,934</u></u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and other accrued liabilities	\$ 2,177,012	\$ 3,770,893
Compensated absences	927,137	921,432
Deposits	119,235	94,414
Deferred revenue	17,248,906	16,810,560
Due to other funds	40,311	74,865
Total liabilities	<u>20,512,601</u>	<u>21,672,164</u>
Fund Balances:		
Nonspendable	2,498,367	2,391,707
Restricted	91,526	11,094
Unassigned	6,675,691	6,843,969
Total fund balances	<u>9,265,584</u>	<u>9,246,770</u>
Total liabilities and fund balance	<u><u>\$ 29,778,185</u></u>	<u><u>\$ 30,918,934</u></u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - General Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Revenues:			
Property taxes	\$ 16,341,595	\$ 16,156,597	\$ 184,998
Other taxes	150,679	98,304	52,375
Payments in lieu of taxes - Water Utility	1,292,036	1,203,973	88,063
Licenses and permits	1,141,357	1,094,714	46,643
Fines and forfeitures	631,119	627,478	3,641
Intergovernmental	2,737,111	3,097,890	(360,779)
Charges for services	936,982	975,809	(38,827)
Investment earnings	37,821	56,782	(18,961)
Interest on advances to governmental funds	189,950	72,190	117,760
Interest on advances to utilities	13,187	16,020	(2,833)
Other	104,639	106,871	(2,232)
Total revenues	<u>23,576,476</u>	<u>23,506,628</u>	<u>69,848</u>
Expenditures:			
General Government:			
Village board	45,643	45,446	197
Village manager	59,158	62,919	(3,761)
Clerk services	704,843	595,179	109,664
Human resources	86,932	91,614	(4,682)
Assessment of property	286,854	287,664	(810)
Building maintenance	467,747	464,143	3,604
Insurance and benefits	121,031	113,161	7,870
Judicial	173,791	186,726	(12,935)
Legal services	348,599	376,060	(27,461)
Financial services	278,254	349,377	(71,123)
Communications and information services	933,630	779,446	154,184
Capital outlay	18,760	92,712	(73,952)
Total general government	<u>3,525,242</u>	<u>3,444,447</u>	<u>80,795</u>
Public Safety:			
Police	7,974,581	7,830,350	144,231
Emergency dispatch	820,220	811,727	8,493
Fire	2,707,650	2,711,321	(3,671)
Fire protection services	1,658,233	1,663,828	(5,595)
Weed control	33,919	51,394	(17,475)
Emergency government	2,599	4,878	(2,279)
Other protection services	24,980	41,278	(16,298)
Capital outlay	89,121	90,392	(1,271)
Total public safety	<u>13,311,303</u>	<u>13,205,168</u>	<u>106,135</u>

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances - General Fund
Years Ended December 31, 2012 and 2011
(Continued)

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Public Works:			
Street and alley repair	\$ 2,988,051	\$ 3,036,060	\$ (48,009)
Equipment maintenance	389,603	434,800	(45,197)
Municipal garages	74,656	71,917	2,739
Capital outlay	---	5,110	(5,110)
Total public works	<u>3,452,310</u>	<u>3,547,887</u>	<u>(95,577)</u>
Culture and Recreation:			
Historical society and museum	23,961	35,806	(11,845)
Parks operations	602,185	669,478	(67,293)
Parks projects	38,482	43,258	(4,776)
Community quality of life	87,928	81,922	6,006
Capital outlay	---	19,163	(19,163)
Total culture and recreation	<u>752,556</u>	<u>849,627</u>	<u>(97,071)</u>
Conservation and Development:			
Community development	47,229	81,989	(34,760)
Building inspection	407,289	376,330	30,959
Engineering	96,300	140,178	(43,878)
Planning	269,209	289,324	(20,115)
Total conservation and development	<u>820,027</u>	<u>887,821</u>	<u>(67,794)</u>
Total general fund expenditures	<u>21,861,438</u>	<u>21,934,950</u>	<u>(73,512)</u>
Excess of revenues over expenditures	1,715,038	1,571,678	143,360
Other Financing Sources (Uses):			
Transfers in	541,285	165,482	375,803
Transfers out	<u>(2,237,509)</u>	<u>(585,722)</u>	<u>(1,651,787)</u>
Net other financing uses	<u>(1,696,224)</u>	<u>(420,240)</u>	<u>(1,275,984)</u>
Net change in fund balance	18,814	1,151,438	(1,132,624)
Fund Balance:			
Beginning of year	9,246,770	8,095,332	1,151,438
End of year	<u>\$ 9,265,584</u>	<u>\$ 9,246,770</u>	<u>\$ 18,814</u>

See independent auditor's report.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Debt Service Fund
Year Ended December 31, 2012

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues:			
Property taxes	\$ 2,397,891	\$ 2,397,891	\$ 2,394,007
Expenditures:			
Principal	8,923,468	8,923,468	6,548,416
Interest and fiscal charges	3,462,732	3,462,732	3,022,128
Debt issuance costs	---	---	393,613
Total expenditures	<u>12,386,200</u>	<u>12,386,200</u>	<u>9,964,157</u>
Deficit of revenues under expenditures	(9,988,309)	(9,988,309)	(7,570,150)
Other Financing Sources:			
Transfers in	8,138,309	8,138,309	7,137,742
Refunding bonds and notes issued	1,850,000	1,850,000	---
Principal payments on refunded debt	---	---	(8,600,000)
Bonds and notes issued	---	---	16,200,000
Bond premiums	---	---	1,514,920
Net other financing sources	<u>9,988,309</u>	<u>9,988,309</u>	<u>16,252,662</u>
Net change in fund balance	---	---	8,682,512
Fund Balance:			
Beginning of year	35,973	35,973	35,973
End of year	<u>\$ 35,973</u>	<u>\$ 35,973</u>	<u>\$ 8,718,485</u>

See independent auditor's report.

**COMBINING STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Combining Balance Sheet - Non-major Governmental Funds
December 31, 2012

	Special Revenue Funds	Capital Projects Funds	Total Non-major Governmental Funds
Assets:			
Cash and equivalents	\$ 3,466,769	\$ 5,932,314	\$ 9,399,083
Accounts receivable:			
Taxes	1,736,536	4,067,689	5,804,225
Special charges on tax roll	1,226,270	84,559	1,310,829
Intergovernmental aid	9,205	712,941	722,146
Special assessments	---	1,529,974	1,529,974
Accounts	534	51,200	51,734
Notes	442,192	---	442,192
Pledges	10,619	---	10,619
Other	---	889	889
Due from other funds	77,727	882,954	960,681
Prepaid items	6,300	---	6,300
Advance to other governmental funds	---	432,849	432,849
Total assets	\$ 6,976,152	\$ 13,695,369	\$ 20,671,521
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 61,232	\$ 1,645,428	\$ 1,706,660
Accrued compensated absences	59,773	---	59,773
Deposits	---	199,278	199,278
Deferred revenue	3,415,817	5,347,616	8,763,433
Due to other funds	113,884	299,647	413,531
Long-term advances from other governmental funds	---	4,993,539	4,993,539
Total liabilities	3,650,706	12,485,508	16,136,214
Fund Balances:			
Nonspendable	6,300	432,849	439,149
Restricted	3,235,046	3,095,503	6,330,549
Committed	72,516	970,563	1,043,079
Assigned	11,584	---	11,584
Unassigned	---	(3,289,054)	(3,289,054)
Total fund balances	3,325,446	1,209,861	4,535,307
Total liabilities and fund balance	\$ 6,976,152	\$ 13,695,369	\$ 20,671,521

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Non-major Governmental Funds
Year Ended December 31, 2012

	Special Revenue Funds	Capital Projects Funds	Total Non-major Governmental Funds
Revenues:			
Property taxes	\$ 1,742,835	\$ 4,213,930	\$ 5,956,765
Charges for services:			
Fines and forfeitures	18,870	---	18,870
Program revenues	1,447,884	---	1,447,884
Other charges for services	---	200	200
Operating grants and contributions:			
Intergovernmental	221,299	213,759	435,058
Donations	9,246	---	9,246
Capital grants and contributions:			
Intergovernmental	---	13,388	13,388
Special assessments and interest	---	178,285	178,285
Contributions from developers	328,547	2,896	331,443
Investment earnings	4,797	16,155	20,952
Interest earned on advances to governmental funds	---	24,564	24,564
Other revenues	11,643	---	11,643
Total governmental revenues	<u>3,785,121</u>	<u>4,663,177</u>	<u>8,448,298</u>
Expenditures:			
Current:			
General government	---	219,972	219,972
Public safety	120,505	---	120,505
Public works	1,737,123	1,603,773	3,340,896
Culture and recreation	1,803,311	32,126	1,835,437
Conservation and development	33,526	669,762	703,288
Interest on advances to governmental funds	---	150,053	150,053
Capital outlay	---	7,102,146	7,102,146
Total expenditures	<u>3,694,465</u>	<u>9,777,832</u>	<u>13,472,297</u>
Excess (deficit) of revenues over (under) expenditures	90,656	(5,114,655)	(5,023,999)
Other Financing Sources (Uses):			
Transfers in	362,958	3,201,303	3,564,261
Transfers out	(524,662)	(5,981,987)	(6,506,649)
Bonds and notes issued	---	2,715,000	2,715,000
Total other financing sources (uses)	<u>(161,704)</u>	<u>(65,684)</u>	<u>(227,388)</u>
Net change in fund balances	(71,048)	(5,180,339)	(5,251,387)
Fund balance, beginning of year	3,396,494	6,390,200	9,786,694
Fund balance, end of year	<u>\$ 3,325,446</u>	<u>\$ 1,209,861</u>	<u>\$ 4,535,307</u>

See independent auditor's report.

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than major capital projects) that are restricted or reserved to expenditures for specific purposes.

Revolving Loan Fund - To account for the loans issued and receivable under a program initially subsidized by the State of Wisconsin. Loans are approved by the Village Board and administered by the Southeastern Wisconsin Regional Planning Commission.

Police Department - To account for the financing and expenditures of programs such as state grant programs, Federal Asset Forfeiture program, D.A.R.E., a fund set up to fight vandalism in the community and contributions from citizens for crime prevention and block watch programs.

Fire Department - To account for the financing and expenditures of programs such as state grant programs, tank inspection and hazardous materials programs, and contributions from citizens for fire safety education and other programs.

Park Department - To account for expenditures for trees and park equipment financed primarily by donations.

Community Development - To account for the financing and expenditures of platting fees and park impact fees.

Library - To account for the financing and expenditures related to library memorials and building funds with funding provided by donations and investment earnings.

Community Grant - To account for grants to community not-for-profit organizations.

Teen Court - To account for the financing and expenditures for teen court operations funded by donations.

Cable TV - To account for the financing and expenditures of funds designated for local government cable TV channels.

Solid Waste Collection - To account for the revenues and expenditures related to solid waste collection and disposal.

Library Operations and Maintenance - To account for the operations and maintenance costs related to the library, and the revenues needed to support them.

EDMF TID #9 - To account for the loans issued and receivable under a program initially subsidized TID #9. Loans are approved by the Village's Community Development Authority.

VILLAGE OF MENOMOMNEE FALLS
Waukesha County, Wisconsin

Combining Balance Sheet - Non-Major Special Revenue Funds
December 31, 2012

	Non-major Special Revenue Funds													Total Non-major Special Revenue Funds
	Revolving Loan Fund	Police Department	Fire Department	Park Department	Community Development	Library	Community Grant	Teen Court	Cable TV	Unallocated	Solid Waste Collection	Library Operations and Maintenance	TID #9 EDMF	
Assets:														
Cash and equivalents	\$ 698,495	\$ 46,248	\$ ---	\$ ---	\$ 579,130	\$ 204,670	\$ ---	\$ ---	\$ ---	\$ 563,327	\$ 71,966	\$ 1,248,609	\$ 54,324	\$ 3,466,769
Receivables:														
Taxes	---	---	---	---	---	---	---	---	---	---	---	1,736,536	---	1,736,536
Special charges on the tax roll	---	---	---	---	---	---	---	---	---	---	1,226,270	---	---	1,226,270
Intergovernmental aid	---	3,790	---	---	---	---	---	---	---	5,415	---	---	---	9,205
Accounts	---	---	---	---	---	---	---	---	---	---	534	---	---	534
Notes	331,954	---	---	---	---	---	---	---	---	---	---	---	110,238	442,192
Pledges	---	---	---	---	---	10,619	---	---	---	---	---	---	---	10,619
Prepaid items	---	---	---	---	---	---	---	---	---	---	---	6,300	---	6,300
Due from other funds	---	---	---	---	---	---	---	---	---	77,727	---	---	---	77,727
Due from (to) unallocated	(883)	143,616	313,905	5,351	88,905	(24,403)	9,933	12,410	62,583	(611,417)	---	---	---	---
Total assets	<u>\$ 1,029,566</u>	<u>\$ 193,654</u>	<u>\$ 313,905</u>	<u>\$ 5,351</u>	<u>\$ 668,035</u>	<u>\$ 190,886</u>	<u>\$ 9,933</u>	<u>\$ 12,410</u>	<u>\$ 62,583</u>	<u>\$ 35,052</u>	<u>\$ 1,298,770</u>	<u>\$ 2,991,445</u>	<u>\$ 164,562</u>	<u>\$ 6,976,152</u>
Liabilities and Fund Balance:														
Liabilities:														
Accounts payable and other accrued liabilities	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 23,468	\$ ---	\$ 37,764	\$ ---	\$ 61,232
Accrued compensated absences	---	---	---	---	---	---	---	---	---	---	---	59,773	---	59,773
Deferred revenue	331,954	---	---	---	---	10,619	---	---	---	---	1,226,470	1,736,536	110,238	3,415,817
Due to other funds	---	---	---	---	---	---	---	---	---	---	72,300	41,584	---	113,884
Total liabilities	<u>331,954</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>10,619</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>23,468</u>	<u>1,298,770</u>	<u>1,875,657</u>	<u>110,238</u>	<u>3,650,706</u>
Fund Balances:														
Nospendable	---	---	---	---	---	---	---	---	---	---	---	6,300	---	6,300
Restricted	697,612	193,654	313,905	5,351	668,035	180,267	---	12,410	---	---	---	1,109,488	54,324	3,235,046
Committed	---	---	---	---	---	---	9,933	---	62,583	---	---	---	---	72,516
Assigned	---	---	---	---	---	---	---	---	---	11,584	---	---	---	11,584
Total fund balances	<u>697,612</u>	<u>193,654</u>	<u>313,905</u>	<u>5,351</u>	<u>668,035</u>	<u>180,267</u>	<u>9,933</u>	<u>12,410</u>	<u>62,583</u>	<u>11,584</u>	<u>---</u>	<u>1,115,788</u>	<u>54,324</u>	<u>3,325,446</u>
Total liabilities and fund balance	<u>\$ 1,029,566</u>	<u>\$ 193,654</u>	<u>\$ 313,905</u>	<u>\$ 5,351</u>	<u>\$ 668,035</u>	<u>\$ 190,886</u>	<u>\$ 9,933</u>	<u>\$ 12,410</u>	<u>\$ 62,583</u>	<u>\$ 35,052</u>	<u>\$ 1,298,770</u>	<u>\$ 2,991,445</u>	<u>\$ 164,562</u>	<u>\$ 6,976,152</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances-
Non-Major Special Revenue Funds
Year Ended December 31, 2012**

	Non-major Special Revenue Funds													Total Non-major Special Revenue Funds
	Revolving Loan Fund	Police Department	Fire Department	Park Department	Community Development	Library	Community Grant	Teen Court	Cable TV	Unallocated	Solid Waste Collection	Library Operations and Maintenance	TID #9 EDMF	
Revenues:														
Taxes	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	1,742,835	\$ --	\$ 1,742,835
Public charges for services:														
Fines and forfeitures	---	---	---	---	---	---	---	---	---	---	---	18,870	---	18,870
Program revenue	29,721	2,435	22,550	---	---	---	---	1,695	90,000	---	1,294,100	---	7,383	1,447,884
Operating grants and contributions:														
Intergovernmental	---	92,713	8,505	---	---	1,205	---	---	---	---	80,065	38,811	---	221,299
Donations	---	6,514	100	1,833	---	677	---	---	---	---	---	122	---	9,246
Capital grants and contributions:														
Platting fees	---	---	---	---	33,000	---	---	---	---	---	---	---	---	33,000
Impact fees	---	---	221,551	---	73,996	---	---	---	---	---	---	---	---	295,547
Investment earnings	(22)	132	---	---	931	---	---	---	---	1,289	---	2,467	---	4,797
Other revenues	---	---	---	---	---	---	---	---	---	---	---	11,643	---	11,643
Total revenues	<u>29,699</u>	<u>101,794</u>	<u>252,706</u>	<u>1,833</u>	<u>107,927</u>	<u>1,882</u>	<u>---</u>	<u>1,695</u>	<u>90,000</u>	<u>1,289</u>	<u>1,374,165</u>	<u>1,814,748</u>	<u>7,383</u>	<u>3,785,121</u>
Expenditures:														
Current:														
Public safety	---	92,721	27,579	---	---	---	---	205	---	---	---	---	---	120,505
Public works	---	---	---	---	---	---	---	---	---	---	1,737,123	---	---	1,737,123
Culture, recreation and education	---	---	---	1,345	---	1,687	---	---	90,000	---	---	1,710,279	---	1,803,311
Conservation and development	883	---	---	---	12,643	---	---	---	---	---	---	---	20,000	33,526
Total expenditures	<u>883</u>	<u>92,721</u>	<u>27,579</u>	<u>1,345</u>	<u>12,643</u>	<u>1,687</u>	<u>---</u>	<u>205</u>	<u>90,000</u>	<u>---</u>	<u>1,737,123</u>	<u>1,710,279</u>	<u>20,000</u>	<u>3,694,465</u>
Excess of revenues over expenditures	<u>28,816</u>	<u>9,073</u>	<u>225,127</u>	<u>488</u>	<u>95,284</u>	<u>195</u>	<u>---</u>	<u>1,490</u>	<u>---</u>	<u>1,289</u>	<u>(362,958)</u>	<u>104,469</u>	<u>(12,617)</u>	<u>90,656</u>
Other Financing Sources (Uses):														
Transfers in	---	---	---	---	---	---	---	---	---	---	362,958	---	---	362,958
Transfers out	---	---	---	---	---	---	---	---	---	(524,662)	---	---	---	(524,662)
Total other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(524,662)</u>	<u>362,958</u>	<u>---</u>	<u>---</u>	<u>(161,704)</u>
Net change in fund balances	<u>28,816</u>	<u>9,073</u>	<u>225,127</u>	<u>488</u>	<u>95,284</u>	<u>195</u>	<u>---</u>	<u>1,490</u>	<u>---</u>	<u>(523,373)</u>	<u>---</u>	<u>104,469</u>	<u>(12,617)</u>	<u>(71,048)</u>
Fund Balance - beginning of year	668,796	184,581	88,778	4,863	572,751	180,072	9,933	10,920	62,583	534,957	---	1,011,319	66,941	3,396,494
Fund Balance - end of year	<u>\$ 697,612</u>	<u>\$ 193,654</u>	<u>\$ 313,905</u>	<u>\$ 5,351</u>	<u>\$ 668,035</u>	<u>\$ 180,267</u>	<u>\$ 9,933</u>	<u>\$ 12,410</u>	<u>\$ 62,583</u>	<u>\$ 11,584</u>	<u>\$ ---</u>	<u>\$ 1,115,788</u>	<u>\$ 54,324</u>	<u>\$ 3,325,446</u>

See independent auditor's report.

NON-MAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the financing and construction of the Village's economic development and capital improvement projects. Also included is the special assessment fund. The main sources of revenue for these funds are tax increments, special assessments and interest thereon, intergovernmental aid, and investment earnings.

General Projects - To account for the financing and construction of general street, bridge, and park projects and some equipment.

Tax Incremental Financing District #2 - To account for the financing and rehabilitation of the Village Centre.

Tax Incremental Financing District #4 - To account for the financing and construction of Heritage Reserve Park.

Tax Incremental Financing District #5 - To account for the financing and construction of Westbrook Corporate Park.

Tax Incremental Financing District #7 - To account for the financing and construction of the planned Quad/Graphics, Inc. distribution center.

Tax Incremental Financing District #8 - To account for the financing and construction of the planned Falls Parkway.

Tax Incremental Financing District #9 - To account for the financing and construction of the planned Appleton Avenue Corridor.

Tax Incremental Financing District #11 - To account for the financing and construction of planned projects within the District.

Special Assessments - To account for the special assessments levied in conjunction with sewer, water, sidewalk and curb projects, and to record related debt service.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Combining Balance Sheet - Non-Major Capital Projects Funds
December 31, 2012

	Non-major Capital Projects Funds									Total Non-major Capital Projects Funds
	Capital Projects	T.I.D. #2 Village Centre	T.I.D. #4 Heritage Reserve	T.I.D. #5 Westbrook Corporate Park	T.I.D. #7 First Park	T.I.D. #8 Falls Parkway	T.I.D. #9 Appleton Ave. Corridor	T.I.D. #11	Special Assessments	
Assets:										
Cash and equivalents	\$ 1,222,655	\$ 349,012	\$ 1,996,593	\$ 1,203,330	\$ 2,308	\$ 829,350	\$ 250,248	\$ 15,110	\$ 63,708	\$ 5,932,314
Receivables:										
Taxes	---	423,799	1,708,371	1,491,076	326,962	---	56,385	61,096	---	4,067,689
Special charges on the tax roll	---	---	---	---	---	---	---	---	84,559	84,559
Intergovernmental aid	---	289	95,120	102,637	482	500,012	14,401	---	---	712,941
Special assessments	---	---	---	---	---	---	---	---	1,529,974	1,529,974
Accounts	51,200	---	---	---	---	---	---	---	---	51,200
Other	889	---	---	---	---	---	---	---	---	889
Due from other funds	882,954	---	---	---	---	---	---	---	---	882,954
Advances to other capital project funds	432,849	---	---	---	---	---	---	---	---	432,849
Total assets	\$ 2,590,547	\$ 773,100	\$ 3,800,084	\$ 2,797,043	\$ 329,752	\$ 1,329,362	\$ 321,034	\$ 76,206	\$ 1,678,241	\$ 13,695,369
Liabilities and Fund Balances:										
Liabilities:										
Accounts payable and other accrued liabilities	\$ 87,632	\$ ---	\$ ---	\$ ---	\$ ---	\$ 647,793	\$ ---	\$ ---	\$ 910,003	\$ 1,645,428
Deposits	192,491	---	---	---	---	6,787	---	---	---	199,278
Deferred revenue	51,200	424,088	1,803,491	1,593,713	327,444	100,012	70,786	61,096	915,786	5,347,616
Due to other funds	---	---	---	20,583	---	928	241,483	36,653	---	299,647
Advances from other capital projects funds	855,812	---	---	432,849	---	---	40,000	---	---	1,328,661
Advances from municipality	---	---	---	---	213,769	3,337,809	113,300	---	---	3,664,878
Total liabilities	1,187,135	424,088	1,803,491	2,047,145	541,213	4,093,329	465,569	97,749	1,825,789	12,485,508
Fund Balances:										
Nonspendable	432,849	---	---	---	---	---	---	---	---	432,849
Restricted	---	349,012	1,996,593	749,898	---	---	---	---	---	3,095,503
Committed	970,563	---	---	---	---	---	---	---	---	970,563
Unassigned	---	---	---	---	(211,461)	(2,763,967)	(144,535)	(21,543)	(147,548)	(3,289,054)
Total fund balances	1,403,412	349,012	1,996,593	749,898	(211,461)	(2,763,967)	(144,535)	(21,543)	(147,548)	1,209,861
Total liabilities and fund balances	\$ 2,590,547	\$ 773,100	\$ 3,800,084	\$ 2,797,043	\$ 329,752	\$ 1,329,362	\$ 321,034	\$ 76,206	\$ 1,678,241	\$ 13,695,369

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Non-Major Capital Projects Funds
Year Ended December 31, 2012**

	Non-major Capital Projects Funds									Total Non-major Capital Projects Funds
	Capital Projects	T.I.D. #2 Village Centre	T.I.D. #4 Heritage Reserve	T.I.D. #5 Westbrook Corporate Park	T.I.D. #7 First Park	T.I.D. #8 Falls Parkway	T.I.D. #9 Appleton Ave. Corridor	T.I.D. #11	Special Assessments	
Revenues:										
Tax increment	\$ ---	\$ 641,282	\$ 1,818,211	\$ 1,408,846	\$ 318,031	\$ 27,560	\$ ---	\$ ---	\$ ---	\$ 4,213,930
Public charges for services:										
Program revenues	200	---	---	---	---	---	---	---	---	200
Operating grants and contributions:										
Intergovernmental	---	207	147,571	45,408	858	52	19,663	---	---	213,759
Capital grants and contributions:										
Intergovernmental	13,388	---	---	---	---	---	---	---	---	13,388
Special assessments and interest	---	---	---	---	---	---	---	---	178,285	178,285
Contributions from developers	935	---	---	---	---	1,961	---	---	---	2,896
Investment earnings	5,578	791	4,470	1,465	728	2,469	248	32	374	16,155
Interest on advances to governmental funds	24,564	---	---	---	---	---	---	---	---	24,564
Total revenues	44,665	642,280	1,970,252	1,455,719	319,617	32,042	19,911	32	178,659	4,663,177
Expenditures:										
Current:										
General government	4,156	850	6,829	10,105	7,613	166,242	12,776	11,401	---	219,972
Public works	1,089,396	---	---	87,004	---	131,527	---	30	295,816	1,603,773
Culture, recreation and education	32,126	---	---	---	---	---	---	---	---	32,126
Conservation and development	---	---	82,756	198,958	310,778	77,270	---	---	---	669,762
Interest on advances from governmental funds	1,523	---	---	24,564	21,709	98,957	3,300	---	---	150,053
Capital Outlay	1,909,791	---	---	---	---	5,115,001	77,354	---	---	7,102,146
Total expenditures	3,036,992	850	89,585	320,631	340,100	5,588,997	93,430	11,431	295,816	9,777,832
Excess (deficit) of revenues over (under) expenditures	(2,992,327)	641,430	1,880,667	1,135,088	(20,483)	(5,556,955)	(73,519)	(11,399)	(117,157)	(5,114,655)
Other Financing Sources (Uses):										
Transfers in	1,095,000	---	---	---	---	1,806,303	300,000	---	---	3,201,303
Transfers out	(16,797)	(586,844)	(1,806,303)	(1,211,786)	---	(1,807,124)	(33)	(8,057)	(545,043)	(5,981,987)
Bonds and notes issued	1,405,000	---	---	900,000	---	160,000	250,000	---	---	2,715,000
Total other financing sources (uses)	2,483,203	(586,844)	(1,806,303)	(311,786)	---	159,179	549,967	(8,057)	(545,043)	(65,684)
Net change in fund balances	(509,124)	54,586	74,364	823,302	(20,483)	(5,397,776)	476,448	(19,456)	(662,200)	(5,180,339)
Fund balance, beginning of year	1,912,536	294,426	1,922,229	(73,404)	(190,978)	2,633,809	(620,983)	(2,087)	514,652	6,390,200
Fund balance, end of year	\$ 1,403,412	\$ 349,012	\$ 1,996,593	\$ 749,898	\$ (211,461)	\$ (2,763,967)	\$ (144,535)	\$ (21,543)	\$ (147,548)	\$ 1,209,861

See independent auditor's report.

PROPRIETARY FUNDS

Enterprise Funds:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Sewer Utility Fund - The Sewer Utility accounts for all activities necessary to provide cost effective sanitary sewer services to residents of the Village in accordance with current "treated effluent discharge" standards established by state and federal governments. Fund activities include administration, billing and collection, operations and maintenance, system expansion and financing and related debt service.

Water Utility Fund - The Water Utility accounts for all activities necessary to provide cost effective water services to residents of the Village in accordance with current "safe drinking water" standards established by state and federal governments. Fund activities include administration, billing and collection, operations and maintenance, financing and related debt service.

Storm Water Utility Fund - The Storm Water Utility accounts for all activities necessary for a system of storm and surface water management. Fund activities include administration, operations and maintenance, system expansion, financing, and related debt services. The Storm Water Utility is funded primarily by real estate taxes.

Internal Service Funds - Risk Management Fund:

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the Village or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Risk Managements Fund which accounts for and finances the Village's uninsured risk of loss.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Net Position - Sewer Utility
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Current assets:		
Cash and equivalents	\$ 4,998,410	\$ 4,900,770
Cash and equivalents - restricted	175,269	171,683
Receivables:		
Taxes	300,000	300,000
Special charges on the tax roll	394,458	425,758
Utility customers	1,764,397	1,660,364
Other	209,552	18,270
Inventory	16,658	13,974
Total current assets	<u>7,858,744</u>	<u>7,490,819</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and equivalents	3,564,660	4,466,236
Land and construction in progress	3,711,186	3,625,417
Other capital assets net of depreciation	50,436,076	51,690,463
Prepaid capacity charge	4,377,891	4,630,043
Total noncurrent assets	<u>62,089,813</u>	<u>64,412,159</u>
Total assets	<u>\$ 69,948,557</u>	<u>\$ 71,902,978</u>
Liabilities and Net Position:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 234,223	\$ 322,837
Compensated absences - vacation due within one year	35,010	31,888
Deferred revenue	335,000	342,000
Current portion of advance	82,633	81,013
Due to other funds	351,806	911,492
Current portion of general obligation notes and BANS	71,090	71,090
Current portion of revenue bonds	83,164	80,774
Accrued interest	1,380	3,989
Liabilities payable from restricted assets:		
Current portion of revenue bonds	166,330	161,548
Accrued interest	8,939	10,135
Total current liabilities	<u>1,369,575</u>	<u>2,016,766</u>
Long-Term Liabilities:		
Compensated absences - sick pay	115,373	95,090
OPEB obligation	12,389	21,110
Advances from other funds	438,626	521,258
General obligation notes and BANS	415,450	486,540
Revenue bonds	1,751,119	2,000,613
Total long-term liabilities	<u>2,732,957</u>	<u>3,124,611</u>
Total liabilities	<u>4,102,532</u>	<u>5,141,377</u>
Net Position:		
Net investment in capital assets	53,660,721	54,829,339
Restricted	3,564,660	4,466,236
Unrestricted	8,620,644	7,466,026
Total net position	<u>65,846,025</u>	<u>66,761,601</u>
Total liabilities and net position	<u>\$ 69,948,557</u>	<u>\$ 71,902,978</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Revenues, Expenses and Changes in Net Position - Sewer Utility
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Charges for services	\$ 8,526,609	\$ 8,287,181
Operating Expenses:		
Operation and maintenance	7,795,121	7,000,105
Administrative expense	913,045	961,568
Depreciation expense	1,302,939	1,327,122
Social Security tax	37,526	40,261
Total operating expenses	<u>10,048,631</u>	<u>9,329,056</u>
Operating loss	(1,522,022)	(1,041,875)
Nonoperating Revenues (Expenses):		
General property taxes	300,000	300,000
Investment earnings	11,207	13,941
Sale of materials	6,999	---
Miscellaneous revenues	19,200	19,200
Impact fees	130,792	89,336
Rent	(19,200)	(19,200)
Fiscal charges on debt	(64)	(1,272)
Amortization of debt issuance premiums, discounts and losses on refundings	---	(16,809)
Interest on long-term debt	(73,594)	(125,907)
Interest on advances	(12,045)	(626)
Net nonoperating revenues	<u>363,295</u>	<u>258,663</u>
Net loss before capital contributions	(1,158,727)	(783,212)
Capital Contributions	243,151	365,114
Decrease in net position	(915,576)	(418,098)
Net Position:		
Balance, beginning of year	66,761,601	67,179,699
Balance, end of year	<u>\$ 65,846,025</u>	<u>\$ 66,761,601</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Cash Flows - Sewer Utility
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 8,447,246	\$ 8,356,425
Payments to suppliers	(7,502,843)	(6,830,515)
Payments to and on behalf of employees	(812,642)	(888,010)
Internal activity - receipts from other funds	---	1,037,573
Internal activity - payments to other funds	(709,600)	(140,678)
Other receipts	6,999	---
Net cash provided (used) by operating activities	<u>(570,840)</u>	<u>1,534,795</u>
Cash Flows From Capital and Related Financing Activities:		
Additions to property and plant	(187,576)	(3,372,663)
Fair value of debt issued	---	235,000
Principal payments on debt	(313,412)	(1,206,448)
Interest on debt	(77,399)	(133,019)
Fiscal charges on debt	(64)	(1,272)
Advances from municipality	(81,013)	602,271
Interest on advances	(12,045)	(626)
General property taxes	300,000	300,000
Impact fees	130,792	89,336
Special assessments collected	---	---
Net cash used by capital and related financing activities	<u>(240,717)</u>	<u>(3,487,421)</u>
Cash Flows From Investing Activities:		
Investment earnings	11,207	13,941
Net cash provided by investing activities	<u>11,207</u>	<u>13,941</u>
Net decrease in cash and equivalents	(800,350)	(1,938,685)
Cash and equivalents, beginning of year	<u>9,538,689</u>	<u>11,477,374</u>
Cash and equivalents, end of year	<u><u>\$ 8,738,339</u></u>	<u><u>\$ 9,538,689</u></u>
Reconciliation to cash and cash equivalents on the statement of net assets:		
Cash and cash equivalents - unrestricted	\$ 4,998,410	\$ 4,900,770
Cash and cash equivalents - restricted	<u>3,739,929</u>	<u>4,637,919</u>
Total cash and equivalents	<u><u>\$ 8,738,339</u></u>	<u><u>\$ 9,538,689</u></u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Cash Flows - Sewer Utility
Years Ended December 31, 2012 and 2011
(Continued)

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash Provided by		
Operating Activities:		
Operating loss	\$ (1,522,022)	\$ (1,041,875)
Adjustments to reconcile operating loss to net cash		
provided (used) by operating activities:		
Depreciation	1,302,939	1,327,122
Amortization of prepaid capacity	252,152	252,152
Proceeds from sales of materials	6,999	---
Changes in assets and liabilities related to operations:		
Receivables	(69,416)	76,382
Inventory	(2,684)	2,037
Due from other funds	(559,686)	1,037,573
Accounts payable and accrued liabilities	13,194	(107,177)
Deferred revenues	(7,000)	(7,000)
Compensated absences	23,405	4,750
OPEB obligation	(8,721)	(9,169)
Net cash provided (used) by operating activities	\$ <u>(570,840)</u>	\$ <u>1,534,795</u>
Noncash Capital Activities:		
Utility plant contributions	\$ 42,748	\$ 365,114
Amortization of debt issuance premiums, discounts and		
losses on refundings	---	16,809

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Net Position - Water Utility
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 2,218,696	\$ 2,242,852
Cash and equivalents - restricted	670,457	952,672
Receivables:		
Special charges on the tax roll	191,156	196,927
Utility customers	1,082,620	971,461
Other	105,531	12,723
Prepaid items	1,794	1,794
Inventory	93,494	97,026
Total current assets	<u>4,363,748</u>	<u>4,475,455</u>
Noncurrent Assets:		
Cash and equivalents - restricted	1,272,602	2,118,970
Deferred bond issuance costs	47,385	42,479
Land and construction in progress	1,859,170	3,755,787
Other capital assets, net of depreciation	55,968,150	52,339,726
Total noncurrent assets	<u>59,147,307</u>	<u>58,256,962</u>
Total assets	<u>\$ 63,511,055</u>	<u>\$ 62,732,417</u>
Liabilities and Net Position:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 86,860	\$ 122,955
Compensated absences - vacation due within one year	74,876	75,258
Deferred revenue	128,740	102,674
Due to other funds	901,681	925,274
Current portion of general obligation notes and BANS	345,000	230,000
Current portion of revenue bonds	---	412,920
Accrued interest	18,335	13,656
Liabilities payable from restricted assets:		
Current portion of revenue bonds	660,000	937,080
Accrued interest	10,457	15,592
Total current liabilities	<u>2,225,949</u>	<u>2,835,409</u>
Long-Term Liabilities:		
Compensated absences - sick pay	240,331	238,454
OPEB obligation	160,091	130,710
General obligation notes and BANS	2,520,000	1,710,000
Revenue bonds	1,998,127	2,556,638
Total long-term liabilities	<u>4,918,549</u>	<u>4,635,802</u>
Total liabilities	<u>7,144,498</u>	<u>7,471,211</u>
Net Position:		
Net investment in capital assets	52,964,193	51,185,955
Restricted	1,272,602	2,118,970
Unrestricted	2,129,762	1,956,281
Total net position	<u>56,366,557</u>	<u>55,261,206</u>
Total liabilities and net position	<u>\$ 63,511,055</u>	<u>\$ 62,732,417</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Revenues, Expenses and Changes in Net Position - Water Utility
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Charges for services	\$ 7,097,796	\$ 6,577,855
Operating Expenses:		
Operation and maintenance	2,469,642	2,472,216
Administrative expense	1,048,565	1,071,548
Depreciation expense	1,520,796	1,473,925
Taxes paid to Village	1,292,036	1,203,973
Social Security tax	70,219	77,562
Regulatory commission remainder assessments	5,774	7,164
Total operating expenses	<u>6,407,032</u>	<u>6,306,388</u>
Operating income	690,764	271,467
Nonoperating Revenues (Expenses):		
Investment earnings	9,518	11,148
Sale of materials	18,771	17,398
Miscellaneous revenues	---	35
Gain (loss) on retirement of property and plant	(1,575)	24,466
Impact fees	131,763	152,233
Fiscal charges on debt	(1,539)	(2,640)
Amortization of debt issuance premiums, discounts and losses on refundings	(61,178)	(66,242)
Amortization of debt issuance costs	(9,366)	(8,640)
Interest on long-term debt	(249,746)	(287,662)
Interest on advances	---	(5,436)
Net nonoperating expenses	<u>(163,352)</u>	<u>(165,340)</u>
Net income before capital contributions	527,412	106,127
Capital Contributions	<u>577,939</u>	<u>390,769</u>
Increase in net position	1,105,351	496,896
Net position:		
Balance, beginning of year	55,261,206	54,764,310
Balance, end of year	<u>\$ 56,366,557</u>	<u>\$ 55,261,206</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Cash Flows - Water Utility
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 5,292,714	\$ 4,769,705
Payments to suppliers	(2,175,058)	(2,217,550)
Payments to and on behalf of employees	(1,280,134)	(1,354,403)
Internal activity - receipts from other funds	1,816,800	2,622,428
Internal activity - payments to other funds	(1,315,629)	(1,203,973)
Other receipts	18,771	17,433
Net cash provided by operating activities	<u>2,357,464</u>	<u>2,633,640</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds from sale of property and plant	---	24,561
Additions to property and plant	(3,000,782)	(3,041,545)
Fair value of debt issued	1,155,000	830,000
Debt issuance discounts	40,311	---
Debt issuance costs	(14,272)	---
Principal payments on debt	(1,580,000)	(1,410,000)
Interest on debt	(250,202)	(293,375)
Fiscal charges on debt	(1,539)	(2,640)
Principal payments on advances	---	(124,780)
Interest on advances	---	(5,436)
Impact fees	131,763	152,233
Special assessments collected	---	---
Net cash used by capital and related financing activities	<u>(3,519,721)</u>	<u>(3,870,982)</u>
Cash Flows From Investing Activities:		
Investment earnings	9,518	11,148
Net cash provided by investing activities	<u>9,518</u>	<u>11,148</u>
Net decrease in cash and equivalents	(1,152,739)	(1,226,194)
Cash and equivalents, beginning of year	<u>5,314,494</u>	<u>6,540,688</u>
Cash and equivalents, end of year	<u><u>\$ 4,161,755</u></u>	<u><u>\$ 5,314,494</u></u>
Reconciliation to cash and cash equivalents on the statement of net assets:		
Cash and cash equivalents - unrestricted	\$ 2,218,696	\$ 2,242,852
Cash and cash equivalents - restricted	1,943,059	3,071,642
Total cash and equivalents	<u><u>\$ 4,161,755</u></u>	<u><u>\$ 5,314,494</u></u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Cash Flows - Water Utility
Years Ended December 31, 2012 and 2011
(Continued)

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 690,764	\$ 271,467
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,520,796	1,473,925
Depreciation charged to other accounts	159,500	156,669
Proceeds from sales of materials	18,771	17,398
Miscellaneous revenues	---	35
Changes in assets and liabilities related to operations:		
Receivables	(96,979)	(78,729)
Inventory	3,532	6,663
Due from other funds	(23,593)	808,419
Accounts payable and accrued liabilities	27,731	(27,799)
Compensated absences	1,495	(32,491)
OPEB obligation	29,381	32,846
Deferred revenue	26,066	5,237
Net cash provided by operating activities	\$ <u>2,357,464</u>	\$ <u>2,633,640</u>
 Noncash Capital Activities:		
Utility plant contributions	\$ 476,722	\$ 390,769
Amortization of debt issuance premiums, discounts and losses on refundings	61,178	66,242
Amortization of debt issuance costs	9,366	8,640
Gain on sale of utility plant	---	24,466
Loss on sale of utility plant	1,575	---

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Net Position - Storm Water Utility
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 2,035,609	\$ 2,080,439
Receivables:		
Taxes	931,250	931,250
Other	2,227	2,434
Inventory	12,837	25,826
Total current assets	<u>2,981,923</u>	<u>3,039,949</u>
Noncurrent Assets:		
Deferred bond issuance costs	8,679	---
Land and construction in progress	732,108	607,764
Other capital assets, net of depreciation	22,754,745	22,756,149
Total noncurrent assets	<u>23,495,532</u>	<u>23,363,913</u>
Total assets	<u>\$ 26,477,455</u>	<u>\$ 26,403,862</u>
Liabilities and Net Position:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 49,872	\$ 8,793
Deposits	50,000	50,000
Compensated absences - vacation due within one year	8,687	9,574
Deferred revenue	931,250	931,250
Current portion of advance	77,830	73,424
Due to other funds	225,551	207,018
Current portion of general obligation notes and BANS	388,494	280,494
Accrued interest	18,693	23,357
Total current liabilities	<u>1,750,377</u>	<u>1,583,910</u>
Long-Term Liabilities:		
Compensated absences - sick pay	36,965	36,801
OPEB obligation	11,484	8,942
Advances from other funds	67,932	145,762
General obligation notes and BANS	3,134,996	2,758,976
Total long-term liabilities	<u>3,251,377</u>	<u>2,950,481</u>
Total liabilities	<u>5,001,754</u>	<u>4,534,391</u>
Net Position:		
Net investment in capital assets	19,963,363	20,324,443
Unrestricted	1,512,338	1,545,028
Total net position	<u>21,475,701</u>	<u>21,869,471</u>
Total liabilities and net position	<u>\$ 26,477,455</u>	<u>\$ 26,403,862</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Revenues, Expenses and Changes in Net Position - Storm Water Utility
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
General property taxes	\$ 931,250	\$ 931,250
Charges for services	28,260	32,237
Total operating revenues	<u>959,510</u>	<u>963,487</u>
Operating Expenses:		
Operation and maintenance	440,171	462,503
Administrative expense	286,571	295,915
Depreciation expense	526,441	518,630
Social Security tax	12,910	13,452
Total operating expenses	<u>1,266,093</u>	<u>1,290,500</u>
Operating loss	<u>(306,583)</u>	<u>(327,013)</u>
Nonoperating Revenues (Expenses):		
Investment earnings	3,784	2,573
Sale of materials	13,527	13,222
Miscellaneous revenues	4,688	6,720
Loss on retirement of property and plant	---	(331)
Fiscal charges on debt	(351)	(320)
Amortization of debt issuance premiums, discounts and losses on refundings	1,313	---
Amortization of debt issuance costs	(465)	---
Interest on long-term debt	(96,496)	(79,426)
Interest on advances	(13,187)	(16,020)
Net nonoperating expenses	<u>(87,187)</u>	<u>(73,582)</u>
Net loss before capital contributions	<u>(393,770)</u>	<u>(400,595)</u>
Capital Contributions	---	215,867
Decrease in net position	<u>(393,770)</u>	<u>(184,728)</u>
Net Assets:		
Balance, beginning of year	21,869,471	22,054,199
Balance, end of year	<u>\$ 21,475,701</u>	<u>\$ 21,869,471</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Cash Flows - Storm Water Utility
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 28,467	\$ 33,461
Payments to suppliers	(151,047)	(92,659)
Payments to and on behalf of employees	(549,620)	(676,347)
Internal activity - receipts from other funds	18,533	---
Internal activity - payments to other funds	---	(146,306)
Other receipts	949,465	951,192
Net cash provided by operating activities	<u>295,798</u>	<u>69,341</u>
Cash Flows From Noncapital Financing Activities		
Principal payments on advances	(73,424)	(83,980)
Net cash used by noncapital financing activities	<u>(73,424)</u>	<u>(83,980)</u>
Cash Flows From Capital and Related Financing Activities:		
Additions to property and plant	(632,479)	(467,419)
Fair value of debt issued	740,000	1,210,000
Debt issuance discounts	25,827	---
Debt issuance costs	(9,144)	---
Principal payments on debt	(280,494)	(175,495)
Interest on debt	(101,160)	(72,937)
Fiscal charges on debt	(351)	(320)
Interest on advances	(13,187)	(16,020)
Net cash provided (used) by capital and related financing activities	<u>(270,988)</u>	<u>477,809</u>
Cash Flows From Investing Activities:		
Investment earnings	3,784	2,573
Net cash provided by investing activities	<u>3,784</u>	<u>2,573</u>
Net increase (decrease) in cash and equivalents	(44,830)	465,743
Cash and equivalents, beginning of year	<u>2,080,439</u>	<u>1,614,696</u>
Cash and equivalents, end of year	<u><u>\$ 2,035,609</u></u>	<u><u>\$ 2,080,439</u></u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Cash Flows - Storm Water Utility
Years Ended December 31, 2012 and 2011
(Continued)

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	\$ (306,583)	\$ (327,013)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	526,441	518,630
Proceeds from sales of materials	13,527	13,222
Miscellaneous revenues	4,688	6,720
Changes in assets and liabilities related to operations:		
Receivables	207	1,224
Inventory	12,989	(3,355)
Due to or from other funds	18,533	(146,306)
Accounts payable and accrued liabilities	24,177	1,355
Compensated absences	(723)	2,080
OPEB obligation	2,542	2,784
Net cash provided by operating activities	\$ <u>295,798</u>	\$ <u>69,341</u>
 Noncash Capital Activities:		
Utility plant contributions	\$ ---	\$ 215,867
Amortization of debt issuance premiums, discounts and losses on refundings	(1,313)	---
Amortization of debt issuance costs	465	---
Loss on retirement of property and plant	---	331

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Net Position - Risk Management Fund
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 851,956	\$ 816,538
Receivables	40,361	44,479
Due from other funds	23,397	74,865
Total assets	<u>\$ 915,714</u>	<u>\$ 935,882</u>
Liabilities and Net Position:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 2,000	\$ ---
Incurred but not reported claims	76,759	88,241
Total current liabilities	<u>78,759</u>	<u>88,241</u>
Net Position:		
Unrestricted	836,955	847,641
Total liabilities and net position	<u>\$ 915,714</u>	<u>\$ 935,882</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Revenues, Expenses and Changes in Net Position - Risk Management Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Charges for services	\$ ---	\$ 71,760
Operating Expenses	<u>59,001</u>	<u>83,864</u>
Operating loss	<u>(59,001)</u>	<u>(12,104)</u>
Nonoperating Revenues:		
Investment earnings	1,334	1,144
Dividend on investment in CVMIC	<u>46,981</u>	<u>32,656</u>
Net nonoperating revenues	<u>48,315</u>	<u>33,800</u>
Increase (decrease) in net assets	<u>(10,686)</u>	<u>21,696</u>
Net Position:		
Balance, beginning of year	847,641	825,945
Balance, end of year	<u><u>\$ 836,955</u></u>	<u><u>\$ 847,641</u></u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Comparative Statements of Cash Flows - Risk Management Fund
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Payments to suppliers	\$ (64,176)	\$ (56,316)
Internal activity - receipts from other funds	51,468	71,760
Internal activity - payments to other funds	---	(47,012)
Other payments	(7,364)	(2,195)
Other receipts	7,175	(37,624)
Net cash used by operating activities	<u>(12,897)</u>	<u>(71,387)</u>
Cash Flows From Investing Activities:		
Investment earnings	<u>48,315</u>	<u>33,800</u>
Net cash provided by investing activities	<u>48,315</u>	<u>33,800</u>
Net increase (decrease) in cash and equivalents	35,418	(37,587)
Cash and equivalents, beginning of year	<u>816,538</u>	<u>854,125</u>
Cash and equivalents, end of year	<u><u>\$ 851,956</u></u>	<u><u>\$ 816,538</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:		
Operating loss	\$ (59,001)	\$ (12,104)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities related to operations:		
Receivables	4,118	(10,076)
Due to/from other funds	51,468	(47,012)
Accounts payable and accrued liabilities	2,000	---
Incurred but not reported claims	(11,482)	(2,195)
Net cash used by operating activities	<u><u>\$ (12,897)</u></u>	<u><u>\$ (71,387)</u></u>

See independent auditor's report.

AGENCY FUND

This fund accounts for assets held by the Village for recording assets collected for other taxing jurisdictions. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Statement of Changes in Assets and Liabilities - Agency Fund
Year Ended December 31, 2012

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2012</u>
Assets:				
Cash and equivalents	\$ 14,926,098	\$ 60,426,218	\$ (61,839,090)	\$ 13,513,226
Taxes receivable	46,912,992	61,993,722	(60,426,218)	48,480,496
Total assets	<u>\$ 61,839,090</u>	<u>\$ 122,419,940</u>	<u>\$ (122,265,308)</u>	<u>\$ 61,993,722</u>
Liabilities:				
Due to other taxing units	<u>\$ 61,839,090</u>	<u>\$ 61,993,722</u>	<u>\$ (61,839,090)</u>	<u>\$ 61,993,722</u>

See independent auditor's report.

**OTHER SUPPLEMENTARY
INFORMATION**

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Schedule of Long-Term Obligations
Year Ended December 31, 2012

Fund/Issue	Date of Issue	Average Coupon Rate	Principal Due	Interest Due	Original Amount	Balance Outstanding January 1, 2012	New Issues	Payments	Balance Outstanding December 31, 2012	Interest Paid 2012	Principal Due 2013	Interest Due 2013
General Fund :												
2001 G.O. Notes	05/15/01	4.55%	05/01	05/01 & 11/01	\$ 1,460,000	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
2002 G.O. Notes	07/15/02	3.70%	06/01	06/01 & 12/01	1,627,500	227,500	---	(227,500)	---	4,550	---	---
2003 G.O. Notes	08/01/03	3.56%	06/01	06/01 & 12/01	2,110,000	710,000	---	(355,000)	355,000	21,300	355,000	7,100
2004 G.O. Notes	09/01/04	3.60%	09/01	03/01 & 09/01	2,431,961	420,000	---	(122,500)	297,500	16,647	122,500	11,900
2005 G.O. Notes	07/01/05	3.89%	06/01	06/01 & 12/01	2,668,000	1,503,000	---	(283,000)	1,220,000	54,283	377,000	41,260
2006 G.O. Notes	09/01/06	4.21%	06/01	06/01 & 12/01	2,045,000	1,192,500	---	(163,500)	1,029,000	46,849	163,500	39,798
2007 G.O. Notes	06/01/07	4.32%	06/01	06/01 & 12/01	1,590,000	1,279,000	---	(134,000)	1,145,000	52,314	134,000	46,619
2008 G.O. Notes	07/01/08	4.16%	06/01	06/01 & 12/01	2,185,000	2,111,000	---	(82,000)	2,029,000	86,404	129,000	82,286
2009 G.O. Notes	06/01/09	3.38%	05/01	05/01 & 11/01	2,128,000	1,960,400	---	(226,300)	1,734,100	61,449	226,300	54,660
2010 G.O. Notes	06/01/10	3.12%	06/01	06/01 & 12/01	2,385,000	2,359,000	---	(101,000)	2,258,000	72,144	101,000	69,934
2011 G.O. Notes	06/20/11	2.80%	06/01	06/01 & 12/01	4,445,000	4,445,000	---	(110,000)	4,335,000	170,851	230,000	114,315
2012 G.O. Notes	07/02/12	2.90%	06/01	06/01 & 12/01	1,335,000	---	1,335,000	---	1,335,000	---	5,000	53,155
Total General Fund						<u>\$ 16,207,400</u>	<u>\$ 1,335,000</u>	<u>\$ (1,804,800)</u>	<u>\$ 15,737,600</u>	<u>\$ 586,791</u>	<u>\$ 1,843,300</u>	<u>\$ 521,027</u>
Municipal Facilities and Equipment Fund:												
2002 G.O. Bonds	03/15/02	4.92%	03/01	03/01 & 09/01	\$ 11,500,000	\$ 7,350,000	\$ ---	\$ (7,350,000)	\$ ---	\$ 361,712	\$ ---	\$ ---
2002 G.O. Notes	07/15/02	3.70%	06/01	06/01 & 12/01	69,750	9,750	---	(9,750)	---	195	---	---
2003 G.O. Bonds	05/15/03	4.41%	05/01	05/01 & 11/01	12,000,000	9,625,000	---	(700,000)	8,925,000	412,181	8,925,000	14,047
2008 G.O. Notes	07/01/08	3.66%	06/01	06/01 & 12/01	250,000	100,000	---	(50,000)	50,000	2,938	50,000	1,000
2012 GO Refunding #76	07/02/12	3.42%	03/01	03/01 & 09/01	6,400,000	---	6,400,000	---	6,400,000	---	600,000	214,557
2012 GO Refunding #82	07/02/12	3.34%	03/01	03/01 & 09/01	7,950,000	---	7,950,000	---	7,950,000	---	150,000	273,346
Total Municipal Facilities Fund						<u>\$ 17,084,750</u>	<u>\$ 14,350,000</u>	<u>\$ (8,109,750)</u>	<u>\$ 23,325,000</u>	<u>\$ 777,026</u>	<u>\$ 9,725,000</u>	<u>\$ 502,950</u>
Special Assessment Fund:												
2001 G.O. Notes	05/15/01	4.55%	05/01	05/01 & 11/01	\$ 665,000	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
2002 G.O. Notes	07/15/02	3.70%	06/01	06/01 & 12/01	627,750	87,750	---	(87,750)	---	1,755	---	---
2003 G.O. Notes	08/01/03	3.56%	06/01	06/01 & 12/01	1,660,000	340,000	---	(170,000)	170,000	10,200	170,000	3,400
2004 G.O. Notes	09/01/04	3.60%	09/01	03/01 & 09/01	508,264	180,000	---	(52,500)	127,500	7,134	52,500	5,100
2005 G.O. Notes	07/01/05	3.89%	06/01	06/01 & 12/01	272,000	112,000	---	(27,000)	85,000	3,923	28,000	2,840
2006 G.O. Notes	09/01/06	4.21%	06/01	06/01 & 12/01	250,059	125,030	---	(25,006)	100,024	4,814	25,006	3,735
2008 G.O. Notes	07/01/08	4.16%	06/01	06/01 & 12/01	160,000	96,000	---	(16,000)	80,000	3,780	16,000	3,100
2008 G.O. Notes	07/01/08	4.03%	06/01	06/01 & 12/01	589,100	412,370	---	(58,910)	353,460	15,757	58,910	13,475
2009 G.O. Notes	06/01/09	3.38%	05/01	05/01 & 11/01	177,000	141,600	---	(17,700)	123,900	4,407	17,700	3,876
2010 G.O. Notes	06/01/10	3.12%	06/01	06/01 & 12/01	190,000	171,000	---	(19,000)	152,000	4,779	19,000	4,363
2011 G.O. Notes	06/20/11	2.75%	06/01	06/01 & 12/01	110,000	110,000	---	(10,000)	100,000	3,878	10,000	2,449
2012 G.O. Notes	07/02/12	2.76%	06/01	06/01 & 12/01	70,000	---	70,000	---	70,000	---	5,000	2,484
Total Special Assessment Fund						<u>\$ 1,775,750</u>	<u>\$ 70,000</u>	<u>\$ (483,866)</u>	<u>\$ 1,361,884</u>	<u>\$ 60,427</u>	<u>\$ 402,116</u>	<u>\$ 44,822</u>
TID District #2:												
2010 G.O. Notes	02/01/10	2.15%	09/01	03/01 & 09/01	\$ 2,800,000	\$ 1,700,000	\$ ---	\$ (550,000)	\$ 1,150,000	\$ 36,844	\$ 575,000	\$ 25,156
TID District #5:												
2003 G.O. Notes	09/15/03	3.52%	04/01	04/01 & 10/01	\$ 1,000,000	\$ 175,000	\$ ---	\$ (175,000)	\$ ---	\$ 3,325	\$ ---	\$ ---
2004 G.O. Refunding Bonds	05/15/04	4.92%	05/01	05/01 & 11/01	7,225,000	6,125,000	---	(700,000)	5,425,000	289,594	750,000	256,219
2009 G.O. Notes	10/19/09	2.30%	10/01	04/01 & 10/01	1,850,000	1,850,000	---	(1,850,000)	---	42,550	---	---
2012 GO Notes	07/02/12	2.79%	06/01	06/01 & 12/01	900,000	---	900,000	---	900,000	---	50,000	32,888
2012 Refi #104 to Long Term	09/28/12	2.43%	09/01	03/01 & 09/01	1,850,000	---	1,850,000	---	1,850,000	---	---	40,816
Total TID District #5						<u>\$ 8,150,000</u>	<u>\$ 2,750,000</u>	<u>\$ (2,725,000)</u>	<u>\$ 8,175,000</u>	<u>\$ 335,469</u>	<u>\$ 800,000</u>	<u>\$ 329,922</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Schedule of Long-Term Obligations
Year Ended December 31, 2012

Fund/Issue	Date of Issue	Average Coupon Rate	Principal Due	Interest Due	Original Amount	Balance Outstanding January 1, 2012	New Issues	Payments	Balance Outstanding December 31, 2012	Interest Paid 2012	Principal Due 2013	Interest Due 2013
TID District #6:												
2010 G.O. Notes	05/17/10	4.25%	11/01	05/01 & 11/01	\$ 17,650,000	\$ 17,650,000	\$ ---	\$ ---	\$ 17,650,000	\$ 750,125	\$ ---	\$ 750,125
2010 G.O. NAN	10/05/10	2.50%	03/01	03/01 & 09/01	1,280,000	1,280,000	---	---	1,280,000	19,200	1,280,000	9,600
2011 G.O. Notes	10/18/11	2.00%	10/01	04/01 & 10/01	875,000	875,000	---	---	875,000	16,674	875,000	17,500
Total TID District #6						<u>\$ 19,805,000</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 19,805,000</u>	<u>\$ 785,999</u>	<u>\$ 2,155,000</u>	<u>\$ 777,225</u>
TID District #8:												
2010 G.O. Notes	10/05/10	3.07%	10/01	04/01 & 10/01	\$ 11,800,000	\$ 11,050,000	\$ ---	\$ (1,075,000)	\$ 9,975,000	\$ 310,781	\$ 1,125,000	\$ 294,656
2010 G.O. Notes	10/18/11	2.03%	10/01	04/01 & 10/01	1,800,000	1,800,000	---	(400,000)	1,400,000	31,263	400,000	28,813
2012 G.O. Notes	07/02/12	2.81%	06/01	06/01 & 12/01	160,000	---	160,000	---	160,000	---	---	6,212
Total TID District #8						<u>\$ 12,850,000</u>	<u>\$ 160,000</u>	<u>\$ (1,475,000)</u>	<u>\$ 11,535,000</u>	<u>\$ 342,044</u>	<u>\$ 1,525,000</u>	<u>\$ 329,681</u>
TID District #9:												
2012 G.O. Notes	07/02/12	2.79%	06/01	06/01 & 12/01	\$ 250,000	\$ ---	\$ 250,000	\$ ---	\$ 250,000	\$ ---	\$ ---	\$ 9,632
TID District #10:												
2011 G.O. Kohl's Development	10/18/11	2.00%	10/01	04/01 & 10/01	\$ 4,100,000	\$ 4,100,000	\$ ---	\$ ---	\$ 4,100,000	\$ 78,128	\$ 4,100,000	\$ 82,000
2012 G.O. Notes	09/28/12	3.00%	09/01	03/01 & 09/01	10,025,000	---	10,025,000	---	10,025,000	---	---	278,194
						<u>4,100,000</u>	<u>\$ 10,025,000</u>	<u>\$ ---</u>	<u>\$ 14,125,000</u>	<u>\$ 78,128</u>	<u>\$ 4,100,000</u>	<u>\$ 360,194</u>
TID District #11:												
2011 G.O. Notes	10/18/11	2.00%	10/01	04/01 & 10/01	\$ 525,000	\$ 525,000	\$ ---	\$ ---	\$ 525,000	\$ 10,004	\$ 525,000	\$ 10,500
Water Utility :												
2000 Water Revenue Bonds	07/01/00	5.57%	12/01	06/01 & 12/01	\$ 1,425,000	\$ 725,000	\$ ---	\$ (75,000)	\$ 650,000	\$ 41,000	\$ 100,000	\$ 36,875
2001 Water Revenue Bonds	06/01/01	4.51%	12/01	06/01 & 12/01	6,485,000	725,000	---	(725,000)	---	34,800	---	---
2005 Water Refunding Bonds	03/15/05	4.08%	12/01	06/01 & 12/01	5,280,000	2,635,000	---	(550,000)	2,085,000	111,300	560,000	88,613
2005 G.O. Notes	07/01/05	3.87%	06/01	06/01 & 12/01	840,000	385,000	---	(90,000)	295,000	13,544	95,000	9,900
2010 G.O. Notes	06/01/10	3.12%	06/01	06/01 & 12/01	790,000	725,000	---	(75,000)	650,000	20,479	75,000	18,838
2011 G.O. Notes	06/20/11	2.71%	06/01	06/01 & 12/01	830,000	830,000	---	(65,000)	765,000	29,079	75,000	18,493
2012 G.O. Notes	07/02/12	2.70%	06/01	06/01 & 12/01	1,155,000	---	1,155,000	---	1,155,000	---	100,000	39,504
Total Water Utility						<u>\$ 6,025,000</u>	<u>\$ 1,155,000</u>	<u>\$ (1,580,000)</u>	<u>\$ 5,600,000</u>	<u>\$ 250,202</u>	<u>\$ 1,005,000</u>	<u>\$ 212,223</u>
Sewer Utility:												
1995 Clean Water Fund Loans	10/18/93	3.19%	05/01	05/01 & 11/01	\$ 1,238,571	\$ 180,932	\$ ---	\$ (89,046)	\$ 91,886	\$ 4,351	\$ 91,886	\$ 1,466
2000 Sewer Revenue Bonds	07/01/00	5.58%	05/01	05/01 & 11/01	1,600,000	---	---	---	---	---	---	---
2001 Clean Water Fund Loans	02/19/01	2.97%	05/01	05/01 & 11/01	217,231	118,246	---	(11,654)	106,592	3,339	12,000	2,988
2001 Clean Water Fund Loans	12/17/01	3.21%	05/01	05/01 & 11/01	791,035	306,198	---	(57,437)	248,761	8,896	59,278	7,025
2007 Clean Water Fund Loans	08/22/07	2.55%	05/01	05/01 & 11/01	1,880,476	1,637,559	---	(84,185)	1,553,374	40,637	86,330	38,465
2008 G.O. Notes	07/01/08	4.03%	06/01	06/01 & 12/01	460,900	322,630	---	(46,090)	276,540	12,331	46,090	10,544
2011 G.O. Notes	06/20/11	2.61%	06/01	06/01 & 12/01	235,000	235,000	---	(25,000)	210,000	7,845	25,000	4,844
Total Sewer Utility						<u>\$ 2,800,565</u>	<u>\$ ---</u>	<u>\$ (313,412)</u>	<u>\$ 2,487,153</u>	<u>\$ 77,399</u>	<u>\$ 320,584</u>	<u>\$ 65,332</u>
Storm Water Utility:												
2006 G.O. Notes	09/01/06	4.21%	06/01	06/01 & 12/01	\$ 364,941	\$ 182,470	\$ ---	\$ (36,494)	\$ 145,976	\$ 7,025	\$ 36,494	\$ 5,451
2008 G.O. Notes	07/01/08	3.67%	06/01	06/01 & 12/01	315,000	129,000	---	(63,000)	66,000	3,821	66,000	1,320
2009 G.O. Notes	06/01/09	3.38%	05/01	05/01 & 11/01	1,015,000	973,000	---	(31,000)	942,000	32,507	56,000	31,201
2010 G.O. Notes	06/01/10	3.12%	06/01	06/01 & 12/01	590,000	545,000	---	(55,000)	490,000	15,449	55,000	14,246
2011 G.O. Notes	06/20/11	2.71%	06/01	06/01 & 12/01	1,210,000	1,210,000	---	(95,000)	1,115,000	42,358	110,000	26,925
2012 G.O. Notes	07/02/12	2.70%	06/01	06/01 & 12/01	740,000	---	740,000	---	740,000	---	65,000	25,302
Total Storm Water Utility						<u>\$ 3,039,470</u>	<u>\$ 740,000</u>	<u>\$ (280,494)</u>	<u>\$ 3,498,976</u>	<u>\$ 101,160</u>	<u>\$ 388,494</u>	<u>\$ 104,445</u>
Total long-term obligations						<u>\$ 94,062,935</u>	<u>\$ 20,560,000</u>	<u>\$ (17,322,322)</u>	<u>\$ 107,575,613</u>	<u>\$ 3,441,493</u>	<u>\$ 23,364,494</u>	<u>\$ 3,293,109</u>

See independent auditor's report.

STATISTICAL SECTION

Statistical Section

This section of the Village of Menomonee Falls' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the Village's financial condition.

Contents:

Page(s)

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and condition have changed over time.

104 - 116

Revenue Capacity

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

117 - 121

Debt Capacity

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

122 - 127

Demographic and Economic Information

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

128 - 130

Operating Information

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

131 - 132

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Net Position By Component
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:									
Net investment in capital assets	\$ 84,770,045	\$ 94,148,447	\$ 94,117,291	\$ 91,052,481	\$ 72,568,233	\$ 69,606,209	\$ 63,706,297	\$ 56,228,372	\$ 51,422,115
Restricted	15,340,255	5,425,086	5,989,717	9,964,612	8,337,633	8,859,678	9,083,184	8,622,102	15,911,601
Unrestricted	3,353,935	6,247,496	8,956,797	5,714,651	15,515,922	16,150,668	13,930,194	16,678,531	16,012,115
Total governmental activities net position	<u>\$ 103,464,235</u>	<u>\$ 105,821,029</u>	<u>\$ 109,063,805</u>	<u>\$ 106,731,744</u>	<u>\$ 96,421,788</u>	<u>\$ 94,616,555</u>	<u>\$ 86,719,675</u>	<u>\$ 81,529,005</u>	<u>\$ 83,345,831</u>
Business-type activities:									
Net investment in capital assets	\$ 126,588,277	\$ 126,268,647	\$ 121,787,050	\$ 121,095,716	\$ 120,252,088	\$ 119,860,623	\$ 117,788,733	\$ 116,979,203	\$ 107,939,565
Restricted	4,837,262	6,585,206	10,019,745	13,067,810	13,496,684	12,906,943	11,753,465	10,927,390	9,883,862
Unrestricted	12,262,744	11,038,425	12,191,413	8,893,049	9,917,625	8,652,115	6,657,611	2,721,065	(254,094)
Total business-type activities net position	<u>\$ 143,688,283</u>	<u>\$ 143,892,278</u>	<u>\$ 143,998,208</u>	<u>\$ 143,056,575</u>	<u>\$ 143,666,397</u>	<u>\$ 141,419,681</u>	<u>\$ 136,199,809</u>	<u>\$ 130,627,658</u>	<u>\$ 117,569,333</u>
Primary government:									
Net investment in capital assets	\$ 211,358,322	\$ 220,417,094	\$ 215,904,341	\$ 212,148,197	\$ 192,820,321	\$ 189,466,832	\$ 181,495,030	\$ 173,207,575	\$ 159,361,680
Restricted	20,177,517	12,010,292	16,009,462	23,032,422	21,834,317	21,766,621	20,836,649	19,549,492	25,795,463
Unrestricted	15,616,679	17,285,921	21,148,210	14,607,700	25,433,547	24,802,783	20,587,805	19,399,596	15,758,021
Total primary government net position	<u>\$ 247,152,518</u>	<u>\$ 249,713,307</u>	<u>\$ 253,062,013</u>	<u>\$ 249,788,319</u>	<u>\$ 240,088,185</u>	<u>\$ 236,036,236</u>	<u>\$ 222,919,484</u>	<u>\$ 212,156,663</u>	<u>\$ 200,915,164</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Net Position
Summary
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:									
Total expenses	\$ 38,941,171	\$ 40,976,353	\$ 34,969,616	\$ 32,963,219	34,223,341	\$ 32,085,604	\$ 32,185,991	\$ 33,361,030	\$ 32,249,642
Total program revenues	<u>13,102,142</u>	<u>10,498,182</u>	<u>10,237,660</u>	<u>16,953,433</u>	<u>10,077,758</u>	<u>13,845,474</u>	<u>9,888,737</u>	<u>10,875,638</u>	<u>13,142,066</u>
Net program expense	(25,839,029)	(30,478,171)	(24,731,956)	(16,009,786)	(24,145,583)	(18,240,130)	(22,297,254)	(22,485,392)	(19,107,576)
Total general revenues and other changes in net position	<u>23,482,235</u>	<u>27,235,395</u>	<u>27,064,017</u>	<u>26,319,742</u>	<u>25,950,816</u>	<u>26,137,010</u>	<u>27,487,924</u>	<u>20,668,568</u>	<u>24,714,561</u>
Change in net position	(2,356,794)	(3,242,776)	2,332,061	10,309,956	1,805,233	7,896,880	5,190,670	(1,816,824)	5,606,985
Business-type activities:									
Total expenses	18,257,674	17,556,144	17,001,260	17,509,431	16,855,381	15,827,596	15,360,970	15,852,617	15,561,481
Total program revenues	<u>16,736,310</u>	<u>16,110,592</u>	<u>16,642,735</u>	<u>15,558,718</u>	<u>17,340,658</u>	<u>18,716,083</u>	<u>18,761,894</u>	<u>21,305,600</u>	<u>24,101,073</u>
Net program revenue	(1,521,364)	(1,445,552)	(358,525)	(1,950,713)	485,277	2,888,487	3,400,924	5,452,983	8,539,592
Total general revenues and other changes in net position	<u>1,317,369</u>	<u>1,339,622</u>	<u>1,300,158</u>	<u>1,340,891</u>	<u>1,761,439</u>	<u>2,331,385</u>	<u>2,171,227</u>	<u>7,605,342</u>	<u>1,728,796</u>
Change in net position	(203,995)	(105,930)	941,633	(609,822)	2,246,716	5,219,872	5,572,151	13,058,325	10,268,388
Total primary government									
Change in net position	<u>\$ (2,560,789)</u>	<u>\$ (3,348,706)</u>	<u>\$ 3,273,694</u>	<u>\$ 9,700,134</u>	<u>4,051,949</u>	<u>\$ 13,116,752</u>	<u>\$ 10,762,821</u>	<u>\$ 11,241,501</u>	<u>\$ 15,875,373</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Net Position
Expenses by Function
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:									
General government	\$ 4,929,014	\$ 4,434,844	\$ 4,257,070	\$ 4,041,098	\$ 4,180,139	\$ 4,571,922	\$ 4,460,518	\$ 4,393,340	\$ 3,999,447
Public Safety	14,059,166	14,270,726	14,200,950	13,681,300	13,273,575	12,650,734	12,231,894	11,931,738	11,220,563
Public works	8,508,057	8,643,954	8,700,112	8,134,046	9,956,820	7,423,111	8,030,019	9,275,810	9,080,427
Culture and recreation	3,082,115	3,319,499	3,328,134	3,474,168	3,204,236	3,333,357	3,231,201	3,064,723	2,923,385
Conservation and development	5,322,277	7,316,955	1,639,911	1,044,474	936,484	1,196,468	1,061,455	1,202,188	1,518,267
Loss on retirement of capital assets	---	---	---	58,698	---	---	---	---	15,616
Loss on defeasement of debt	---	---	---	---	---	---	---	108,122	---
Interest on advances from utilities	---	---	---	6,388	35,394	72,379	71,337	45,470	---
Interest on long-term debt	3,040,542	2,990,375	2,843,439	2,523,047	2,636,693	2,837,633	3,099,567	3,339,639	3,491,937
Total governmental activities expenses	<u>38,941,171</u>	<u>40,976,353</u>	<u>34,969,616</u>	<u>32,963,219</u>	<u>34,223,341</u>	<u>32,085,604</u>	<u>32,185,991</u>	<u>33,361,030</u>	<u>32,249,642</u>
Business-type Activities:									
Sewer Utility	10,153,534	9,492,870	9,213,515	9,770,633	9,154,180	8,378,176	8,146,358	8,974,555	8,356,595
Water Utility	6,728,861	6,677,008	6,473,258	6,389,476	6,352,569	6,070,478	5,944,564	5,744,965	5,847,224
Storm Water Utility	1,375,279	1,386,266	1,314,487	1,349,322	1,348,632	1,378,942	1,270,048	1,133,097	1,357,662
Total business-type activities expenses	<u>18,257,674</u>	<u>17,556,144</u>	<u>17,001,260</u>	<u>17,509,431</u>	<u>16,855,381</u>	<u>15,827,596</u>	<u>15,360,970</u>	<u>15,852,617</u>	<u>15,561,481</u>
Total primary government expenses	<u>\$ 57,198,845</u>	<u>\$ 58,532,497</u>	<u>\$ 51,970,876</u>	<u>\$ 50,472,650</u>	<u>\$ 51,078,722</u>	<u>\$ 47,913,200</u>	<u>\$ 47,546,961</u>	<u>\$ 49,213,647</u>	<u>\$ 47,811,123</u>

Source: Comprehensive Annual Financial Reports

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Net Position
Summary of Program Revenues by Type
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:									
Charges for services	\$ 8,774,008	\$ 7,283,901	\$ 6,635,835	\$ 6,302,663	\$ 6,467,051	\$ 6,864,218	\$ 5,634,095	\$ 5,371,437	\$ 5,145,202
Operating grants and contributions	2,613,573	2,441,155	2,361,517	2,680,384	2,005,597	3,818,553	2,380,174	3,310,997	3,084,221
Capital grants and contributions	1,714,561	773,126	1,240,308	7,970,386	1,605,110	3,162,703	1,874,468	2,193,204	4,912,643
Total governmental activities program revenues	<u>13,102,142</u>	<u>10,498,182</u>	<u>10,237,660</u>	<u>16,953,433</u>	<u>10,077,758</u>	<u>13,845,474</u>	<u>9,888,737</u>	<u>10,875,638</u>	<u>13,142,066</u>
Business-type Activities:									
Charges for services	15,652,665	14,897,273	14,830,582	14,977,719	15,368,939	14,878,055	14,784,488	15,288,037	13,902,473
Capital grants and contributions	1,083,645	1,213,319	1,812,153	580,999	1,971,719	3,838,028	3,977,406	6,017,563	10,198,600
Total business-type activities program revenues	<u>16,736,310</u>	<u>16,110,592</u>	<u>16,642,735</u>	<u>15,558,718</u>	<u>17,340,658</u>	<u>18,716,083</u>	<u>18,761,894</u>	<u>21,305,600</u>	<u>24,101,073</u>
Total primary government program revenues	<u>\$ 29,838,452</u>	<u>\$ 26,608,774</u>	<u>\$ 26,880,395</u>	<u>\$ 32,512,151</u>	<u>\$ 27,418,416</u>	<u>\$ 32,561,557</u>	<u>\$ 28,650,631</u>	<u>\$ 32,181,238</u>	<u>\$ 37,243,139</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Net Position
Charges for Services by Function
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:									
General government	\$ 566,574	\$ 523,965	\$ 478,962	\$ 461,226	\$ 369,566	\$ 334,312	\$ 303,884	\$ 281,972	\$ 265,915
Public safety	1,639,585	1,513,795	1,548,880	1,439,822	1,255,531	1,283,471	1,209,748	1,193,603	1,103,786
Public works	5,779,785	4,479,108	3,773,328	3,793,143	3,864,882	4,262,283	3,098,379	2,845,524	2,141,312
Culture and recreation	120,513	124,526	127,391	108,368	323,646	48,565	47,860	40,775	43,473
Conservation and development	<u>667,551</u>	<u>642,507</u>	<u>707,274</u>	<u>500,104</u>	<u>653,426</u>	<u>935,587</u>	<u>974,224</u>	<u>1,009,563</u>	<u>1,590,716</u>
Total governmental activities charges for services	8,774,008	7,283,901	6,635,835	6,302,663	6,467,051	6,864,218	5,634,095	5,371,437	5,145,202
Business-type activities:									
Sewer Utility	8,526,609	8,287,181	8,652,539	8,789,253	9,017,943	8,630,561	8,529,972	8,827,892	7,698,166
Water Utility	7,097,796	6,577,855	6,144,447	6,154,632	6,310,089	6,188,814	6,198,782	6,421,058	6,204,307
Storm Water Utility	<u>28,260</u>	<u>32,237</u>	<u>33,596</u>	<u>33,834</u>	<u>40,907</u>	<u>58,680</u>	<u>55,734</u>	<u>39,087</u>	<u>---</u>
Total business-type activities charges for services	15,652,665	14,897,273	14,830,582	14,977,719	15,368,939	14,878,055	14,784,488	15,288,037	13,902,473
Total primary government charges for services	<u>\$ 24,426,673</u>	<u>\$ 22,181,174</u>	<u>\$ 21,466,417</u>	<u>\$ 21,280,382</u>	<u>\$ 21,835,990</u>	<u>\$ 21,742,273</u>	<u>\$ 20,418,583</u>	<u>\$ 20,659,474</u>	<u>\$ 19,047,675</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Net Position
Operating Grants and Contributions by Function
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:									
Public safety	\$ 487,864	\$ 311,550	\$ 242,256	\$ 302,725	\$ 211,964	\$ 178,992	\$ 181,375	\$ 436,815	\$ 171,791
Public works	1,977,282	2,033,841	2,027,059	2,127,402	1,528,727	2,889,092	1,908,834	2,449,699	2,299,591
Culture and recreation	41,352	34,814	44,121	45,431	34,995	39,688	15,088	21,146	14,090
Conservation and development	107,075	60,950	48,081	204,826	229,911	710,781	274,877	403,337	598,749
Total governmental activities operating grants and contributions	<u>\$ 2,613,573</u>	<u>\$ 2,441,155</u>	<u>\$ 2,361,517</u>	<u>\$ 2,680,384</u>	<u>\$ 2,005,597</u>	<u>\$ 3,818,553</u>	<u>\$ 2,380,174</u>	<u>\$ 3,310,997</u>	<u>\$ 3,084,221</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Net Position
Capital Grants and Contributions by Function
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:									
General government	\$ ---	\$ 5,000	\$ 14,569	\$ ---	\$ ---	\$ ---	\$ 70,510	\$ ---	\$ ---
Public safety	107,000	---	---	60,000	---	---	---	---	---
Public works	1,604,161	768,126	1,225,739	7,910,386	1,604,249	3,163,041	1,788,839	2,185,823	4,857,543
Culture and recreation	---	---	---	---	861	(338)	15,119	7,381	55,100
Conservation and development	3,400	---	---	---	---	---	---	---	---
Total governmental activities capital grants and contributions	<u>1,714,561</u>	<u>773,126</u>	<u>1,240,308</u>	<u>7,970,386</u>	<u>1,605,110</u>	<u>3,162,703</u>	<u>1,874,468</u>	<u>2,193,204</u>	<u>4,912,643</u>
Business-type activities:									
Sewer Utility	373,943	454,450	981,360	278,529	492,911	1,553,881	1,133,729	2,176,126	3,984,327
Water Utility	709,702	543,002	830,793	287,657	1,137,181	1,343,390	2,035,897	2,587,770	3,388,179
Storm Water Utility	---	215,867	---	14,813	341,627	940,757	807,780	1,253,667	2,826,094
Total business-type activities capital grants and contributions	<u>1,083,645</u>	<u>1,213,319</u>	<u>1,812,153</u>	<u>580,999</u>	<u>1,971,719</u>	<u>3,838,028</u>	<u>3,977,406</u>	<u>6,017,563</u>	<u>10,198,600</u>
Total primary government capital grants and contributions	<u>\$ 2,798,206</u>	<u>\$ 1,986,445</u>	<u>\$ 3,052,461</u>	<u>\$ 8,551,385</u>	<u>\$ 3,576,829</u>	<u>\$ 7,000,731</u>	<u>\$ 5,851,874</u>	<u>\$ 8,210,767</u>	<u>\$ 15,111,243</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Net Position
General Revenues and Other Changes in Net Position
Last Nine Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:									
Taxes	\$ 26,135,082	\$ 25,751,546	\$ 25,675,386	\$ 24,728,311	\$ 23,522,724	\$ 22,408,932	\$ 23,413,299	\$ 22,686,333	\$ 21,430,329
Grants and contributions not restricted to specific programs	1,047,409	1,230,437	1,100,295	1,263,645	1,227,423	1,492,124	1,933,923	2,084,021	2,382,329
Investments earnings	118,049	120,702	151,238	234,227	1,052,148	2,126,362	2,047,464	1,362,938	744,137
Interest on advances to utilities	25,232	22,082	38,824	31,048	34,537	39,037	39,037	36,828	35,155
Gain (loss) on retirement of capital assets	(4,138,753)	13,182	32,391	---	56,912	33,175	3,318	16,182	---
Residual equity transfer - TID 3	---	---	---	---	---	---	---	(5,625,000)	---
Debt payments received	213,716	---	---	---	---	---	---	---	---
Other revenues	81,500	97,446	65,883	62,511	57,072	37,380	50,883	107,266	122,611
Total governmental activities general revenues and other changes in net position	<u>23,482,235</u>	<u>27,235,395</u>	<u>27,064,017</u>	<u>26,319,742</u>	<u>25,950,816</u>	<u>26,137,010</u>	<u>27,487,924</u>	<u>20,668,568</u>	<u>24,714,561</u>
Business-type activities:									
Taxes	1,231,250	1,231,250	1,212,990	1,195,085	1,177,535	1,151,745	1,127,500	1,417,165	1,391,544
Investments earnings	24,509	27,662	41,540	124,673	567,393	1,105,838	965,611	515,633	233,063
Interest on advances to governmental funds	---	---	---	6,388	35,394	72,379	71,337	45,470	---
Gain (loss) on retirement of capital assets	(1,575)	24,135	4,678	147	(21,138)	497	5,888	920	102,393
Residual equity transfer - TID 3	---	---	---	---	---	---	---	5,625,000	---
Other revenues	63,185	56,575	40,950	14,598	2,255	926	891	1,154	1,796
Total business-type activities general revenues and other changes in net position	<u>1,317,369</u>	<u>1,339,622</u>	<u>1,300,158</u>	<u>1,340,891</u>	<u>1,761,439</u>	<u>2,331,385</u>	<u>2,171,227</u>	<u>7,605,342</u>	<u>1,728,796</u>
Total primary government general revenues and other changes in net position	<u>\$ 24,799,604</u>	<u>\$ 28,575,017</u>	<u>\$ 28,364,175</u>	<u>\$ 27,660,633</u>	<u>\$ 27,712,255</u>	<u>\$ 28,468,395</u>	<u>\$ 29,659,151</u>	<u>\$ 28,273,910</u>	<u>\$ 26,443,357</u>

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:										
Nonspendable	\$ 2,498,367	\$ 2,391,707	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Restricted	91,526	11,094	---	---	---	---	---	---	---	---
Unassigned	6,675,691	6,843,969	---	---	---	---	---	---	---	---
Reserved	---	---	2,018,827	2,060,963	2,225,144	1,720,549	1,393,672	1,420,694	1,265,001	913,235
Unreserved	---	---	6,076,505	6,034,369	5,870,188	6,374,783	6,701,660	8,244,768	9,467,706	10,259,625
Total general fund	<u>9,265,584</u>	<u>9,246,770</u>	<u>8,095,332</u>	<u>8,095,332</u>	<u>8,095,332</u>	<u>8,095,332</u>	<u>8,095,332</u>	<u>9,665,462</u>	<u>10,732,707</u>	<u>11,172,860</u>
All Other Governmental Funds:										
Nonspendable	15,985,377	17,818,086	---	---	---	---	---	---	---	---
Restricted	17,177,241	11,860,659	---	---	---	---	---	---	---	---
Committed	1,043,079	6,311,798	---	---	---	---	---	---	---	---
Assigned	7,399,395	534,957	---	---	---	---	---	---	---	---
Unassigned	(3,289,054)	(887,452)	---	---	---	---	---	---	---	---
Reserved	---	---	30,420,048	14,826,220	12,438,231	12,916,336	12,507,588	11,588,421	18,938,216	18,272,528
Unreserved, reported in:										
Special Revenue funds	---	---	6,485,333	91,966	304,130	23,631	1,172	5,628	8,259	92,540
Capital Projects funds	---	---	(230,554)	3,429,420	5,917,809	5,742,738	6,519,125	6,104,382	5,209,549	8,058,729
Total all other governmental funds	<u>38,316,038</u>	<u>35,638,048</u>	<u>36,674,827</u>	<u>18,347,606</u>	<u>18,660,170</u>	<u>18,682,705</u>	<u>19,027,885</u>	<u>17,698,431</u>	<u>24,156,024</u>	<u>26,423,797</u>
Total all governmental funds	<u>\$ 47,581,622</u>	<u>\$ 44,884,818</u>	<u>\$ 44,770,159</u>	<u>\$ 26,442,938</u>	<u>\$ 26,755,502</u>	<u>\$ 26,778,037</u>	<u>\$ 27,123,217</u>	<u>\$ 27,363,893</u>	<u>\$ 34,888,731</u>	<u>\$ 37,596,657</u>

The Village implemented GASB Statement No. 54 on December 31, 2011; accordingly, prior year data is based on classifications before GASB Statement No. 54.

Source: Comprehensive Annual Financial Reports

Fluctuations in all other governmental fund balance, reserved and unreserved amounts, primarily reflect financing, construction in progress and completion of capital projects.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Fund Balances - Governmental Funds
Summary
Last Ten Years
(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues	\$ 38,909,480	\$ 37,588,066	\$ 36,285,708	\$ 35,891,953	\$ 36,241,840	\$ 38,592,606	\$ 36,875,263	\$ 35,579,930	\$ 33,489,213	\$ 33,556,424
Expenditures	<u>58,281,312</u>	<u>49,578,107</u>	<u>54,945,695</u>	<u>40,537,373</u>	<u>42,473,059</u>	<u>38,696,476</u>	<u>41,293,845</u>	<u>40,532,576</u>	<u>48,650,981</u>	<u>51,830,426</u>
Deficiency of revenues under expenditures	(19,371,832)	(11,990,041)	(18,659,987)	(4,645,420)	(6,231,219)	(103,870)	(4,418,582)	(4,952,646)	(15,161,768)	(18,274,002)
Other financing sources (uses) and other										
Changes in fund balances	<u>22,068,636</u>	<u>12,104,700</u>	<u>36,987,208</u>	<u>4,332,856</u>	<u>6,208,684</u>	<u>(241,310)</u>	<u>4,177,906</u>	<u>(2,572,192)</u>	<u>12,453,842</u>	<u>24,995,000</u>
Total change in fund balance	<u>\$ 2,696,804</u>	<u>\$ 114,659</u>	<u>\$ 18,327,221</u>	<u>\$ (312,564)</u>	<u>\$ (22,535)</u>	<u>\$ (345,180)</u>	<u>\$ (240,676)</u>	<u>\$ (7,524,838)</u>	<u>\$ (2,707,926)</u>	<u>\$ 6,720,998</u>

Source: Comprehensive Annual Financial Reports

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Fund Balances - Governmental Funds
Revenues
Last Ten Years
(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Taxes	\$ 24,843,046	\$ 24,547,573	\$ 24,474,550	\$ 23,618,142	\$ 22,520,264	\$ 23,473,017	\$ 22,451,038	\$ 21,704,988	\$ 20,375,152	\$ 20,475,023
Payment in lieu of tax	1,292,036	1,203,973	1,200,836	1,110,169	1,002,460	980,285	962,261	981,345	1,055,177	974,576
Special assessment & interest	178,285	195,095	156,193	271,814	303,739	370,858	416,269	488,565	247,651	1,039,210
Licenses and permits	1,141,357	1,094,714	1,102,585	877,195	875,180	1,047,884	1,058,018	1,109,962	1,190,990	1,075,685
Fines and penalties	649,989	648,116	755,247	662,503	661,095	611,749	602,289	559,558	564,392	554,470
Intergovernmental aid	3,186,673	3,800,609	3,355,012	3,821,062	3,714,531	4,129,207	4,795,658	4,697,857	4,800,207	4,749,409
Program revenues	1,447,884	1,511,174	1,410,802	1,244,290	1,492,130	119,856	124,012	145,726	159,083	144,874
Other charges for service	5,395,570	4,064,142	3,346,548	3,472,847	3,448,579	4,844,268	3,707,532	3,451,237	3,209,732	3,120,614
Interest income	70,775	89,279	120,726	222,381	1,073,689	2,110,216	1,997,467	1,293,674	660,851	560,412
Interest on advances	241,269	104,066	112,724	84,728	85,392	69,525	60,164	46,364	52,761	64,310
Other revenue	462,596	329,325	250,485	506,822	1,064,781	835,741	700,555	1,100,654	1,173,217	797,841
Total revenues	<u>\$ 38,909,480</u>	<u>\$ 37,588,066</u>	<u>\$ 36,285,708</u>	<u>\$ 35,891,953</u>	<u>\$ 36,241,840</u>	<u>\$ 38,592,606</u>	<u>\$ 36,875,263</u>	<u>\$ 35,579,930</u>	<u>\$ 33,489,213</u>	<u>\$ 33,556,424</u>

Source: Comprehensive Annual Financial Reports

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Fund Balances - Governmental Funds
Expenditures
Last Ten Years
(modified accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Current:										
General government	\$ 4,178,487	\$ 3,939,717	\$ 3,642,621	\$ 3,462,236	\$ 3,461,298	\$ 3,622,525	\$ 3,654,109	\$ 3,819,230	\$ 3,567,653	\$ 3,755,867
Public safety	13,349,480	13,532,420	13,440,800	13,087,197	12,648,113	11,976,449	11,611,690	11,254,135	10,608,426	10,676,457
Public works	6,806,723	6,915,529	6,905,932	6,390,586	8,627,095	6,112,332	6,762,634	8,033,495	7,881,347	5,478,937
Culture and recreation	2,587,993	2,758,347	2,792,380	2,933,828	2,646,871	2,792,883	2,700,236	2,518,928	2,407,810	2,716,621
Conservation and development	5,111,837	7,410,485	1,645,679	1,145,049	870,587	1,215,791	1,152,259	1,189,051	1,562,005	1,944,069
Interest on advances	216,037	81,984	73,900	60,068	86,249	102,867	92,464	55,006	11,861	14,421
Loss on defeasance of debt	---	---	---	---	---	---	---	108,122	---	---
Loss on refunding of debt	---	---	---	---	---	---	---	144,726	---	---
Debt issuance costs	393,613	205,922	692,884	90,750	68,243	11,500	10,000	75,335	---	---
Capital outlay	16,066,598	5,119,767	10,597,430	2,730,380	1,532,375	1,909,765	2,382,325	1,565,208	3,207,202	4,883,121
Debt service:										
Principal	6,548,416	6,258,415	12,688,416	8,027,416	9,913,506	8,073,002	9,781,450	8,389,341	16,035,979	19,077,765
Interest and fiscal charges	3,022,128	3,355,521	2,465,653	2,609,863	2,618,722	2,879,362	3,146,678	3,379,999	3,368,698	3,283,168
Total expenditures	\$ 58,281,312	\$ 49,578,107	\$ 54,945,695	\$ 40,537,373	\$ 42,473,059	\$ 38,696,476	\$ 41,293,845	\$ 40,532,576	\$ 48,650,981	\$ 51,830,426
Debt service as a percentage of noncapital expenditures	<u>22.67%</u>	<u>21.62%</u>	<u>34.17%</u>	<u>28.14%</u>	<u>30.61%</u>	<u>29.77%</u>	<u>33.22%</u>	<u>30.20%</u>	<u>42.70%</u>	<u>47.63%</u>

Source: Comprehensive Annual Financial Reports

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Changes in Fund Balances - Governmental Funds
Other Financing Sources (Uses) and Other Changes in Fund Balance
Last Ten Years
(modified accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating transfers in	\$ 12,031,235	\$ 10,017,673	\$ 15,010,073	\$ 7,471,082	\$ 11,304,685	\$ 10,331,806	\$ 10,139,049	\$ 9,668,403	\$ 9,986,597	\$ 6,894,647
Operating transfers out	(12,031,235)	(10,017,673)	(15,010,073)	(7,471,082)	(11,304,685)	(10,331,806)	(10,139,049)	(9,668,403)	(9,986,597)	(6,894,647)
Residual equity transfer	---	---	---	---	---	---	---	(5,625,000)	---	---
Proceeds from sale of capital assets	---	13,182	32,391	87,106	66,341	41,560	32,847	63,112	28,842	---
Fair market of bond/notes issued	28,940,000	11,855,000	32,025,000	4,155,000	6,074,100	1,750,000	2,295,059	2,940,000	3,025,000	23,570,000
Fair market of refunding bonds issued	---	---	4,080,000	---	---	---	1,850,000	3,420,000	9,400,000	1,425,000
Payment to refunding escrow agent	(8,600,000)	---	---	---	---	---	---	(3,420,000)	---	---
Debt issuance premiums	1,514,920	236,518	849,817	90,750	68,243	11,500	---	49,696	---	---
Debt payments received	213,716	---	---	---	---	---	---	---	---	---
Distribution upon closure of TID	---	---	---	---	---	(2,044,370)	---	---	---	---
Total other financing sources (uses)										
and other changes in fund balance	<u>\$ 22,068,636</u>	<u>\$ 12,104,700</u>	<u>\$ 36,987,208</u>	<u>\$ 4,332,856</u>	<u>\$ 6,208,684</u>	<u>\$ (241,310)</u>	<u>\$ 4,177,906</u>	<u>\$ (2,572,192)</u>	<u>\$ 12,453,842</u>	<u>\$ 24,995,000</u>

Source: Comprehensive Annual Financial Reports

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Assessed and Actual Value of Taxable Property
Last Ten Years

As of January 1	Real Property		Personal Property		Total Assessed Value	Total Direct Tax Rate	Total Taxable Equalized Value	Assessment Ratio
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2012	\$ 4,277,627,360	\$ 4,176,224,340	\$ 142,649,120	\$ 139,267,560	\$ 4,420,276,480	\$ 5.20	\$ 4,315,491,900	1.0243
2011	4,248,742,200	4,299,841,843	140,072,010	141,756,657	4,388,814,210	5.20	4,441,598,500	0.9881
2010	4,224,701,290	4,291,691,236	143,615,590	145,892,864	4,368,316,880	5.17	4,437,584,100	0.9844
2009	4,169,912,100	4,438,094,157	142,107,780	151,247,243	4,312,019,880	5.22	4,589,341,400	0.9396
2008	4,119,463,500	4,486,663,248	136,375,450	148,531,652	4,255,838,950	5.17	4,635,194,900	0.9182
2007	4,035,948,800	4,381,105,713	118,740,890	128,895,687	4,154,689,690	5.08	4,510,001,400	0.9212
2006	3,968,013,000	4,115,002,545	120,980,500	125,462,055	4,088,993,500	5.11	4,240,464,600	0.9643
2005	3,858,494,200	3,819,932,659	112,686,624	111,560,441	3,971,180,824	5.09	3,931,493,100	1.0101
2004	3,117,805,500	3,455,036,776	117,026,932	129,684,919	3,234,832,432	6.12	3,584,721,695	0.9024
2003	3,039,525,100	3,252,568,325	126,914,829	135,810,411	3,166,439,929	6.00	3,388,378,736	0.9345

Assessed Valuations by District - 2012

Menomonee Falls School District	\$ 3,461,630,140
Hamilton Sussex School District	<u>958,646,340</u>
Total assessed value	<u>\$ 4,420,276,480</u>

Note: Assessed values are determined by the Village and the Wisconsin Department of Revenue. Estimated actual values were obtained from the Wisconsin Department of Revenue and include Wisconsin Section 70.57 adjustments.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Property Value and Construction Data
Last Ten Years

Year	(1) Assessed Property Value				(2) Residential Construction		(2) Nonresidential Construction	
	Residential	Commercial & Manufacturing	Agricultural, Swamp & Other	Total	Number of Permits	Value	Number of Permits	Value
2012	\$ 2,963,751,660	\$ 1,296,913,100	\$ 16,962,600	\$ 4,277,627,360	608	\$ 22,753,135	126	\$ 34,157,895
2011	2,954,622,401	1,277,237,401	16,882,401	4,248,742,203	573	18,709,627	147	47,333,453
2010	2,945,222,501	1,262,085,590	17,393,200	4,224,701,291	617	23,057,560	128	36,981,941
2009	2,935,215,100	1,216,139,000	18,558,000	4,169,912,100	439	15,597,552	77	21,646,277
2008	2,907,864,700	1,193,039,000	18,559,800	4,119,463,500	512	23,265,366	124	36,638,397
2007	2,852,106,400	1,165,371,000	18,471,400	4,035,948,800	620	36,233,175	171	51,104,339
2006	2,771,644,900	1,177,812,000	18,556,100	3,968,013,000	555	37,692,541	137	49,634,513
2005	2,689,249,600	1,150,584,300	18,660,300	3,858,494,200	727	52,399,157	98	45,253,684
2004	2,134,500,000	971,431,600	11,873,900	3,117,805,500	762	61,217,146	68	38,232,767
2003	2,074,663,600	952,622,100	12,239,400	3,039,525,100	705	42,720,507	95	29,545,400

(1) Values from Statement of Assessment.

(2) From Village Zoning and Inspection Department records.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Direct and Overlapping Property Tax Rates
Last Ten Years

(Per \$1,000 of Assessed Valuation)

For Fiscal Year	Village Direct Rates						Overlapping Rates					School Tax Credit	Net Tax Rate	
	Basic Rate	General Obligation Debt Service Rate	Library Operations & Maint	Sewer Capital Costs	Storm Water Costs	Total Direct	State of Wisconsin	Waukesha County	Menomonee Falls School District	Sussex Hamilton School District	Waukesha County Technical College		Menomonee Falls School District	Sussex Hamilton School District
2013	3.97	0.55	0.40	0.07	0.21	5.20	0.17	2.04	11.61	10.25	1.27	(1.72)	18.57	17.21
2012	3.97	0.55	0.40	0.07	0.21	5.20	0.17	2.04	11.61	10.25	1.27	(1.72)	18.57	17.21
2011	3.94	0.54	0.41	0.07	0.21	5.17	0.17	2.00	11.88	10.41	1.25	(1.69)	18.78	17.31
2010	4.01	0.52	0.41	0.07	0.21	5.22	0.18	1.99	11.50	10.12	1.23	(1.69)	18.43	17.05
2009	3.70	0.78	0.41	0.07	0.21	5.17	0.19	1.95	10.65	10.12	1.20	(1.69)	17.47	16.94
2008	3.67	0.72	0.41	0.07	0.21	5.08	0.18	1.93	10.20	9.01	1.18	(1.57)	17.00	15.81
2007	3.53	0.89	0.41	0.07	0.21	5.11	0.18	1.90	9.70	9.05	1.15	(1.45)	16.59	15.94
2006	3.40	0.97	0.43	0.08	0.21	5.09	0.19	1.94	9.46	8.78	1.16	(1.22)	16.62	15.94
2005	4.08	1.19	0.51	0.09	0.25	6.12	0.22	2.34	12.28	11.98	1.40	(1.52)	20.84	20.54
2004	4.08	1.05	0.52	0.09	0.26	6.00	0.21	2.35	11.57	11.95	1.42	(1.58)	19.97	20.35

Source: Village Financial Services Department taxation records

Note: The Village completed revaluations of assessed values in 2005. The increase in assessed values to approximately 100% of market value caused a significant decrease in the tax rate.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Ten Largest Assessed Valuations
Years 2012 and 2003

Name	Nature of Business	2012			2003		
		Assessed Valuation	Percentage of Total Assessed Valuation	Rank	Assessed Valuation	Percentage of Total Assessed Valuation	Rank
Kohl's Department Stores	Retail, corporate headquarters	\$ 91,580,700	2.07%	1	\$ 61,203,500	1.93%	1
Woodland Prime LLC	Property management	41,652,000	0.94%	2	---	---	
Harley Davidson	Manufacturer of motor cycles	31,295,600	0.71%	3	24,525,500	0.77%	3
Woodmans Food Market	Food store	23,199,030	0.52%	4	---	---	
NHMC Land LLC	Real estate	21,913,400	0.50%	5	---	---	
Waste Management	Solid waste management	19,265,200	0.44%	6	13,135,100	0.41%	8
Centerpoint Properties Trust	Property development	19,991,600	0.45%	7	---	---	
Wells Fargo Financial	Finance	18,136,660	0.41%	8	---	---	
Burke Business Park	Property development	17,493,000	0.40%	9	---	---	
Super Excavators	Excavating	15,870,990	0.36%	10	---	---	
Strong Capital Management	Investment services	---	---		46,820,700	1.48%	2
Lamplight Farms, Inc.	Candles and lighting	---	---		15,652,200	0.49%	4
Wacker Corporation	Compaction machines and pumps	---	---		15,392,900	0.49%	5
Duni Corporation	Manufacturer of paper products	---	---		14,805,400	0.47%	6
Pick 'N Save Foods	Food store	---	---		14,262,000	0.45%	7
Gillville LLC	Real estate	---	---		12,482,100	0.39%	9
Jerome Bence Trust	Property development	---	---		12,146,800	0.38%	10
Total, ten largest taxpayers		<u>300,398,180</u>	<u>6.80%</u>		<u>230,426,200</u>	<u>7.26%</u>	
Total, other taxpayers		<u>4,119,878,300</u>	<u>93.20%</u>		<u>2,936,013,729</u>	<u>92.72%</u>	
Total assessed valuations		<u>\$ 4,420,276,480</u>	<u>100.00%</u>		<u>\$ 3,166,439,929</u>	<u>100.00%</u>	

Source: Village Department of Assessing

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Property Tax Levies and Collections
Last Ten Years

Levy Year	Taxes Levied	Collected Within the Year Levied for		Subsequent Collections	Totals Collected to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 26,031,321	\$ 5,629,313	21.63%	\$ ---	\$ 5,629,313	21.63%
2011	25,923,450	6,245,829	24.09%	19,672,529	25,918,358	99.98%
2010	25,677,430	3,577,353	13.93%	22,084,726	25,662,079	99.94%
2009	25,669,521	4,794,029	18.68%	20,873,070	25,667,099	99.99%
2008	24,786,337	4,610,434	18.60%	20,475,305	25,085,739	101.21%
2007	23,487,637	4,645,832	19.78%	18,841,602	23,487,434	100.00%
2006	24,588,117	5,300,548	21.56%	19,286,821	24,587,369	100.00%
2005	23,524,519	7,633,684	32.45%	15,890,597	23,524,281	100.00%
2004	23,345,155	7,296,964	31.26%	16,048,851	23,345,815	100.00%
2003	21,933,691	7,925,381	36.13%	14,008,341	21,933,722	100.00%

The Village contracts with Waukesha County to handle tax collections. The County makes the Village whole for all real estate taxes and handles collection on delinquencies. The Village is responsible for collecting delinquent personal property taxes.

Source: Statements of taxes, Village Clerk Services Department

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Ratio of Outstanding Debt By Type to Personal Income and Property Value
Last ten years

Year	Governmental Activities			Business Type Activities				Total Primary Government	Percentage of		Per Capita
	General Obligation Bonds & Notes	Bond/Note Anticipation Notes	Clean Water Fund Loans	Utility Mortgage Revenue Bonds	Clean Water Fund Loans	General Obligation Notes	Utility Mortgage Revenue BANS		Personal Income	Property Value	
2012	\$ 94,709,484	\$ 1,280,000	\$ ---	\$ 2,735,000	\$ 2,000,613	\$ 6,850,516	\$ ---	\$ 107,575,613	5.58%	2.49%	\$ 3,015
2011	80,917,900	1,280,000	---	4,085,000	2,242,935	5,537,100	---	94,062,935	4.97%	2.12%	2,637
2010	75,321,315	1,280,000	---	6,270,000	2,478,293	3,633,685	---	88,983,293	4.92%	2.01%	2,572
2009	51,934,731	1,250,000	---	7,595,000	2,706,889	2,495,269	---	65,981,889	3.65%	1.44%	1,907
2008	53,957,147	3,100,000	---	14,130,000	2,931,618	1,702,853	---	75,821,618	4.09%	1.64%	2,191
2007	54,246,553	6,650,000	---	16,745,000	2,798,440	1,038,447	---	81,478,440	4.49%	1.81%	2,365
2006	60,073,382	6,650,000	592,187	19,320,000	1,482,270	1,149,941	---	89,267,780	5.10%	2.11%	2,620
2005	65,753,385	6,640,000	646,294	21,790,000	1,627,617	840,000	---	97,297,296	6.13%	2.47%	2,867
2004	70,955,983	6,640,000	972,732	30,010,000	1,768,403	---	615,000	110,962,118	7.36%	3.10%	3,297
2003	66,555,961	13,025,000	1,048,794	34,000,000	1,904,752	24,990	1,230,000	117,789,497	8.23%	3.48%	3,517

Source: General Purpose Financial Statements

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Ratio of General Obligation Debt to Equalized Valuation and Debt Per Capita
Last Ten Years

Year	Gross General Obligation Debt	Designated Funds for Debt Service	Net General Outstanding Debt	Ratio of Net General Obligation Debt to Equalized Value	Net General Obligation Debt Per Capita
2012	\$ 101,560,000	\$ 8,718,485	\$ 92,841,515	2.35%	\$ 2,602
2011	86,455,000	35,973	86,419,027	1.95%	2,422
2010	78,955,000	187,212	78,767,788	1.78%	2,277
2009	54,430,000	2,779	54,427,221	1.19%	1,573
2008	55,660,000	5,853	55,654,147	1.20%	1,609
2007	55,285,000	4,223	55,280,777	1.23%	1,605
2006	61,223,323	5,796	61,217,527	1.44%	1,797
2005	66,593,385	6,372	66,587,013	1.69%	1,962
2004	70,955,983	14,684	70,941,299	1.98%	2,108
2003	66,580,951	8,219	66,572,732	1.96%	1,988

Source: Comprehensive Annual Financial Reports

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Sewer Utility Revenue Bond Coverage
Last Ten Years

<u>Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses (A)</u>	<u>Operating Income</u>	<u>Debt Service Requirements</u>			<u>Coverage (C)</u>
				<u>Principal (B)</u>	<u>Interest</u>	<u>Total</u>	
2012	\$ 8,994,807	\$ 8,745,692	\$ 249,115	\$ 267,322	\$ 65,068	\$ 332,390	0.7495
2011	8,709,658	8,001,934	707,724	1,160,358	119,046	1,279,404	0.5532
2010	9,134,505	7,716,467	1,418,038	328,596	126,091	454,687	3.1187
2009	9,379,933	7,603,234	1,776,699	1,724,729	287,903	2,012,632	0.8828
2008	9,892,073	7,428,640	2,463,433	1,589,526	335,864	1,925,390	1.2794
2007	10,170,201	6,637,927	3,532,274	1,716,602	345,641	2,062,243	1.7128
2006	9,991,739	6,412,705	3,579,034	1,545,347	384,969	1,930,316	1.8541
2005	10,229,412	7,023,067	3,206,345	2,120,786	545,953	2,666,739	1.2023
2004	9,254,520	6,136,600	3,117,920	1,566,349	1,129,013	2,695,362	1.1568
2003	8,447,498	4,474,289	3,973,209	1,437,052	1,208,186	2,645,238	1.5020

Source: Comprehensive Annual Financial Reports

- (A) Operating expenses before depreciation and tax equivalent paid to the Village.
- (B) Debt service requirements are for the bond principal and interest due and paid during the year in question, including clean water fund loans, except as noted below.
2009 principal does not include \$3,860,000 early call of bonds.
2005 principal does not include \$4,225,000 paid by Tax Incremental District #3.
2004 principal does not include \$1,970,000 of principal paid from reserves on refinancing.
Principal and interest do not include GO requirements
- (C) Ratio of total funds available for debt service to total requirements.

Note: Utility failed to meet debt ratio covenants in years 2008 and 2009. As a response the Utility defeased debt outstanding in the amount of \$3,860,000 in 2009.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Water Utility Revenue Bond Coverage
Last Ten Years

<u>Year</u>	<u>Operating</u>		<u>Operating</u>		<u>Operating</u>		<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Revenue (A)(D)</u>		<u>Expenses (B)</u>		<u>Income</u>		<u>Principal (E)</u>	<u>Interest</u>	<u>Total</u>	
2012	\$ 7,256,273	\$	3,594,200	\$	3,662,073	\$	1,350,000	\$ 187,100	\$ 1,537,100	2.3825
2011	6,783,135		3,628,490		3,154,645		1,260,000	243,350	1,503,350	2.0984
2010	6,342,076		3,386,391		2,955,685		1,225,000	297,375	1,522,375	1.9415
2009	6,396,980		3,349,804		3,047,176		1,175,000	347,250	1,522,250	2.0018
2008	6,686,233		3,348,158		3,338,075		1,165,000	394,737	1,559,737	2.1402
2007	7,025,431		3,104,293		3,921,138		1,150,000	439,913	1,589,913	2.4663
2006	7,009,043		3,058,580		3,950,463		1,070,000	489,325	1,559,325	2.5334
2005	7,117,399		2,852,459		4,264,940		1,025,000	495,176	1,520,176	2.8056
2004	7,296,688		2,728,476		4,568,212		975,000	737,875	1,712,875	2.6670
2003	6,438,007		2,827,809		3,610,198		925,000	779,800	1,704,800	2.1177

Source: Comprehensive Annual Financial Reports

(A) Operating revenues include interest income and interest reimbursed from TID #3.

(B) Operating expenses before depreciation and tax equivalent paid to the Village.

(C) Ratio of total funds available for debt service to total requirements.

(D) 2005 Principal payments do not include refinancing of \$5,075,000.
2005 Principal payments do not include an early retirement of \$1,400,000.
Principal and interest do not include GO requirements

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Computation of Legal Debt Margin
December 31, 2012

Equalized value of real and personal property	\$ <u>4,315,491,900</u>
Debt limit, five percent of equalized valuation	\$ 215,774,595
Total obligation bonds and notes applicable to debt limit at December 31, 2012	<u>(101,560,000) *</u>
Remaining legal debt margin	\$ <u>114,214,595</u>
* Includes:	
Sewer Utility portion of G.O. notes	\$ 486,540
Water Utility portion of G.O. notes	2,865,000
Storm Water Utility portion of G.O. notes	3,498,976
Excludes:	
Note Anticipation Notes	1,280,000
Water Revenue Bonds and Revenue BANs	2,735,000
Wisconsin Clean Water Fund Loans	2,000,613

Historical Data					
Year		Debt Limit	Debt Subject to Limit	Legal Debt Margin	Percentage of Legal Debt Limit
2012	\$	215,774,595	\$ 101,560,000	\$ 114,214,595	47.07%
2011		222,079,925	86,455,000	135,624,925	38.93%
2010		221,879,205	78,955,000	142,924,205	35.58%
2009		229,467,070	54,430,000	175,037,070	23.72%
2008		231,759,745	55,660,000	176,099,745	24.02%
2007		225,500,070	55,285,000	170,215,070	24.52%
2006		212,023,230	61,223,323	150,799,907	28.88%
2005		196,574,655	66,593,385	129,981,270	33.88%
2004		179,236,085	70,955,983	108,280,102	39.59%
2003		169,418,937	66,580,951	102,837,986	39.30%

Source: Comprehensive Annual Financial Reports

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Computation of Direct and Overlapping Debt
December 31, 2012

	Total Direct Debt		Applicable to Village
		Percent	Amount
Direct debt	\$ 100,725,097	100.00%	\$ 100,725,097
Overlapping Debt:			
Menomonee Falls School District	30,585,000	97.49%	29,817,317
Hamilton School District	9,945,000	32.43%	3,225,164
Waukesha County	79,665,000	8.56%	6,819,324
Waukesha County Technical College	<u>30,560,000</u>	8.36%	<u>2,554,816</u>
Total overlapping debt	<u>150,755,000</u>		<u>42,416,621</u>
Total net direct and overlapping debt	<u>\$ 251,480,097</u>		<u>\$ 143,141,718</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of these overlapping governments that is borne by the Village through the taxes levied by these government agencies.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Unemployment Rates (2)</u>			<u>Per-Capita Income (3)</u>		<u>Total Income Village of Menomonee Falls (4)</u>
		<u>Village of Menomonee Falls</u>	<u>Waukesha County</u>	<u>State of Wisconsin</u>	<u>Waukesha County</u>	<u>State of Wisconsin</u>	
2012	35,680	5.8 %	6.0 %	6.9 %	\$ 54,050	\$ 38,703	\$ 1,928,504,000
2011	35,675	6.2	6.5	7.5	53,034	37,670	1,891,987,950
2010	34,600	6.6	7.0	7.4	52,276	36,815	1,808,749,600
2009	34,600	7.3	7.5	8.5	52,290	36,822	1,809,234,000
2008	34,600	3.8	3.9	4.8	53,636	37,770	1,855,805,600
2007	34,450	4.0	4.0	4.9	52,713	36,990	1,815,962,850
2006	34,070	3.8	3.6	4.9	51,351	35,644	1,749,528,570
2005	33,939	3.8	3.8	4.8	46,735	33,673	1,586,139,165
2004	33,660	3.8	3.9	4.9	44,789	32,721	1,507,597,740
2003	33,489	4.6	3.8	4.8	42,734	31,642	1,431,118,926

(1) Source: Department of Administration, State of Wisconsin.

(2) Source: Department of Workforce Development, State of Wisconsin.

(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis (2010-2012 Waukesha County are estimates).

(4) Estimated based on population and Waukesha County per-capita income.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Principal Employers
Years 2012 and 2003

Employer	2012		2003
	Employees	Percentage of All Employed in Village	Employees
Kohls Corporation	6,303	19.27%	3,020
Community Memorial Hospital	1,323	4.04%	1,465
Harley Davidson	1,000	3.06%	1,112
FIS Management Services LLC (formerly Metavante)	900	2.75%	---
Arandell-Schmidt	800	2.45%	625
Menomonee Falls School District	640	1.96%	856
Wells Fargo Financial	444	1.36%	1,422
Wacker Neuson Corporation	350	1.07%	450
Alto-Schaam	340	1.04%	315
Bradley Corporation	329	1.01%	311
Linden Grove	238	0.73%	---
Village of Menomonee Falls	211	0.65%	291
Bank One	---	0.00%	760
Citation Custom Products	---	0.00%	413
All other employers	19,833	60.63%	
Total Employment	32,711	100.02%	

Sources:

Employer list and related employee data from debit issuance Official Statement.

Total employment provided by Wisconsin Economic Development Corporation (WEDC).

Total employment figure for 2003 unavailable.

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Full-Time Equivalent Employees By Function
Last Ten Years

Function	Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government and administration	34	34	33	34	36	41	44	47	48	48
Public Safety	96	101	100	104	105	104	105	103	103	103
Public Works	22	26	26	30	32	34	35	34	34	37
Culture and recreation	25	26	27	25	29	30	30	30	27	25
Conservation and Development	13	14	14	18	17	22	24	24	24	23
Sanitary Sewer	5	4	4	6	5	4	4	4	4	4
Water Utility	15	17	17	17	15	16	16	16	16	16
Storm Water Utility	1	1	1	1	1	1	1	1	1	1
Totals	<u>211</u>	<u>223</u>	<u>222</u>	<u>235</u>	<u>240</u>	<u>252</u>	<u>259</u>	<u>259</u>	<u>257</u>	<u>257</u>

Source: Financial Services Budget Documents

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Operating Indicators and Information about Capital Assets by Function/Department
Last Ten Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government:										
Number of employees	34	34	33	34	36	41	44	47	48	48
Registered voters	24,206	24,539	25,180	24,697	24,697	23,670	23,176	23,380	23,322	20,793
Public Safety:										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of employees	66	67	69	70	70	69	69	70	70	70
Crimes	423	470	433	403	550	691	703	545	587	585
Number of violations/enforcement	18,475	19,221	21,797	22,039	18,189	17,047	16,715	15,967	16,397	15,123
Accidents	700	780	510	557	877	928	832	899	881	931
Fire:										
Number of stations	4	4	4	4	4	4	4	4	4	4
Number of employees	80	22	21	21	22	22	22	20	20	20
Number of fires	80	74	59	72	76	73	73	51	46	75
Rescue and EMS	2,064	2,035	1,864	1,814	1,905	1,761	1,669	1,559	1,524	1,466
Hazardous conditions	74	90	96	103	100	96	92	91	87	77
Dispatch:										
Number of employees	12	12	13	13	13	13	13	13	13	13
Number of event calls	43,268	41,928	43,027	65,562	65,562	65,562	61,134	77,444	81,418	81,455
Public Works:										
Number of employees	22	26	26	30	32	34	35	34	34	37
Miles of streets and roads-Village owned	207	207	207	207	207	207	206	205	202	200
Miles - All roads, State, County, Village	233	233	233	249	249	248	247	246	244	241

Source: Village departments

See independent auditor's report.

VILLAGE OF MENOMONEE FALLS
Waukesha County, Wisconsin

Operating Indicators and Information about Capital Assets by Function/Department
Last Ten Years
(Continued)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Culture and recreation:										
Library:										
Number of employees	19	21	21	16	16	18	18	18	15	15
Volumes	136,259	141,577	124,337	123,099	138,427	146,998	132,092	125,966	122,395	114,017
Circulation	334,305	351,023	371,600	381,864	364,541	369,263	390,962	385,650	383,038	372,037
Parks:										
Number of employees	6	5	6	4	8	9	10	10	10	10
Number of parks	16	11	11	8	8	8	8	7	7	7
Acres of parkland - Village owned	1,165	1,525	1,525	1,508	1,508	1,506	1,458	1,016	1,016	1,016
Acres of parkland - County owned	321	621	621	544	544	544	544	546	546	546
Conservation and Development:										
Number of employees	13	14	14	18	17	22	24	24	23	21
Number of permits issued	734	720	745	516	636	791	692	825	830	800
Permit value	56,911,030	66,043,080	60,039,501	37,243,829	59,903,763	87,337,514	87,327,054	97,652,841	99,449,913	72,265,907
Water Utility:										
Number of employees	15	17	17	17	15	16	16	16	16	16
Number of customers	11,911	11,853	11,802	11,755	11,707	11,641	11,559	11,400	11,215	10,944
Gallons pumped annually (in thousands)	1,355,139	1,206,533	1,176,398	1,260,820	1,038,142	1,055,982	1,042,303	1,254,296	1,102,647	1,086,967
Number of water towers/reservoirs	9	9	9	9	9	9	9	9	9	9
Number of wells	7	7	7	7	7	7	7	7	7	7
Number of hydrants	2,790	2,777	2,780	2,773	2,692	2,675	2,639	2,598	2,551	2,488
Miles of mains	221	218	218	220	216	215	212	208	205	201
Sewer Utility:										
Number of employees	5	4	4	6	5	4	4	4	4	4
Number of customers	11,462	11,407	11,571	10,853	10,824	10,771	10,671	10,537	10,415	10,211
Gallons pumped annually (in thousands)	890,894	843,689	824,790	853,332	888,214	903,862	896,011	963,149	969,846	951,101
Number of lift stations	10	10	10	8	8	8	7	6	6	4
Miles of main	213	213	212	212	208	208	205	202	199	194
Storm Water Utility:										
Number of employees	1	1	1	1	1	1	1	1	1	1
Number of retention basins	10	10	10	10	10	10	10	10	10	10
Miles of storm main	143	142	141	140	126	126	117	115	112	107

Source: Village departments

See independent auditor's report.