

216



# City of West Allis Matter Summary

7525 W. Greenfield Ave.  
West Allis, WI 53214

File Number	Title	Status
2003-0542	Communication	In Committee
Audited Financial Statement package for the year ended December 31, 2002		
Introduced: 9/2/2003		Controlling Body: Administration & Finance Committee

COMMITTEE RECOMMENDATION Approves add for

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
<u>9/8/03</u>	<u>K</u>	<u>R</u>	Barczak	<input checked="" type="checkbox"/>			
			Czaplewski	<input checked="" type="checkbox"/>			
			Kopplin	<input checked="" type="checkbox"/>			
			Lajsic	<input checked="" type="checkbox"/>			
			Narlock				
			Reinke	<input checked="" type="checkbox"/>			
			Sengstock				
			Trudell				
			Vitale				
			Weigel				
			TOTAL	<u>5</u>			

SIGNATURE OF COMMITTEE MEMBER (RECORDER)

Chair \_\_\_\_\_ Vice-Chair \_\_\_\_\_ Member \_\_\_\_\_

COMMON COUNCIL ACTION Approve

ACTION DATE:	MOVER	SECONDER		AYE	NO	PRESENT	EXCUSED
<u>9-16-03</u>	<input checked="" type="checkbox"/>		Barczak	<input checked="" type="checkbox"/>			
			Czaplewski	<input checked="" type="checkbox"/>			
			Kopplin	<input checked="" type="checkbox"/>			
			Lajsic	<input checked="" type="checkbox"/>			
			Narlock	<input checked="" type="checkbox"/>			
		<input checked="" type="checkbox"/>	Reinke	<input checked="" type="checkbox"/>			
			Sengstock	<input checked="" type="checkbox"/>			
			Trudell	<input checked="" type="checkbox"/>			
			Vitale	<input checked="" type="checkbox"/>			
			Weigel	<input checked="" type="checkbox"/>			
			TOTAL	<u>10</u>	<u>1</u>		

# COMMITTEES OF THE WEST ALLIS COMMON COUNCIL 2003

## ADMINISTRATION AND FINANCE

Chair: Alderperson Czaplewski  
V.C.: Alderperson Kopplin  
Alderspersons: Barczak  
Lajsic  
Reinke

## ADVISORY

Chair: Alderperson Reinke  
V.C.: Alderperson Vitale  
Alderspersons: Kopplin  
Lajsic  
Narlock

## LICENSE AND HEALTH

Chair: Alderperson Barczak  
V.C.: Alderperson Sengstock  
Alderspersons: Kopplin  
Trudell  
Vitale

## SAFETY AND DEVELOPMENT

Chair: Alderperson Lajsic  
V.C.: Alderperson Weigel  
Alderspersons: Czaplewski  
Narlock  
Reinke

## PUBLIC WORKS

Chair: Alderperson Narlock  
V.C.: Alderperson Trudell  
Alderspersons: Sengstock  
Weigel  
Vitale



# CITY OF WEST ALLIS

WISCONSIN



Department of Administration & Finance  
*Finance Division*

**Gary A. Schmid, CPA, CGFM**  
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*mstorbeck@ci.west-allis.wi.us*

**Larry Jansen, CPA**

*Senior Accountant*

*ljansen@ci.west-allis.wi.us*

August 14, 2003

Honorable Mayor and Common Council  
City of West Allis  
7525 West Greenfield Avenue  
West Allis, WI 53214

Dear Mayor and Aldermen:

I am submitting herewith the City of West Allis Comprehensive Annual Financial Report for the year ended December 31, 2002 for your review and approval.

Sincerely,

Gary Schmid, CPA  
Manager of Finance

Attachment

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended  
December 31, 2002

**City of West Allis**  
Wisconsin

*A Bold New Look*

**MANAGEMENT LETTER**  
**CITY OF WEST ALLIS, WISCONSIN**  
**DECEMBER 31, 2002**



**Schenck**

Government & Not-For-Profit Solutions

BETTER PEOPLE. BETTER RESULTS.™



Honorable Mayor and Common Council  
City of West Allis  
Milwaukee County, Wisconsin

We have completed our audit of the general-purpose financial statements of the City of West Allis, Wisconsin for the year ended December 31, 2002. The City's general-purpose financial statements, including our report thereon, are presented in a separate audit report document. Included in the City's audit report is the following additional auditor's report required by government auditing standards:

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of  
General-Purpose Financial Statements Performed in Accordance with Government Auditing Standards

The above report states that our consideration of the internal control structure did not disclose any conditions that we believe to be material weaknesses and that nothing came to our attention to indicate that the City was not in compliance with laws, regulations, contracts and grants for which noncompliance with could have a material effect on the City's general-purpose financial statements.

Our responsibility under auditing standards, as prescribed by auditing standards generally accepted in the United States of America promulgated by the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards* issued by the Comptroller General of the United States, is to plan and perform our audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors, irregularities (or illegal acts), or noncompliance with the provisions of laws, regulations, contracts and grants, if existing, have not been detected. Such standards require that we obtain a sufficient understanding of the City's internal control structure to plan the audit. However, such understanding and any tests performed with respect to such internal controls, or as to compliance with laws, regulations, contracts and grants, were for the purpose of expressing our opinion on the City's general-purpose financial statements and not to form an opinion or provide any assurance concerning such internal control structure or compliance. We could, however, as a separate engagement, be engaged to perform agreed-upon procedures or examine and report on management's assertion about the internal control structure or that management complied with specified laws and regulations. Such engagements would be conducted in accordance with AICPA standards for attestation engagements.

Presented on the following page is a table of contents for enclosed information and comments about financial and administrative matters that came to our attention during our audit of the City's general-purpose financial statements. The basic purpose of the enclosed is to provide recommendations for improving the internal control structure and to provide financial information to assist management in the decision making process.

Sincerely,

*Schenck SC*  
Certified Public Accountants  
Green Bay, Wisconsin  
April 30, 2003

**CITY OF WEST ALLIS, WISCONSIN**

December 31, 2002

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>SUMMARY FINANCIAL INFORMATION</b>	
1. Governmental Fund Balances	1
2. Water Utility	2
3. Sanitary Sewer Utility	3
<b>COMMENTS AND OBSERVATIONS</b>	
<b>GENERAL CITY</b>	
1. Compliance with City Investment Policy	4
2. GASB Statement No. 34 - Planning for the New Standard	4
3. GASB Statement No. 33 - Accounting and Financial Reporting for Nonexchange Transactions	5
<b>OTHER REQUIRED COMMUNICATION</b>	6

## SUMMARY FINANCIAL INFORMATION

### 1. Governmental Fund Balances

Presented below is a summary of the various City governmental fund balances on December 31, 2002, including a comparison to the prior year. This information is presented for assisting management in assessing financial results for 2002 and for indicating financial resources available for the start of the 2003 budget year.

	12/31/02	12/31/01
<b>General Fund</b>		
Reserved		
Encumbrances	\$ 1,186,082	\$ 534,089
Inventories and prepaid items	613,710	636,129
Long-term receivables	684,335	601,571
Subsequent year's budget	864,327	668,177
Unreserved, Designated		
Subsequent years expenditures	794,149	-
Contingency	2,500,000	2,500,000
Land/building acquisition	3,500,000	3,500,000
Capital accumulation	982,399	1,247,326
Insurance	1,200,000	1,200,000
Workers compensation	1,000,000	1,000,000
Dental insurance	50,000	50,000
Unfunded pension liability	2,000,000	2,000,000
Computer/technology improvements	1,000,000	750,000
Productivity/operation improvement	100,000	100,000
Tax refunds	100,000	100,000
Unreserved, Undesignated	3,747,605	4,398,398
<b>Total General Fund</b>	<b>20,322,607</b>	<b>19,285,690</b>
<b>Special Revenue Funds</b>		
Rental rehabilitation loans	298,573	264,646
HOME Program	395,338	152,453
Rental energy program	22,681	20,162
Housing programs	403,277	339,303
Cable communications	749,889	570,909
Health grants	(619)	17
Police grants	(47,288)	-
Fire grant	53,296	26,583
Miscellaneous grants	(87)	(87)
Storm water fund	2,465,189	2,259,531
<b>Total Special Revenue Funds</b>	<b>4,340,249</b>	<b>3,633,517</b>
<b>Debt Service Fund</b>	<b>88,084</b>	<b>587,716</b>
<b>Capital Projects Funds</b>		
Public works improvements	7,828,818	1,122,648
Tax Increment District No. 1	(261,947)	347,918
Tax Increment District No. 2	(650,655)	(702,156)
Tax Increment District No. 3	1,255,586	1,234,243
Tax Increment District No. 4	1,195,906	(554,668)
Tax Increment District No. 5	(1,787,399)	(1,033,908)
<b>Total Capital Projects Funds</b>	<b>7,580,309</b>	<b>414,077</b>
<b>Total Governmental Fund Balances</b>	<b>\$32,331,249</b>	<b>\$23,921,000</b>

The unreserved, undesignated general fund balance of \$3,747,605 represents a balance of 8% of the annual general fund budget. As a general guideline, cities should maintain a minimum undesignated general fund balance of between 8% and 10% of the annual general fund budget.



## 2. Water Utility

Presented below is a comparative summary of revenues, expenses and changes in retained earnings for the water utility enterprise fund for the years ended December 31, 2002 and 2001:

	2002	2001
Operating Revenues		
Charges for services	<u>\$5,687,199</u>	<u>\$5,561,804</u>
Operating Expenses		
Operation and maintenance	4,274,712	4,130,810
Taxes	674,156	677,176
Depreciation	376,858	382,541
Total Operating Expenses	<u>5,325,726</u>	<u>5,190,527</u>
Operating Income	<u>361,473</u>	<u>371,277</u>
Nonoperating Revenues (Expenses)		
Interest	(87,203)	(97,006)
Customer contributions	42,698	37,252
Merchandising and jobbing	(7,925)	(25,247)
Total Nonoperating Revenues (Expenses)	<u>(52,430)</u>	<u>(85,001)</u>
Net Income	309,043	286,276
Retained Earnings - January 1	<u>1,907,876</u>	<u>1,621,600</u>
Retained Earnings - December 31	<u>\$2,216,919</u>	<u>\$1,907,876</u>

The water utility generated a net income of \$309,043 for 2002 compared to net income of \$286,276 for 2001.

### 3. Sanitary Sewer Utility

Presented below is a comparative summary of revenues, expenses and changes in retained earnings for the sanitary sewer utility enterprise fund for the years ended December 31, 2002 and 2001:

	2002	2001
Operating Revenues		
Charges for services	\$3,977,126	\$4,101,110
Operating Expenses		
Operation and maintenance	3,153,138	3,111,302
Administration	492,092	441,157
Depreciation	166,401	166,143
Total Operating Expenses	3,811,631	3,718,602
Operating Income	165,495	382,508
Nonoperating Revenues (Expenses)		
Interest	(255,811)	(196,959)
Customer contributions	2,121	1,495
Loss on sale of assets	(1,086)	(2,282)
Mechandising and jobbing	4,791	1,765
Total Nonoperating Revenues (Expenses)	(249,985)	(195,981)
Net Income (Loss)	(84,490)	186,527
Retained Earnings - January 1	2,469,779	2,283,252
Retained Earnings - December 31	\$2,385,289	\$2,469,779

The sewer utility generated a net loss of \$84,490 for 2002 compared to a net income of \$186,527 for 2001. The decrease in net income results from a decrease in customer charges and an increase in interest expense during 2002.

## COMMENTS AND OBSERVATIONS

### 1. Compliance with City Investment Policy

As part of our audit of cash and investments, we reviewed specific cash and investment accounts to determine that they were in compliance with the City's investment policy. The City's policy for bank deposits states that any deposit amounts with individual banks in excess of FDIC or State Guarantee Fund insured limits must be collateralized by the depository bank.

During our testing of cash and investments, we noted that deposits in excess of insured levels were not collateralized. As a result, bank deposits during the year were not in compliance with the City investment policy.

Since it may be difficult or costly for the City to obtain collateral for its bank deposits, we recommend consideration be given to changing the investment policy to not require collateralization of deposits. If you wish to keep the policy as it is written, then the City Treasurer should make sure that all deposits in excess of insured limits are properly collateralized.

### 2. GASB Statement No. 34 - Planning for the New Standard

Since the City's revenues are currently between \$10 million and \$100 million, the financial statements for the year 2003 will be the first year requiring financial reporting under GASB No. 34. In our previous management letters we have summarized the financial statement changes required by GASB No. 34.

We encourage the City to start planning for this significant change now. Early planning can help the City keep additional staff time and costs to a minimum.

We have provided the City with a comprehensive checklist of items to work on including:

- ◆ Analyze GASB No. 34 Requirements
  - Assign tasks to appropriate staff
  - Determine level of outside assistance needed
- ◆ Expand Capital Asset Records
  - Evaluate existing capitalization policies and establish appropriate guidelines
  - Evaluate adequacy of fixed asset system
  - Determine or estimate date of acquisition, if necessary.
  - Determine useful lives
  - Calculate current net book value for beginning of year asset values
  - Classify or apportion fixed asset costs and annual depreciation to government functions
- ◆ Create Infrastructure Records
  - Determine whether the depreciation or modified method of reporting will be used
  - Determine sources of information and level of detail for infrastructure assets
  - Determine infrastructure values, useful lives and book values
  - Calculate current net book value for beginning of year assets
  - Develop procedures for prospective infrastructure reporting
- ◆ Design Format for Management's Discussion and Analysis
  - Determine format for required condensed financial information

City personnel are in the process of completing many of the tasks. We are available to assist you with implementation of the new GASB standard and provide guidance on managing this process.

### **3. GASB Statement No. 33 - Accounting and Financial Reporting for Nonexchange Transactions**

The water utility previously accounted for contributions from property owners and others for construction as a direct increase in equity. Accordingly, the amounts received for special assessments were not recorded as revenue in the operating statements, but as increases in Contributions in Aid of Construction. Effective in 2001, Governmental Accounting Standards Board (GASB) Statement No. 33 required that all capital contributions received be recorded as revenue rather than contributed capital. This statement has been implemented by the water utility for the 2001 year. Contributed capital received in prior years is still reported as an equity component on the combined balance sheet. Once GASB Statement No. 34 is implemented, contributed capital will no longer be reported in the annual financial report.

As a result of GASB Statements No. 33 and No. 34, the Public Service Commission of Wisconsin (PSC) reviewed their accounting treatment of contributions in aid of construction and approved a change during January, 2001. The water utility will be required to implement this new accounting treatment by January 1, 2003. A summary of the significant changes adopted by the PSC follows:

- Eliminating contributions in aid of construction from the balance sheet. In addition, contributed capital would no longer be deducted from the asset base calculation for rate setting purposes.
- Creating sub accounts to segregate contributed fixed assets from fixed assets financed by the utility. Segregating contributed fixed assets allows the PSC to eliminate these assets from the rate base. Prior to this change, assets contributed were eliminated from the rate base by reducing the investment in fixed assets by the contributions in aid of construction. Accordingly, the new accounting treatment does not vary significantly from prior years. In addition, the tax equivalent calculation will not be affected because all fixed assets, including those contributed by customers, will be included in the tax equivalent calculation.
- Exclude depreciation on contributed fixed assets from the revenue requirement when determining customer rates. Presently, depreciation on contributed assets is recovered from customers through the rates established by the PSC. Without proper planning, this can have an effect on the utility's cash flows and operations because many utilities currently finance plant replacements of contributed fixed assets internally using funds generated from the depreciation charge on the contributed fixed assets.

The primary objective of the PSC changes is to comply with GASB Statements No. 33 and 34 while still ensuring that customers do not pay twice for contributed plant and the utility's rate base is not understated. Implementation of this new accounting treatment will affect both the rate setting process and the accounting records of the water utility. We recommend that the City analyze the effect the new accounting treatment for contributions in aid of construction will have on their operations and cash flows. In addition, changes will need to be made in the accounting system.

We are available to assist you with the evaluation and implementation of this new order.

## OTHER REQUIRED COMMUNICATION

In accordance with the requirements of government auditing standards generally accepted in the United States of America, the following disclosures are presented:

### 1. Significant Accounting Policies

The significant accounting policies used in the preparation of the financial statements are disclosed in Note A to the general-purpose financial statements. There have been no material unusual transactions or controversial accounting issues.

### 2. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. We are not aware of any particularly sensitive accounting estimates used by management in the preparation of the financial statements.

### 3. Significant Audit Adjustments

The financial statements reflect all accounting adjustments proposed during our audit. None of the adjustments were considered significant to the financial condition or operating results of the City. Copies of the audit adjustments are available from management.

### 4. Other Information in Documents Containing Audited Financial Statements

All the information included in the general-purpose financial statements has been audited. Our responsibilities are addressed in the Independent Auditor's Report.

### 5. Disagreements with Management

We have had no material disagreements with management. For the purposes of this disclosure, professional accounting standards define a disagreement with management as a matter concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report.

### 6. Consultations with Other Auditors

To the best of our knowledge, management has not consulted with or obtained opinions from other independent auditors on auditing and accounting matters during the past year.

### 7. Issues Discussed Prior to the Current Audit

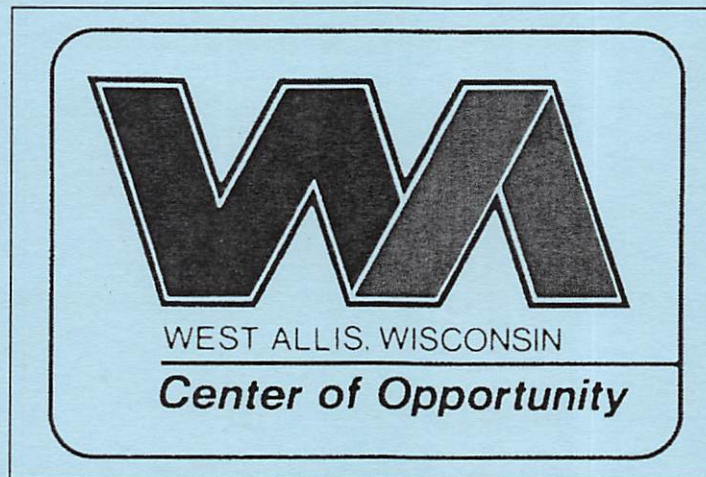
We have discussed various accounting and financial issues, including the application of any new and changed accounting principles or auditing standards, with management prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to completing the services as your auditor.

### 8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing the audit.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST ALLIS, WISCONSIN  
for the year ended December 31, 2002



PREPARED BY THE FINANCE DIVISION

Gary Schmid, CPA, CGFM  
Manager of Finance

Kris Moen, CPA  
Finance Supervisor

Mary Storbeck  
Senior Accountant

Larry Jansen  
Senior Accountant

Christine Phinney  
Grants Accountant

Member of the Government Finance Officers Association of  
the United States and Canada

**CITY OF WEST ALLIS, WISCONSIN**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2002**

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>INTRODUCTORY SECTION</b>	
Title Page	1
Table of Contents	2 - 4
Letter of Transmittal	5 - 33
GFOA Certificate of Achievement	34
List of Principal Officials	35
Organizational Chart	36
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITORS' REPORT ON GENERAL-PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>	37
<b>GENERAL-PURPOSE FINANCIAL STATEMENTS</b>	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit	38 - 39
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Unit	40 - 41
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Budgeted Governmental Fund Types	42 - 43
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	44
Combined Statement of Cash Flows - All Proprietary Fund Types	45
Notes to General-Purpose Financial Statements	46 - 68
<b>COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES</b>	
<b>General Fund</b>	
Comparative Balance Sheets	69
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	70
Detailed Comparison of Budgeted and Actual Revenues	71 - 72
Detailed Comparison of Budgeted and Actual Expenditures	73 - 74
<b>Special Revenue Funds</b>	
Combining Balance Sheet	75 - 76
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	77 - 78
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	79 - 89

**CITY OF WEST ALLIS, WISCONSIN**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2002**

**TABLE OF CONTENTS (Continued)**

	<u>Page No.</u>
<b>FINANCIAL SECTION (Continued)</b>	
<b>COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES</b>	
<b>Debt Service Fund</b>	
Combining Balance Sheets	90
Combining Statements of Revenues, Expenditures and Changes in Fund Balance	91
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	92 - 93
<b>Capital Projects Funds</b>	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	95
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	96
<b>Enterprise Funds</b>	
Combining Balance Sheet	97
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	98
Combining Statement of Cash Flows	99
<b>Internal Service Funds</b>	
Combining Balance Sheet	100
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	101
Combining Statement of Cash Flows	102
<b>Agency Funds</b>	
Combining Balance Sheet	103
Combining Statement of Changes in Assets and Liabilities	104 - 105
<b>General Fixed Assets Account Group</b>	
Comparative Schedule of General Fixed Assets - By Source	106
Schedule of General Fixed Assets - By Function and Activity	107
Schedule of Changes in General Fixed Assets - By Function and Activity	108
<b>Component Unit</b>	
Comparative Balance Sheets	109
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	110



**CITY OF WEST ALLIS, WISCONSIN**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2002**

**TABLE OF CONTENTS (Continued)**

	<u>Page No.</u>
<b>STATISTICAL SECTION</b>	
General Fund Expenditures by Function - Last Ten Years	111
General Fund Revenues by Source - Last Ten Years	112
Property Tax Levies and Collections - Last Ten Years	113
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	114
Direct and Overlapping Property Tax Rates for City of West Allis Property Owners - Last Ten Years	115
Special Assessment Billed, Collected and Outstanding - Last Ten Years	116
Ratio of Outstanding Debt to Equalized Valuation and Debt Per Capita - Last Ten Years	117
Computation of Legal Debt Margin	118
Computation of Direct and Overlapping Debt	119
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Years	120
Industrial Development Revenue Bonds	121
Demographic Statistics - Last Ten Years	122
Property Value and Construction - Last Ten Years	123
Principal Taxpayers	124
Banks and Savings and Loans Located in West Allis	125
Bank Deposits - West Allis	126
Major Employers - Last Ten Years	127
Miscellaneous Statistics Data	128
<b>SINGLE AUDIT SECTION</b>	
<b>ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR GENERAL-PURPOSE FINANCIAL STATEMENTS</b>	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General-Purpose Financial Statements Performed in Accordance with Government Auditing Standards	129
<b>FEDERAL AND STATE SINGLE AUDIT</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	130 - 132
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	133
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	134 - 135
Schedule of Findings and Questioned Costs	136
Status of Prior Year Findings and Questioned Costs	137

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**INTRODUCTORY SECTION**



# CITY OF WEST ALLIS

WISCONSIN



Department of Administration & Finance  
Finance Division

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*Manager of Finance*

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Mary Storbeck

*Accountant*

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June 24, 2003

Honorable Mayor Jeannette Bell  
Members of the Common Council

We are pleased to submit the Comprehensive Annual Financial Report of the City of West Allis, Wisconsin, for the year ended December 31, 2002. This report has been prepared by the Finance Division. Although the Financial Statements were examined by independent auditors, as stated in their report on pages 37, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all necessary disclosures to enable the reader to gain maximum understanding of the City's financial affairs have been included.

## THE REPORT

This report consists of four parts:

### 1) INTRODUCTORY SECTION

The Introductory Section, which is unaudited, includes the table of contents, this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting for the year ended December 31, 2001, the City's organizational chart and a listing of the elected officials.

## **THE REPORT - continued**

### **2) FINANCIAL SECTION**

The Financial Section includes the combined and individual fund financial statements and schedules for all funds and account groups of the City, the notes to the financial statements, and the independent auditor's report on these financial statements and schedules.

### **3) STATISTICAL SECTION**

The Statistical Section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

### **4) SUPPLEMENTAL REPORTS SECTION**

The Supplemental Reports Section includes the auditors' report on internal control, report on federal and state financial assistance (Single Audit), and reports on compliance.

## **GENERAL INFORMATION**

The City of West Allis is located in Milwaukee County immediately west of the City of Milwaukee. Incorporated in 1906, West Allis has grown from an initial population of 2,300 to become the tenth largest city in the State of Wisconsin, with a population of 61,254 according to the 2000 census. State estimated population for 2002 is 61,114.

Located near, and servicing West Allis, are two airports, one for commercial aviation and one for general aviation, both owned and operated by Milwaukee County. Milwaukee County also runs the Countywide Transit System, which includes West Allis. The County also owns and operates an excellent Public Museum, Humphrey IMAX Theater, a well-known zoo, and Miller Park, home of the Milwaukee Brewers.

West Allis is the home of the Wisconsin State Fair Grounds, which is the location of several important national, state, regional and local activities. The State Fair Grounds are also the home of The Pettit Olympic Ice Arena, which is the only operating Olympic sized ice rink in North America and the site of Olympic speed skating training. Also on the State Fair Grounds is a one-mile racetrack, which is the host of several auto races annually, including the Miller 250.

## **GENERAL INFORMATION – continued**

Companies such as Quad Graphics, Aurora Home Medical Services, Briggs & Stratton, Chris Hansen Laboratory Inc, C & H Distributors and many other large, medium and small businesses of a diversified nature are located in West Allis, as well as many financial institutions and places of worship.

The City of West Allis sponsors several parades and celebrations annually, including National Night Out and the Western Days festivities, the latter of which includes the largest non-motorized parade in the world, which is held during the month of June.

West Allis is served by two railways, the Union Pacific Railroad and the Milwaukee Road. Also serving the Metropolitan area, including West Allis, is The Midwest Express Center, the Bradley Center, home of the Milwaukee Bucks, Milwaukee Admirals, and the Marquette Golden Eagles, and the Summerfest Grounds, home of the largest annual outdoor music festival in the Midwest, as well as several ethnic festivals held throughout the summer.

The City of West Allis operates and maintains ten parks of varying size throughout the City. In addition, the City also has several large and small county owned and operated parks and golf courses within its boundaries.

## **ORGANIZATION**

The City operates under the Council-Mayor form of government. The Common Council is composed of ten alderpersons elected from five geographic districts, who are elected to four year terms. The Chief Executive Officer of the City is the Mayor, who monitors and supervises departmental operations for the Common Council. The City Administrative Officer assists the Council and Mayor in their overall and day-to-day role of direction and operation of the City.

West Allis is a full service community, providing for: public safety, housing assistance, water distribution and disposal, public works, recreation and general government. The City of West Allis employs on a permanent, full-time basis a total of 559 people. At different times during the year West Allis also employs temporary and part-time help to do seasonal and other work. The City requires that all employees reside within a thirty-minute drive radius of the West Allis city limits within eighteen months of employment. The City operates daily through thirteen departments, headed by ten appointed officials and two elected officials (Attorney & Municipal Judge).

## ORGANIZATION – continued

The Department of Public Works Operations is responsible for all public works activities. The Yard Operations Division manages the daily operations of public services to all residents by its separate divisions including; Sanitation and Streets, Recycling, Building and Electrical Services, Equipment Repair, Forestry and Grounds, Inventory Services, and Water Utility.

The Sanitation and Street Division provides for street and sewer (storm and sanitary) maintenance and improvements, refuse collection and disposal, ice control and snow removal. The Recycling Office provides for the curbside pick-up of recyclables within the community. The Building and Electrical Services Division provides for maintenance and improvements to all municipal buildings and electrical facilities. The Equipment Repair Division provides for equipment repair and maintenance on all public works vehicles. The Forestry and Grounds Division provides for maintenance of all parks, playgrounds and trees.

The Water Utility provides for the distribution and maintenance of all water supply and storage facilities. The City of West Allis owns and operates its water system. The Water Division is operated as a public utility and is subject to regulation by the Wisconsin Public Service Commission. West Allis purchases its water from the City of Milwaukee Water Utility for storage and distribution through its own system. Clear water storage capacity is 7,000,000 gallons. Average daily water demand was 6,222,000 gallons per day for 2002. Pumping capacity for the system is 15,000,000 gallons per day. The highest gallons pumped on any one day in 2002 were 10,180,000 gallons.

As part of the Milwaukee Metropolitan Sewerage District (MMSD), the City of West Allis must pay for the operation of sewerage collection and treatment. These charges are collected by the City and remitted to MMSD. The City maintains over 300 miles of storm and sanitary sewers.

The Engineering Department develops construction plans, programs and contracts for streets, sewers, curbs, sidewalks, gutters, and traffic control devices.

The Department of Administration and Finance is responsible for all administrative, budgetary, financial, personnel, and support services. The Finance Division provides for all accounting, auditing, water billing, and other financial services. The Data Processing/Information Services Division provides all data processing and computer maintenance services. The Personnel Division provides for all recruitment, testing and selection of employees, as well as labor negotiations and benefits program coordination.

## ORGANIZATION – continued

The Purchasing/Central Services Division provides for acquisition of supplies, services and equipment, as well as printing, copying, and mail room services. The Office of Cable Communications provides for the administration and regulation of the cable television system in the City, as well as programming and production for the City's governmental channel.

The Assessor makes a valuation of real and personal property for the purpose of establishing the tax base and maintains plat books, which properly describe each piece of real property within the city. The Assessor is required to report regularly to the state. Records of all personal property in the city are also maintained for tax purposes.

The Attorney conducts all legal business of the City, drafts ordinances, bonds, and other instruments as required, and gives opinions in writing when requested to do so by other City officials.

The Department of Building and Zoning is responsible for enforcing all codes and making inspections in regards to building, electrical, and plumbing permits. It is also responsible for administering and enforcing the zoning ordinance.

The Clerk has charge of all official records and papers that pertain to city business. The Clerk attends all Council meetings and keeps records of the proceedings and an ordinance book that records all ordinances passed by the Council. The Clerk issues licenses and permits, records all bonds, draws and signs all orders on the treasury, prepares all publications pertaining to city business, supervises elections, and administers oaths.

The Department of Development is responsible for planning, community development, and economic development. The Department also staffs the West Allis Community Development Authority, which administers a housing rehabilitation grant and loan program and a housing Section 8 rental assistance program.

The Health Department is responsible for maintaining health records, providing immunization, offering health education and counseling. The department is also responsible for environmental monitoring in cooperation with the State Department of Natural Resources. Nursing services and consumer protection (certification of weights and measures) is also a responsibility of this department. The operation of the West Allis Senior Citizen Center and the West Allis Farmers Market are also functions under the Health Department.



## ORGANIZATION - continued

The Library is responsible for operations including reference, circulation, cataloging and technical services. The West Allis Public Library is a full service library with a collection of over 200,000 volumes. As part of the Milwaukee Federated Library System residents are also able to borrow from other community libraries in the metro area.

The Municipal Judge acts as the legal justice for the municipal court and hears all municipal cases, which are brought to trial.

The Police Department is responsible for all law enforcement activities. The department is divided into several bureaus functioning in the area that each name would suggest. They are Youth Guidance, Detective, Patrol, Traffic, Communications & Records, Training and Crime Prevention/Public Relations.

The Fire Department operates from a headquarters (67th and Becher) and two additional stations (74th and National, and 108th and Lapham). The department is responsible for all fire training, education, prevention and extinguishment of fires. The department also provides rescue and paramedic service.

The Treasurer acts as the depositor for all city funds. All funds are paid to the treasurer who is also responsible for all investments and disbursements of funds.

## THE REPORTING ENTITY

This report includes all of the funds and account groups of the City. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the nature and significance of their relationship with the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Based upon the aforementioned criteria, the operation of the following entity has been included within the reporting entity:

## THE REPORTING ENTITY - continued

### Downtown West Allis Business Improvement District (DWABID)

The DWABID has been included in the general-purpose financial statements as a discretely presented component unit. The mayor appoints the DWABID nine-member board. Although the city benefits from such an organization, the DWABID has its own independent budgetary authority and assessment capabilities. The city has no responsibility to fund DWABID deficits.

Based upon the aforementioned criteria, the operation of the following entity has been excluded from the accompanying general-purpose financial statements:

West Allis Memorial Hospital - West Allis Memorial Hospital, formerly operated by the City, has been a separate not-for-profit entity since 1963 and its financial statements are not a part of this report. The hospital only uses the City's bonding authority; therefore certain debt of West Allis Hospital secured by the City and related institutional structure for which the City retains title have been included in the general purpose financial statements of the City. The City has no appointee authority on the Hospital's Board nor is the hospital fiscally dependent on the city.

## **FINANCIAL HIGHLIGHTS** **Economic Conditions and Outlook**

Since 1988 significant employment gains have been realized among the City's many printing and publishing firms in addition to the City's traditional heavy manufacturing employment. The employment outlook continues to improve as industry attempts to remain close to freeways and the available workforce and unemployment rates remain near all-time lows.

### **TIF District #1 – South 70<sup>th</sup> & West Walker Redevelopment Area**

TIF #1 was established on October 6, 1992; the effective date was January 1, 1993. The last date this TIF is able to incur project costs is October 5, 2002. The final Dissolution date is December 31, 2019 or earlier. Based on the current debt outstanding and the current tax rate structure, the TIF will be closed out in the first quarter of 2007.

In 1993 the City acquired 23 acres of land from the A-C Bankruptcy Trust to establish its first Tax Incremental Financing District (TIF). The original Plan budgeted \$5,218,950 for land acquisition, environmental clean up, roadway construction, and the necessary underground infrastructure.

## FINANCIAL HIGHLIGHTS

### Economic Conditions and Outlook – continued

In 1996 the Plan budget was raised to \$8,292,201. The increase was necessary to accommodate the installation of an additional roadway and increased environmental issues. As of December 31, 2002 a total of \$7,953,838 had been expended. The 30% audit was completed in 1995 for the year ending December 31, 1994. Total debt issued has been \$4,685,000, and the current outstanding debt balance is \$2,735,000.

The current increment value of \$17,970,900 with taxes to be collected in 2002 of \$800,161 is on target with the project plan which projected an increment value of \$19,403,200 with estimated taxes being \$597,619. Part of the valuation increase from the prior year is attributable to the State incorrectly valuing the property in 2001. In order to correct the error, the State double declined the error in 2002 to make up the doubling that occurred in 2001. The actual value remains on target with the overall objective of the TIF. The following table shows the increased increment and the related taxes collected to support the TIF.

Value Date	Collection Year	Value of TIF	Increment	Taxes Collected
01/01/93	1994	\$5,781,900	\$-0-	\$-0-
01/01/94	1995	\$5,106,000	\$-0-	\$-0-
01/01/95	1996	\$12,670,400	\$6,888,500	\$257,426
01/01/96	1997	\$14,265,600	\$8,483,700	\$276,414
01/01/97	1998	\$21,630,500	\$15,848,600	\$502,213
01/01/98	1999	\$22,417,800	\$16,635,900	\$533,830
01/01/99	2000	\$25,007,100	\$19,225,200	\$675,577
01/01/00	2001	\$35,180,000	\$29,398,100	\$939,366
01/01/01	2002	\$23,752,800	\$17,970,900	\$595,521
01/01/02	2003	\$31,468,900	\$25,687,000	\$800,161

In 1994 the City sold its first parcel of land in TIF #1 to Poblocki Sign Co., who in 1995 completed a 107,000 square foot office and manufacturing facility which employs approximately 130 individuals.

In 1995 a second parcel of TIF #1 was sold to C&H Distributor Inc. Phase I, consisting of 65,000 square feet of office space was completed in late 1996 and houses 213 administrative and sales people. Phase II and III construction is scheduled to begin in the last quarter of 2003 or the first quarter of 2004. After all phases are completed, C&H will have a 120,000 square foot office building and over 350 employees.

## **FINANCIAL HIGHLIGHTS**

### **Economic Conditions and Outlook – continued**

In 1998 the final three parcels of TIF #1 were sold. The first of these parcels was sold to Tri-City National Bank who constructed a 31,000 square foot facility. The second parcel was sold to Center Point who constructed a 113,620 square foot facility on behalf of Distribution Dynamics. The third parcel was sold to Opus North Corporation who constructed a 40,000 square foot facility on behalf of St. Mary's/Columbia Hospital of Milwaukee.

#### **TIF District #2 – Veteran's Park Redevelopment Area**

TIF #2 was established on November 15, 1993; the effective date was January 1, 1994. The last date this TIF is able to incur project costs is November 14, 2003. The final Dissolution date is December 31, 2020 or earlier. Based on the current debt outstanding, the current negative fund balance and the current tax rate structure as long as the TIF remains stable and its value increases it will be closed out in the fourth quarter of 2020.

During 1993 through 1996 the City acquired all the properties within a 5+ acre area. The assembled land was sold in 1996 to Tarantino & Co. for construction of a 127-unit senior housing complex. Construction was delayed because of a pending lawsuit in regards to the acquisition of one of the properties located within the TIF boundaries.

The original Plan budgeted \$2,748,150 for property acquisition, demolition of existing structures, relocation expenses, and site improvements. The actual TIF expense to be recovered was \$2,241,850 with the difference of \$506,300 being covered by the Community Development Block Grant (CDBG) Program. As of December 31, 2002 the TIF has expended \$2,250,905 for capital projects and general interest on the deficit balance and the CDBG Program has expended \$1,616,989. The total expenditures found within the TIF financials of \$2,535,238 include the coverage of the short fall in the debt service area.

The 30% audit was completed on the December 31, 1994 books and a second audit was completed on the December 31, 1997 books after a majority of the expenses had been incurred.

Currently the TIF has a negative fund balance of \$650,655. The Administration and Finance Committee has chosen to allow the deficit until the issues with TIF #4 are settled. The City has issued debt totaling \$1,845,000 of which \$1,545,000 of debt is still outstanding. The deficit came about because of the increased cost related to the street layout around the project and the delay of construction by almost two years. This deficit will be dealt with by either cross funding with another TIF or issuing additional debt. The developer guarantees future debt service payments. The following table shows the

**FINANCIAL HIGHLIGHTS**  
**Economic Conditions and Outlook** - continued

increased increment and the related taxes collected to support the TIF.

<b>Value Date</b>	<b>Collection Year</b>	<b>Value of TIF</b>	<b>Increment</b>	<b>Taxes Collected</b>
01/01/94	1995	\$1,681,600	\$-0-	\$-0-
01/01/95	1996	\$1,681,600	\$-0-	\$-0-
01/01/96	1997	\$1,681,600	\$-0-	\$-0-
01/01/97	1998	\$1,681,600	\$-0-	\$-0-
01/01/98	1999	\$6,628,200	\$4,946,600	\$158,732
01/01/99	2000	\$7,203,800	\$5,522,200	\$172,482
01/01/00	2001	\$7,529,800	\$5,847,400	\$179,362
01/01/01	2002	\$7,763,000	\$6,081,400	\$183,450
01/01/02	2003	\$8,363,100	\$6,681,500	\$191,399

**TIF #3 - Quad Graphics**

TIF #3 was established on August 17, 1994; the effective date was January 1, 1994. The last date this TIF is able to incur project costs is August 16, 2004. The final Dissolution date is December 31, 2020 or earlier. Based on the current debt outstanding and the current tax rate structure, the TIF will be closed out at the very latest in the third quarter of 2013.

In October of 1994 the City acquired the former Giddings and Lewis site for \$4,000,000. The site included 39.7 acres of land and a 600,000 square foot building. In May of 2001 Quad Graphics repaid the city \$4,000,000 to outright acquire the site after a seven year land contract.

The original Plan budgeted \$4,060,000 for environmental remediation, renovation and expansion. As of December 31, 2002 the TIF has expended \$4,202,668 for capital projects and general interest. The TIF financials of \$4,292,887 include principal and interest transferred to the Debt Service Fund. Also included within the expenditures is PECFA reimbursable expenses that are not included in the original budgeted amount. The 30% audit was completed on the December 31, 1997 books in 1998.

Currently, the TIF has a positive fund balance in excess of \$1,200,000 with no anticipation of significant expenditures remaining. The City has issued \$3,895,000 of debt of which \$3,390,000 is still outstanding.

## FINANCIAL HIGHLIGHTS

### Economic Conditions and Outlook - continued

Prior to the 2000 year, the positive increment had not been large enough to pay for the required debt service payments, therefore Quad Graphics Inc. forwarded the necessary funds to cover all shortfalls due to their guarantees on all debt service payments. In the years that the increment exceeds the required debt service amount the TIF refunds such excess back to Quad Graphics Inc. The net amount advanced as of December 31, 2002 is \$630,418.

Value Date	Collection Year	Value of TIF	Increment	Taxes Collected	Guarantee Payments
01/01/94	1995	\$4,284,300	\$-0-	\$-0-	\$269,187
01/01/95	1996	\$9,942,700	\$5,658,400	\$210,621	\$112,404
01/01/96	1997	\$11,429,600	\$7,145,300	\$232,806	\$90,219
01/01/97	1998	\$13,590,200	\$9,305,905	\$305,456	\$92,569
01/01/98	1999	\$13,249,800	\$8,965,500	\$287,694	\$113,843
01/01/99	2000	\$17,327,300	\$13,043,000	\$429,869	<\$20,684>
01/01/00	2001	\$16,461,200	\$12,176,900	\$420,990	<\$5,454>
01/01/01	2002	\$17,373,400	\$13,065,900	\$442,254	<\$21,666>

Phase I of the Quad Graphics acquisition involved the complete renovation of the original 650,000 square foot facility. In addition to their printing operations, Quad has opened a medical facility within their building through a joint effort with Covenant Healthcare System Inc. Quad currently employs approximately 770 people.

In 1999 the Company completed its first expansion of approximately 157,000 square feet. In 2001 Quad Graphics completed Phase III which included a 243,000 square foot addition.

In order to assist with the acquisition and expansion on out lot A the TIF District boundary will be amended to incorporate the out lot. This change was anticipated since the inception of the TIF but it was necessary to exclude this land until Giddings and Lewis had dealt with the environmental issues associated with the property. In exchange for releasing the City from any future environmental liabilities, the TIF released \$512,000 to Quad Graphics. The \$512,000 was the unspent dollars available for environmental clean-up remaining within the TIF fund.

## **FINANCIAL HIGHLIGHTS**

### **Economic Conditions and Outlook - continued**

#### **TIF #4 – 113<sup>th</sup> & Greenfield Ave Redevelopment Area**

TIF #4 was established on February 9, 1995; the effective date was January 1, 1995. The last date this TIF is able to incur project costs is February 8, 2005. The final Dissolution date is December 31, 2021 or earlier. Based on the current debt outstanding and the current tax rate structure, the TIF will be closed out at the very latest in the third quarter of 2017. In the event the verdict against Wisconsin Electric and Power Company is upheld the TIF will be closed out in the near future.

The City of West Allis has owned these 9.9 acres of land since 1954. The site was originally a gravel quarry and was later used as a storm water retention pond and, most recently, as a landfill for non-organic demolition material. In 1990 the City officially closed the landfill. While trying to market the property it was discovered that the site contained various levels of contaminants, the most serious being iron cyanide.

Upon discovering the cyanide the City, along with a private party, initiated a lawsuit against Wisconsin Electric and Power Company (WEPCO) to recover the costs associated with cleaning up the property. The cyanide was discovered under several electric tower platforms. In 1999 the Milwaukee County court approved a jury verdict which required WEPCO to reimburse the City for environmental clean-up costs plus punitive damages. In 2002, the punitive damage award was reversed.

The original Plan budgeted \$1,817,000 for environmental remediation and site preparation. As of December 31, 2002 the TIF has expended \$1,931,796 for capital projects and general interest. The TIF financials of \$2,259,723 include principal and interest transferred to the Debt Service Fund. The 30% audit was completed on the December 31, 1997 books in 1998.

The TIF has a net positive fund balance of \$1,959,906 and will be paying off all of its related debt in 2003. The City has borrowed a total of \$1,091,660 from the State Trust Fund of which \$873,111 is still outstanding. Each of the new businesses that went into the TIF signed a letter of agreement indicating the minimum value their buildings will be valued at. This agreement acts as a guarantee that enough funds will be available to address the debt of the TIF. The following table shows the increased increment and the related taxes collected to support the TIF.

**FINANCIAL HIGHLIGHTS**  
**Economic Conditions and Outlook - continued**

Value Date	Collection Year	Value of TIF	Increment	Taxes Collected
01/01/94	1995	\$-0-	\$-0-	\$-0-
01/01/95	1996	\$-0-	\$-0-	\$-0-
01/01/96	1997	\$-0-	\$-0-	\$-0-
01/01/97	1998	\$-0-	\$-0-	\$-0-
01/01/98	1999	\$-0-	\$-0-	\$-0-
01/01/99	2000	\$1,160,200	\$1,160,200	\$40,561
01/01/00	2001	\$3,720,500	\$3,720,500	\$117,144
01/01/01	2002	\$3,748,900	\$3,748,900	\$115,326
01/01/02	2003	\$4,550,500	\$4,550,500	\$130,354

Milwaukee Plate Glass and Image Plus Printing have both completed their buildings and in 2002, Lincoln Plumbing began to build a 30,000 square foot commercial building on the remaining lot. In addition, Milwaukee Plate Glass Company added a 25,000 square foot addition to their recently completed building.

**TIF #5 – Six Points/Farmers Market Redevelopment Area**

TIF #5 was established on January 16, 2001; the effective date was January 1, 2001. The last date this TIF is able to incur project costs is January 15, 2008. The final Dissolution date is December 31, 2024 or earlier.

The Plan budget is \$16,443,100 for property acquisition, relocation, environmental remediation, demolition, public infrastructure, economic development loans(s), administrative expenses and contingency. As of December 31, 2002 the TIF has expended \$3,576,760 for capital projects and general interest. The TIF financials of \$3,648,460 include principal and interest transferred to the Debt Service Fund.

Currently, the TIF has a negative fund balance of \$1,876,867. The City has issued \$1,850,000 of debt of which \$1,850,000 is still outstanding. In 2003 several debt issue will be done to accommodate the required cash flow needs of the district. The maximum debt being required at this time is \$8,424,400. At this time several properties have been acquired and various options are being considered as to the final look of the project.



## FINANCIAL HIGHLIGHTS

### Economic Conditions and Outlook - continued

Labor statistics show that unemployment rates for West Allis are generally at or below the Milwaukee Metropolitan Area and the State wide rates since 1985, when the State changed its methodology to more accurately apply labor force and unemployment rates to individual localities. Like the rest of the country, the West Allis unemployment rate rose significantly last year and for the first time in over seventeen years has exceeded both the State and National average.

The following table sets forth the average annual unemployment rates, not seasonally adjusted, for West Allis, the Milwaukee Metropolitan Area, and the State of Wisconsin. The table as the figures indicate, the unemployment rate in West Allis (6.0%) is the same as that of the Metropolitan Area (6.0%), and above the State (5.5%) and the national average (5.8%).

**Average Annual Unemployment Statistics**

	2002	2001	2000	1999	1998
West Allis					
Total Employment	32,434	32,262	35,144	34,741	34,345
Unemployment Rate:					
West Allis	6.0%	3.9%	2.8%	2.5%	2.4%
Milwaukee SMSA (1)	6.0%	4.3%	3.5%	3.1%	3.3%
Wisconsin	5.5%	4.3%	3.2%	3.0%	3.4%
U.S.	5.8%	4.8%	4.7%	4.1%	4.5%

(1) Includes the counties of Milwaukee, Waukesha, Washington, and Ozaukee.

The City's equalized property value has grown steadily, increasing \$935 million since 1992. During 2002, over 1,835 various building permits were issued totaling \$29,993,527 in value.

Nearly 98% of the land in the City of West Allis is currently developed. The City has undertaken an update of its Comprehensive Land Use Plan to identify areas for future development. The Land Use Plan has identified approximately 40 areas for targeted development or redevelopment. The areas identified will require assemblage of land and infrastructure improvements to take place before such lots can be platted. The Common Council approved this Plan in 1991. With the continued residential emphasis, the population and business growth of West Allis will show a slow, but steady increase.

**FINANCIAL HIGHLIGHTS**  
**Economic Conditions and Outlook** - continued

**2001 Property Values  
in the City of West Allis  
for collection in 2002**

	2001 Equalized Values	2001 Assessed Value
<b>Real Property</b>		
Residential	\$1,890,642,700	\$1,718,612,300
Commercial	\$ 843,946,200	\$ 767,159,200
Manufacturing	\$ 73,660,400	\$ 66,958,400
<b>Total Real Property</b>	<b>\$2,808,249,300</b>	<b>\$2,552,738,900</b>
<b>Personal Property</b>	<b>\$ 104,087,600</b>	<b>\$ 98,493,430</b>
<b>Total Real &amp; Personal</b>	<b>\$2,912,336,900</b>	<b>\$2,651,178,330</b>

**Trend of Assessed and Equalized Values**

Levy/Year Collected	Equalized Value	Ratio of Assessed Value to Equalized Value	Assessed Value
2001/02	\$2,912,336,900	91.03%	\$2,651,178,330
2000/01	\$2,814,833,200	94.23%	\$2,652,308,700
1999/00	\$2,691,766,000	97.96%	\$2,636,972,110
1998/99 (1)	\$2,642,658,500	99.28%	\$2,623,755,630
1997/98	\$2,506,501,300	82.71%	\$2,073,209,620

(1) A revaluation was conducted this year.

**West Allis Building Permits**

Year	Single, Family/Duplexes	Multi-Family	Commercial/Industrial	Total All Permits (1)
2002	\$3,573,546	\$ 3,161,794	\$12,520,145	\$29,993,527
2001	\$4,757,063	\$ 5,144,055	\$13,654,750	\$35,902,442
2000	\$3,897,367	\$ 23,000	\$19,550,320	\$64,588,709
1999	\$4,060,059	\$ 1,267,409	\$19,863,819	\$31,153,774
1998	\$1,994,932	\$ 6,419,900	\$27,145,160	\$51,757,062

(1) Total includes types of permits not included in highlighted areas.

## FINANCIAL HIGHLIGHTS

### Economic Conditions and Outlook - continued

The vitality of a community's employment can be measured by the expendable incomes of its populations. As the table below indicates, the Effective Buying Income (EBI) of a West Allis resident is within five percent of the State as a whole while the per capita retail sales exceeds the state wide average. The median household effective buying income and per capita retail sales for the City of West Allis, as shown in Sales and Marketing Management's Annual "Survey of Buying Power", is presented on the following table.

Year	Median Effective Buying Income		Per Capita Retail Sales	
	West Allis	Wisconsin	West Allis	Wisconsin
2001	\$34,840	\$36,583	\$20,137	\$13,395
2000	\$37,176	\$38,810	\$20,431	\$13,704
1999 (1)	\$36,056	\$37,101	\$14,149	\$13,004
1998	\$35,293	\$35,509	\$14,904	\$10,824
1997	\$35,047	\$34,968	\$14,370	\$10,309

(1) For 1999 Per Capita Retail Sales are not directly comparable to previous years. Sales and Marketing Management now includes dining and drinking establishment sales.

West Allis has encountered slow but steady industrial and commercial growth within the last several years. Since 1992 thirty-three firms have started business in West Allis. These firms and their approximate number of employees are presented on the following page.

**FINANCIAL HIGHLIGHTS**  
**Economic Conditions and Outlook - continued**

<b>Year Est.</b>	<b>Firm Name</b>	<b>Type of Business</b>	<b>Est. No. Of Employees</b>
2002	Trane Company	HVAC Sales/Service	54
2002	Aurora Health Center	Health Clinic	38
2001	Rogers Memorial Hospital	Psychiatric Hospital	158
1999	Milwaukee Plate Glass	Plate Glass Construction	45
1999	Gateway Health Center	Health Care	50
1999	Walgreen's (2)	Pharmacy	18
1999	ReGENco, Inc.	Steam and Gas Turbine Mfg.	96
1999	Distribution Dynamics	Distributor	75
1999	Milwaukee Ductile Iron	Foundry	270
1999	Milwaukee Gray Iron	Gray Iron Casting	86
1998	Home Depot	Building Products/Retailer	150
1998	Jewel Osco	Grocery/Pharmacy	30
1998	Covenant Healthcare Systems, Inc.	Health Care	285
1998	International Auto, Inc.	Auto Sales and Service	115
1998	Office Copying Equip, Ltd.	Copying Equipment	56
1998	Tri-City National Bank Check Processing Center	Bank - Check Processing Center	70
1998	ABC Supply Co.	Building Supplies	45
1998	Upper Iowa University	University-Outreach Campus	3 (54 pt)
1998	Maritime Savings Bank	Bank	60
1998	St. Francis Bank	Bank	5
1998	Graybar Electric Co., Inc. (new location)	Electrical Supplies	90
1998	Lincoln Avenue Clinic	Health Care	15
1997	WDJT	Television Station (News)	30
1997	Nursefinders	Nurse Staffing Agency	50
1997	Maximus	Consulting & Program Operations Services	109
1997	A-C Equipment Service	Manufacturer of Rotary Kilns	30
1996	C&H Distributors Inc.	Direct Marketer	213
1996	Osco Drug	Pharmacy	18
1996	Mykonos	Restaurant	40
1995	Poblocki & Sons Sign Co.	Sign Manufacturer	148
1994	Quad/Graphics	Commercial Printer	770
1994	Quality Calibration Svc.	Machine Tool Calibration	60
1992	Lakeland College	Private Business College	20

## **MAJOR INITIATIVES FOR THE YEAR**

A number of events occurred during 2002. The most significant of these included:

- \*\*\*\* The City expanded its exterior maintenance program, which helps maintain and increase the values of the properties located in the eastern part of the city.
- \*\*\*\* Aurora has completed construction on a five story Women's Pavilion, which is designed to house a comprehensive health and wellness facility for females in every phase of life on the West Allis Hospital grounds. The 207,000 square-foot state-of-the-art facility began operation in the first quarter of the year.
- \*\*\*\* The Six Points / Farmers Market Redevelopment Plan - Tax incremental financing district #5 (TIF) began marketing various parcels which have been cleared and assembled into larger parcels.
- \*\*\*\* The second phase of the \$150,000,000 master plan for the Future of the State Fair Park was completed. Phase one included the underground work necessary to construct a new exposition center and phase two was the actual construction of the exposition center.
- \*\*\*\* The City began renovation of its three fire stations, which will bring the buildings into compliance with the current ADA requirements and address the safety needs of the employees.

## **MAJOR INITIATIVES FOR THE FUTURE**

- \*\*\* The City continues to work with the State Fair Park to develop a Commercial/Hotel facility within its boundaries.
- \*\*\* The City is working with the Village of West Milwaukee on developing a contaminated parcel located within one another's boundaries. The 13-acre site was the location for a former Steel Foundry.
- \*\*\* The City is evaluating the purchase of an enterprise business software system.
- \*\*\* The City will begin construction of a Gateway corridor concept along 70<sup>th</sup> street, which runs through the area where TIF #1 and TIF #2 are established, and is a major entrance to West Allis.
- \*\*\* The City will begin renovating the Downtown Business improvement District.

## **FINANCIAL INFORMATION**

### **INTERNAL CONTROL STRUCTURE**

Management of the City is responsible for establishing and maintaining an internal control structure 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 records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurances recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgements by management.

### **SINGLE AUDIT**

As a recipient of Federal and State financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

### **BUDGETARY CONTROLS**

The City of West Allis maintains budgetary controls; the objective being to ensure compliance with legal provisions embodied in the annual budget adopted by the Common Council in November for the following calendar year. Generally, the majority of all-governmental funds and enterprise funds are included in the annual budget. The statutory level of budgetary control for operating budgets, that is, the level at which expenditures cannot exceed the appropriated amount, is established by activity within each fund.

### **2002 GENERAL GOVERNMENT FUNCTIONS**

Revenues for General Fund governmental functions totaled \$46,862,044 in 2002 a decrease of .64% from 2001. General fund property taxes produced 55.17% of general fund revenues compared to 53.86% last year. The following table presents a summary of revenues and expenditures for the General Fund for the year ended December 31, 2002, as compared to 2001 results. The amount and percentage of increase or (decrease) from the previous year is also noted.

**FINANCIAL INFORMATION - continued**

	<b>2002</b>	<b>2001</b>	<b>Increase (Decrease)</b>	<b>% of Net Chg.</b>
<b>Revenues</b>				
Taxes	\$ 25,854,357	\$ 25,405,656	\$ 448,701	1.77%
Intergovernmental	\$ 14,687,461	\$ 14,966,656	\$ (279,195)	-1.87%
Licenses and Permits	\$ 1,101,433	\$ 1,099,860	\$ 1,573	0.14%
Charges for Service	\$ 2,184,712	\$ 1,737,346	\$ 447,366	25.75%
Fines and Forfeits	\$ 1,719,444	\$ 1,607,665	\$ 111,779	6.95%
Interest	\$ 984,637	\$ 1,985,566	\$ (1,000,929)	-50.41%
Miscellaneous	\$ 330,000	\$ 363,351	\$ (33,351)	-9.18%
<b>Total Revenues</b>	<b>\$ 46,862,044</b>	<b>\$ 47,166,100</b>	<b>\$ (304,056)</b>	<b>-0.64%</b>

The 2001 (used for 2002 tax bills) Assessed Value of \$2,651,178,330 represented 91.03% of full market value. Beginning in 1986, Wisconsin State Statute 70.05 requires assessed valuation to be within 10% of full value at least once during a four year period consisting of the current year and the three preceding years. In 1998 a reassessment was conducted. The City will be doing a reassessment in 2002 for the 2003 tax bills.

Allocations of property tax levy by purpose for 2002 and the preceding two fiscal years are as follows (amounts per \$1,000/assessed value):

<b>Purpose</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
General Fund	\$9.23	\$9.07	\$8.74
Debt Service Fund	\$1.25	\$1.29	\$1.19
Health Insurance Fund	\$ .70	N/A	N/A
Parking Utility (1)	\$ .01	\$ .01	\$ .01
Tax Increment Financing Rate	\$ .16	\$ .19	\$ .15
<b>Tax Rate/\$1,000 Assessed Value</b>	<b>\$11.35</b>	<b>\$10.56</b>	<b>\$10.09</b>

- (1) Effective January 1, 1995 the City Council voted to gradually eliminate the Parking Utility Fund Operating deficit through a general tax levy.

Expenditures for general fund governmental purposes in 2002 totaled \$45,775,262, a decrease of 1.69% from 2001. Changes in levels of expenditures for major functions of the City over the preceding year are shown in the following tabulation:

**FINANCIAL INFORMATION - continued**

<b>EXPENDITURES – by Function</b>	<b>2002</b>	<b>2001</b>	<b>Increase (Decrease)</b>	<b>% of Net Chg.</b>
General Government	\$ 3,694,833	\$ 4,006,076	\$ (311,243)	-7.77%
Public Safety	\$ 17,365,545	\$ 16,923,036	\$ 442,509	2.61%
Health	\$ 1,311,488	\$ 1,281,922	\$ 29,566	2.31%
Public Works	\$ 8,666,138	\$ 8,848,137	\$ (181,999)	-2.06%
Culture and Recreation	\$ 1,775,604	\$ 1,664,827	\$ 110,777	6.65%
Fringe Benefits	\$ 12,736,540	\$ 13,681,381	\$ (944,841)	6.91%
Miscellaneous	\$ 225,114	\$ 155,220	\$ 69,894	45.03%
<b>Total Expenditures</b>	<b>\$ 45,775,262</b>	<b>\$ 46,560,599</b>	<b>\$ (785,337)</b>	<b>-1.69%</b>

**DEBT ADMINISTRATION**

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens and investors. The following is the data for the City as of December 31, 2002 using values established January 1, 2001:

<b>Type of Debt</b>	<b>Amount</b>	<b>Ratio of Debt as a % of Assessed Value \$2,651,178,330</b>	<b>Ratio of Debt as a% of Equalized Value \$2,912,336,900</b>	<b>Debt per Capita Based On 61,114</b>
Direct Bonded Debt	\$57,247,131	2.16%	1.97%	\$937.00
Tax Levy Supported Debt	\$14,599,947	0.55%	0.50%	\$239.00



**FINANCIAL INFORMATION**  
**DEBT ADMINISTRATION** – continued

Included in the general obligation direct bonded debt of \$57,247,131 as of December 31, 2002 was \$1,846,973 for Water Utility, \$78,276 for Senior Citizen's Housing Utility, \$5,494,804 for the Sanitary Sewer Utility, \$1,519,020 for an Insurance Pool, \$22,915,000 for the West Allis Memorial Hospital, \$10,393,111 for TIF's and \$14,999,947 for General Purposes.

Effective February 13, 1995, West Allis Memorial Hospital affiliated with Aurora Health Care, Inc. This affiliation gave the taxpayers of the City of West Allis an additional level of debt protection because Aurora Health Care, Inc. is now the second guarantor of the hospital debt outstanding.

On March 1, 2002 the City issued \$3,250,000 G.O. Promissory Notes at an average rate of 3.61% for various capital projects, \$4,860,000 Refunding G.O. Promissory Notes at an average rate of 2.58%, \$1,750,000 G.O. Corporate Purpose Bonds at an average rate of 4.71% for the Water and Sewer Utilities and \$1,500,000 Taxable G.O. Corporate Purpose Bonds for TIF #5 at an average rate of 6.35%.

On August 1, 2002 the City issued \$4,380,000 Refunding G.O. Corporate Purpose Bonds at an average rate of 3.43% for the Hospital and \$4,710,000 Refunding Taxable G.O. Corporate Purpose Bonds at an average rate of 3.43% for TIF #2 and TIF #3.

On the following page is a summary of outstanding bonds and notes issued in the past five years:

**FINANCIAL INFORMATION**  
**DEBT ADMINISTRATION - continued**

Date	Issue	Average Coupon	Final Maturity	Original Issue Size	Principal Outstanding 12/31/02
1998	Promissory Notes	4.17%	04/01/07	\$ 1,950,000	\$ 1,075,000
1998	Corporate Purpose Bonds	4.62%	04/01/17	\$ 1,425,000	\$ 1,125,000
1998	Refunding Bonds	4.36%	06/01/12	\$24,165,000	\$15,540,000
1998	Trust Fund Loan	6.50%	03/15/17	\$ 341,660	\$ 300,177
1999	Promissory Notes	3.85%	04/01/09	\$ 2,000,000	\$ 1,325,000
1999	Corporate Purpose Bonds	4.51%	04/01/18	\$ 1,110,000	\$ 930,000
2000	Promissory Notes	5.00%	03/01/10	\$ 3,080,000	\$ 2,475,000
2000	Corporate Purpose Bonds	5.31%	04/01/14	\$ 1,000,000	\$ 900,000
2001	Promissory Notes	4.05%	04/01/10	\$ 2,140,000	\$ 2,190,000
2001	Corporate Purpose Bonds	4.75%	04/01/20	\$ 2,200,000	\$ 2,135,000
2002	Promissory Notes	3.61%	04/01/11	\$ 3,250,000	\$ 3,250,000
2002	Refunding Promissory Notes	2.57%	04/01/06	\$ 4,860,000	\$ 4,860,000
2002	Corporate Purpose Bonds	4.71%	04/01/21	\$ 1,750,000	\$ 1,750,000
2002	Taxable Bonds	6.34%	04/01/11	\$ 1,500,000	\$ 1,500,000
2002	Refunding Bonds	3.53%	10/01/13	\$ 4,380,000	\$ 4,380,000
2002	Taxable Refunding Bonds	4.80%	10/01/14	\$ 4,710,000	\$ 4,710,000

In 1999 the City went out for a rating review and Moody's Investor Service raised the City rating to Aa3 from A1. In addition the City continued to receive a Standard & Poor's Corporation rating of AA which they have rated the City for the past few years. In 2002, the rates of Aa3 from Moody's and AA from Standard & Poor's were confirmed.

## **FINANCIAL INFORMATION – continued**

### **CASH MANAGEMENT**

Cash temporarily idle during the year was invested in repurchase agreements, Wisconsin Local Government Investment Pool and demand deposits. All cash transactions for City operations are run through two accounts. The main account is to accommodate all vendor checks while the second account is used exclusively for payroll checks. Interest is accumulated on a daily basis and posted to the general account at the end of the month.

### **INVESTMENT PORTFOLIO**

The investment of City funds is done in accordance with Secs. 34.01(5) and 66.04 (2), of the Wisconsin State Statutes. The Statutes permit investments in Certificates of Deposit, Government Bonds and Securities, Government Pool and Repurchase Agreements. In 2002, as in the previous few years, the highest concentration of the City's portfolio was maintained in the MBIA Municipal Investors Fund and the Wisconsin Local Government Investment Pool. These investment vehicles continued to provide one of the highest rates of return available with low risk. The ranges of return for the investments were 1.38% to 1.86%.

In 2002, investment interest revenue of \$908,433 and special assessment interest revenue of \$76,204 were credited to the General Fund for a total of \$984,637.

### **CAPITAL PROJECTS FUND**

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. An annual three- (3) year and ten- (10) year capital improvement program are prepared every year for major capital improvement projects. General obligation bonds, special assessments, and federal and state aid finance the annual capital improvement program.

Following is a table showing revenues, expenditures and other financing sources and uses of funds for the year ended December 31, 2002, as compared to 2001, with the amount of increase or (decrease), for each capital project type.

**FINANCIAL INFORMATION**  
**CAPITAL PROJECTS FUND – continued**

**Revenues and Other Financing Sources - Capital Projects Fund**

<b>Sources</b>	<b>2002</b>	<b>2001</b>	<b>Increase (Decrease)</b>
Public Works Improvements	\$9,678,033	\$3,202,246	\$6,475,787
TIF #1	\$475,212	\$15,379	\$459,833
TIF #2	\$76,373	\$0	\$76,373
TIF #3	\$21,343	\$528,012	(\$506,669)
TIF #4	\$1,875,927	\$116,720	\$1,759,207
TIF #5	\$1,670,793	\$201,844	\$1,468,949
<b>Total Revenues</b>	<b>\$13,797,681</b>	<b>\$4,064,201</b>	<b>\$8,264,531</b>

**Expenditures and Other Financing Uses - Capital Projects Fund**

<b>Uses</b>	<b>2002</b>	<b>2001</b>	<b>Increase (Decrease)</b>
Public Works Improvements	\$2,971,863	\$2,467,146	\$504,717
TIF #1	\$1,085,077	\$13,236	\$1,071,841
TIF #2	\$24,872	\$50,970	(\$26,098)
TIF #3	\$0	\$67,519	(\$67,519)
TIF #4	\$125,353	\$296,308	(\$170,955)
TIF #5	\$2,424,284	\$1,228,456	\$1,195,828
<b>Total Expenditures</b>	<b>\$6,631,449</b>	<b>\$4,123,635</b>	<b>\$1,311,986</b>

**ENTERPRISE FUND**

The City of West Allis' enterprise funds consist of water and sewer utilities, parking facilities and senior citizen housing. The combined net income of all enterprise operations for fiscal year 2002 was \$284,780. The comparable figure in 2001 was \$547,406. The following schedule compares net income (or loss) from enterprise operations.

<b>Net Income or (loss)</b>	<b>2002</b>	<b>2001</b>	<b>Increase (Decrease)</b>
Water Utility	\$309,043	\$286,276	\$22,767
Parking Utility	\$22,071	\$36,672	(\$14,601)
Sanitary Sewer Utility	(\$84,490)	\$186,527	(\$271,017)
Senior Citizen's Housing	\$38,156	\$37,931	\$225
<b>Total Net Income (Loss)</b>	<b>\$284,780</b>	<b>\$547,406</b>	<b>(\$262,626)</b>

## **FINANCIAL INFORMATION**

### **ENTERPRISE FUND – continued**

In December of 1997 a water rate case was filed with the Public Service Commission in order to cover the rising cost associated with operating the West Allis Water Utility. In June of 1998 an overall rate increase of approximately 6% was approved by the Public Service Commission (PSC). The actual rate of return on net Proprietary Capital in 2002 was 6.15% versus a rate of 5.48% in 2001.

In 2002 the City of Milwaukee Water Utility raised their rates to us for the purchase of water for which the City applied and received approval from the PSC for a general rate increase to cover this additional cost.

In granting the 2002 general rate increase the consumption charge increased from \$1.046 to \$1.093 for approximately 750 gallons of water and the basic service charge for an average home was decreased from \$27.83 a quarter to \$27.72 for a residential customer.

On January 1, 1995 the Sewer Utility converted to a flat rate per household versus a per gallon charge in order to directly pass through the Milwaukee Metropolitan Sewerage District (MMSD) fees. The 2002 rate for residential customers was \$17.39 per quarter, down from the 2001 rate of \$17.85 per quarter.

The City Sanitary Sewer charge, which covers the maintenance of the sewer pipes located within the City, is charged out on a per gallon of water usage basis. The 2002 City Sanitary Sewer Utility charge for residential customers was \$.650 for the disposal of approximately 750 gallons of waste, up from the 2001 rate of \$.595 / 750 gallons.

The Parking Utility changed significantly in the 90's. The elimination of metered downtown parking and road construction resulted in major revenue decreases, which exceeded the reduction in expenses. In 1992, additional meters on side lots were removed in order to decrease the maintenance expense associated with maintaining the meters and to accommodate the request of the downtown merchants to enhance the potential for customers to shop in the downtown district.

Since 1995 the City has levied taxes to help reduce the negative fund balance of the Parking Utility. With a levy of \$22,000 in 2002, the revenues exceed expenses by \$22,071. The City is evaluating the removal of all meters in 2003 to assist the Downtown Business Improvement District.

FINANCIAL INFORMATION - continued  
**RISK MANAGEMENT**

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. Various risk control techniques, including employee accident prevention training, have been established to reduce possible losses to persons and property.

The Safety Department offered the following training courses during 2002:

Bloodborne Pathogens	CDL
Chain Saw Operation	CPR
Defibrillator	Diggers Hotline
Ergonomic	Fit Testing Respirator
Front End Loader & Backhoe	Hazard Communication
Hearing Conservation	Lead Awareness
Pre-trip Inspection	Pump Training
Respirator	Spreader Operation
Vehicle Backing	Worker's Compensation Claim Admin.
Web Slings & Inspection	Workzone Traffic Safety

In addition to the above, the Fire Department conducted over 39,000 hours of in-service training. This was approximately 340 hours of training for each member in 2002.

The City participates in a state wide municipal insurance purchasing program (the League of Wisconsin Municipalities Insurance Trust) which provides (a) advisory services of an outside consultant, (b) pool stabilization reserves, and (c) aggregate rates, net of dividends. This program is used for all property, casualty, and liability insurance coverage, including worker's compensation.

The City incurred approximately \$225,000 in compensation claims in 2002. A total of 85 injury reports were filed and investigated in 2002.

**FINANCIAL INFORMATION - continued**  
**INDEPENDENT AUDIT**

The financial statements are subject to audit by independent certified public accountants appointed by the Administration and Finance Committee and confirmed by the Common Council. An audit is deemed to be in public interest to ascertain that local, state and federal contributed assets are properly accounted for and that the statements of the City "present fairly its financial position and the results of operations".

The City must also comply with the requirements of the US Government Office of Management and Budget Circular A-133 and the State Single Audit Guidelines issued by the Wisconsin Department of Administration. The cognizant audit agencies are the Department of Housing and Urban Development at the Federal level and the Department of Revenue at the State level.

All audit requirements have been complied with and the auditor's opinions have been included in this report. The unqualified opinion expressed by the auditor on the City's financial statements is an assertion that there have been no irresolvable restrictions on the scope of the auditor's examination and the auditors have no significant exceptions as to the accounting principles reflected in the financial statements, the consistency of application of accounting principles, and the adequacy of information disclosures in the financial statements.

**AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City of West Allis, Wisconsin, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2001. This was the ninth consecutive year that the government has achieved this prestigious award. 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 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.

In addition to participating in the Certificate of Achievement program the City also participates in the Governmental Reporting Awards Through Evaluation (GRATE) program. The City of West Allis has received the Certificate of Commendation from GRATE each year since 1987.

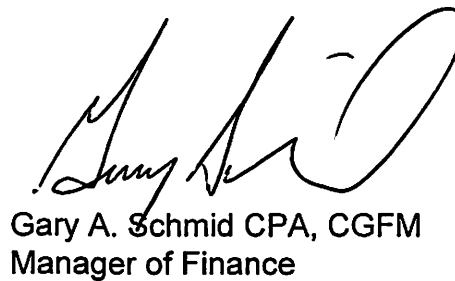
## ACKNOWLEDGMENT

The preparation of this report was made possible by the dedicated services of the entire staff of the Finance Division, and the advice and services provided by the independent auditors, Schenk, SC. We would also like to thank the City Council for their interest and support in planning and conducting the financial operations of the City of West Allis in a responsible and progressive manner.

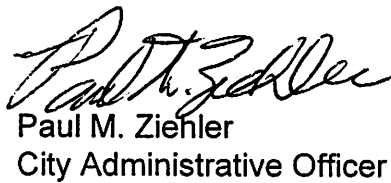
Respectfully submitted,



Jeannette L. Bell  
Mayor



Gary A. Schmid CPA, CGFM  
Manager of Finance



Paul M. Ziehler  
City Administrative Officer



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Allis,  
Wisconsin

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

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.



President

Executive Director

**CITY OF WEST ALLIS, WISCONSIN**  
General Information

**ELECTED CITY OFFICIALS**

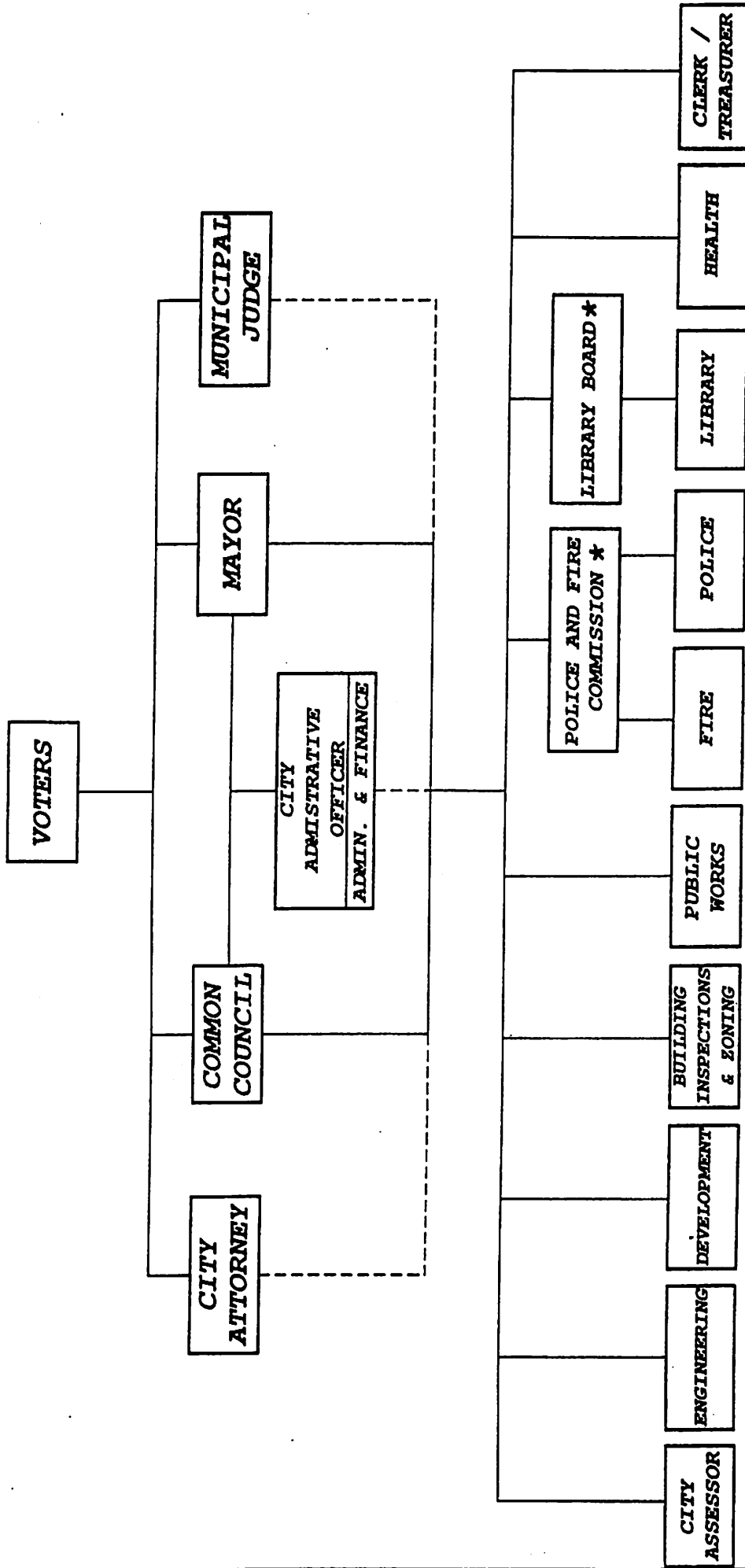
**Mayor and Council**

	<u>Initial Term</u> <u>Commenced</u>	<u>Current Term</u> <u>Expires</u>
Jeannette Bell, Mayor	4/1996	4/2004
Gary T. Barczak, Alderman	4/1988	4/2004
Thomas G. Lajsic, Alderman	4/1996	4/2004
Paul M. Murphy, Alderman and Council President	4/1984	4/2004
Richard F. Narlock, Alderman	4/1988	4/2004
Michael Czaplewski, Alderman	4/1995	4/2004
Rosalie Reinke, Alderperson	4/1992	4/2004
James W. Sengstock, Alderman	4/1972	4/2004
Kurt E. Kopplin, Alderman	4/1997	4/2004
Lester Trudell, Alderman	4/1992	4/2004
Vincent Vitale, Alderman	4/1988	4/2004

**Elected Official**

Michael J. Sachen, City Attorney	5/1976	4/2004
Nicholas F. Lucas, Judge	5/1967	4/2003

# ORGANIZATIONAL CHART CITY OF WEST ALLIS



NOTE: Solid lines indicate direct lines of authority.  
Dashed lines indicate indirect lines of administration.

\* APPOINTED BY THE MAYOR AND CONFIRMED BY THE COMMON COUNCILS  
POLICY RESPONSIBILITY

**FINANCIAL SECTION**



**INDEPENDENT AUDITORS' REPORT ON GENERAL-PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

Honorable Mayor and Common Council  
City of West Allis  
Milwaukee County, Wisconsin

We have audited the accompanying general-purpose financial statements of the City of West Allis, Wisconsin, as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of West Allis, Wisconsin's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of West Allis, Wisconsin, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2003, on our consideration of the City of West Allis, Wisconsin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City of West Allis, Wisconsin, taken as a whole. The combining, individual fund and account group statements and schedules, and the accompanying schedules of expenditures of federal awards and state financial assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Certified Public Accountants  
Green Bay, Wisconsin  
April 30, 2003

**GENERAL-PURPOSE FINANCIAL STATEMENTS**

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**CITY OF WEST ALLIS, WISCONSIN**  
 Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit  
 December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
Assets				
Cash and investments (Note B)	\$ 90,608,456	\$ 609,172	\$ -	\$ -
Receivables				
Taxes	26,036,764	-	4,809,671	266,645
Delinquent personal property taxes	319,853	-	-	-
Accounts	164,590	-	-	8,027
Notes and loans	190,000	3,851,668	-	-
Special assessments	-	-	-	932,620
Accrued interest	75,323	-	-	-
Miscellaneous	-	126,487	-	-
Due from				
Other funds (Note E)	4,059,819	3,595,447	109,750	10,623,915
Component unit	-	-	-	-
Primary government	-	-	-	-
Other governmental units	179,804	1,327,185	-	-
Inventories	613,674	-	-	-
Prepaid items	10,579	174,337	-	-
Deposit with CVMIC (Note N)	-	-	-	-
Fixed assets (Note D)	-	-	-	-
Accumulated depreciation	-	-	-	-
Other assets	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for				
Unfunded pension liability	-	-	-	-
Postretirement benefits	-	-	-	-
Retirement of general long-term debt	-	-	-	-
Amount to be provided by hospital	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 122,258,862</b>	<b>\$ 9,684,296</b>	<b>\$ 4,919,421</b>	<b>\$ 11,831,207</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
Liabilities				
Vouchers payable	\$ 1,409,374	\$ 263,273	\$ 21,666	\$ 380,836
Special deposits	-	-	-	20,000
Accrued liabilities	1,785,528	-	-	-
Due to				
Other funds (Note E)	72,692,362	1,132,209	-	2,650,797
Component unit	13,157	-	-	-
Primary government	-	-	-	-
Other governmental units	67,029	2,470	-	-
Deferred revenue (Note F)	25,968,805	3,946,095	4,809,671	1,199,265
General obligation long-term debt (Note G)	-	-	-	-
Unfunded pension liability (Note G)	-	-	-	-
Postretirement benefits (Note J)	-	-	-	-
<b>Total Liabilities</b>	<b>101,936,255</b>	<b>5,344,047</b>	<b>4,831,337</b>	<b>4,250,898</b>
Equity and Other Credits				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances				
Reserved (Note K)	3,348,454	170,015	88,084	-
Unreserved				
Designated (Note K)	13,226,548	4,218,228	-	9,084,404
Undesignated	3,747,605	(47,994)	-	(1,504,095)
<b>Total Equity and Other Credits</b>	<b>20,322,607</b>	<b>4,340,249</b>	<b>88,084</b>	<b>7,580,309</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 122,258,862</b>	<b>\$ 9,684,296</b>	<b>\$ 4,919,421</b>	<b>\$ 11,831,207</b>

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



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)		Entire Entity Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-term Debt	Primary Government	Component Unit	2002	2001
\$ -	\$ -	\$ 593,724	\$ -	\$ -	\$ 91,811,352	\$ 10,251	\$ 91,821,603	\$ 140,947,645
12,000	2,800,000	9,222,550	-	-	43,147,630	-	43,147,630	41,576,681
-	-	-	-	-	319,853	-	319,853	185,810
3,053,419	57,223	-	-	-	3,283,259	560	3,283,819	3,303,786
-	-	-	-	-	4,041,668	-	4,041,668	3,820,684
-	-	-	-	-	932,620	-	932,620	1,002,754
-	33,039	-	-	-	108,362	-	108,362	56,211
-	-	98	-	-	126,585	-	126,585	145,464
4,403,003	2,497,805	52,921,101	-	-	78,210,840	-	78,210,840	67,378,406
-	-	-	-	-	-	-	-	514
-	-	-	-	-	-	57,231	57,231	53,313
-	-	-	-	-	1,506,989	-	1,506,989	1,340,923
173,932	-	-	-	-	787,606	-	787,606	743,602
-	-	-	-	-	184,916	-	184,916	162,404
-	3,244,299	-	-	-	3,244,299	-	3,244,299	3,244,299
42,423,190	-	-	248,527,630	-	290,950,820	-	290,950,820	271,303,153
(13,922,686)	-	-	-	-	(13,922,686)	-	(13,922,686)	(13,337,682)
59,628	-	-	-	-	59,628	-	59,628	45,116
-	-	-	-	88,084	88,084	-	88,084	587,716
-	-	-	-	14,912,207	14,912,207	-	14,912,207	14,757,727
-	-	-	-	43,937,937	43,937,937	-	43,937,937	39,292,910
-	-	-	-	25,304,974	25,304,974	-	25,304,974	23,265,654
-	-	-	-	22,915,000	22,915,000	-	22,915,000	25,140,000
<b>\$ 36,202,486</b>	<b>\$ 8,632,366</b>	<b>\$ 62,737,473</b>	<b>\$ 248,527,630</b>	<b>\$ 107,158,202</b>	<b>\$ 611,951,943</b>	<b>\$ 68,042</b>	<b>\$ 612,019,985</b>	<b>\$ 625,017,090</b>

\$ 699,410	\$ -	\$ 631,733	\$ -	\$ -	\$ 3,406,292	\$ 4,632	\$ 3,410,924	\$ 3,174,486
-	-	5,101,786	-	-	5,121,786	-	5,121,786	64,613,059
159,024	2,134,295	-	-	-	4,078,847	-	4,078,847	4,089,805
1,735,472	-	-	-	-	78,210,840	-	78,210,840	67,378,406
-	-	57,231	-	-	70,388	-	70,388	53,313
-	-	-	-	-	-	-	-	514
411,605	-	56,946,723	-	-	57,427,827	-	57,427,827	58,095,185
67,979	2,800,000	-	-	-	38,791,815	57,231	38,849,046	36,462,825
7,420,053	1,519,020	-	-	48,308,058	57,247,131	-	57,247,131	57,008,475
-	-	-	-	14,912,207	14,912,207	-	14,912,207	14,757,727
-	-	-	-	43,937,937	43,937,937	-	43,937,937	39,292,910
<b>10,493,543</b>	<b>6,453,315</b>	<b>62,737,473</b>	<b>-</b>	<b>107,158,202</b>	<b>303,205,070</b>	<b>61,863</b>	<b>303,266,933</b>	<b>344,926,705</b>
-	-	-	248,527,630	-	248,527,630	-	248,527,630	229,238,238
21,089,435	-	-	-	-	21,089,435	-	21,089,435	21,089,435
4,619,508	2,179,051	-	-	-	6,798,559	-	6,798,559	5,827,427
-	-	-	-	-	3,606,553	-	3,606,553	3,309,854
-	-	-	-	-	26,529,180	-	26,529,180	18,511,544
-	-	-	-	-	2,195,516	6,179	2,201,695	2,113,887
<b>25,708,943</b>	<b>2,179,051</b>	<b>-</b>	<b>248,527,630</b>	<b>-</b>	<b>308,746,873</b>	<b>6,179</b>	<b>308,753,052</b>	<b>280,090,385</b>
<b>\$ 36,202,486</b>	<b>\$ 8,632,366</b>	<b>\$ 62,737,473</b>	<b>\$ 248,527,630</b>	<b>\$ 107,158,202</b>	<b>\$ 611,951,943</b>	<b>\$ 68,042</b>	<b>\$ 612,019,985</b>	<b>\$ 625,017,090</b>

**CITY OF WEST ALLIS, WISCONSIN**  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All Governmental Fund Types and Discretely Presented Component Unit  
 Year Ended December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues</b>				
Taxes	\$ 25,854,357	\$ -	\$ 4,538,029	\$ -
Special assessments	-	7,439	-	742,327
Intergovernmental	14,687,461	5,585,224	103,764	4,381
Licenses and permits	1,101,433	-	-	-
Public charges for services	2,184,712	2,756,293	-	-
Fines, forfeitures and penalties	1,719,444	-	-	-
Interest and loan repayments	984,637	835,723	29,688	37,830
Received from hospital	-	-	3,354,741	-
Miscellaneous	330,000	18,261	-	7,761,245
<b>Total Revenues</b>	<u>46,862,044</u>	<u>9,202,940</u>	<u>8,026,222</u>	<u>8,545,783</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,694,833	-	-	-
Public safety	17,365,545	1,553,848	-	-
Health	1,311,488	300,018	-	-
Engineering and public works	8,666,138	-	-	-
Culture and recreation	1,775,604	276,778	-	-
Conservation and development	-	6,188,413	-	-
Fringe benefits	12,736,540	-	-	-
Miscellaneous	225,114	-	-	-
<b>Capital projects</b>				
Capital outlay	-	-	-	6,195,416
Other charges	-	-	-	357,060
<b>Debt service</b>				
Principal retirement	-	-	5,915,139	-
Interest and fiscal charges	-	-	2,595,668	-
<b>Total Expenditures</b>	<u>45,775,262</u>	<u>8,319,057</u>	<u>8,510,807</u>	<u>6,552,476</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>1,086,782</u>	<u>883,883</u>	<u>(484,585)</u>	<u>1,993,307</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from long-term debt	-	-	13,555,947	4,750,000
Payment to refunding bond escrow agent	-	-	(13,375,085)	-
Operating transfers in	227,017	49,866	305,989	501,898
Operating transfers out	(276,882)	(227,017)	(501,898)	(78,973)
<b>Total Other Financing Sources (Uses)</b>	<u>(49,865)</u>	<u>(177,151)</u>	<u>(15,047)</u>	<u>5,172,925</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<u>1,036,917</u>	<u>706,732</u>	<u>(499,632)</u>	<u>7,166,232</u>
<b>Fund Balance - January 1</b>	<u>19,285,690</u>	<u>3,633,517</u>	<u>587,716</u>	<u>414,077</u>
<b>Fund Balance - December 31</b>	<u>\$ 20,322,607</u>	<u>\$ 4,340,249</u>	<u>\$ 88,084</u>	<u>\$ 7,580,309</u>

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

Total (Memorandum Only)	Component Unit	Entire Entity Totals (Memorandum Only)	
		2002	2001
\$ 30,392,386	\$ 53,313	\$ 30,445,699	\$ 30,447,702
749,766	-	749,766	820,093
20,380,830	-	20,380,830	20,635,447
1,101,433	-	1,101,433	1,099,860
4,941,005	-	4,941,005	4,376,263
1,719,444	-	1,719,444	1,607,665
1,887,878	292	1,888,170	2,649,416
3,354,741	-	3,354,741	3,919,646
8,109,506	16,213	8,125,719	1,137,042
<u>72,636,989</u>	<u>69,818</u>	<u>72,706,807</u>	<u>66,693,134</u>
3,694,833	-	3,694,833	4,006,076
18,919,393	-	18,919,393	18,453,654
1,611,506	-	1,611,506	1,576,671
8,666,138	-	8,666,138	8,848,137
2,052,382	-	2,052,382	2,035,087
6,188,413	77,924	6,266,337	6,313,678
12,736,540	-	12,736,540	13,681,381
225,114	-	225,114	155,220
6,195,416	-	6,195,416	3,857,241
357,060	-	357,060	236,806
5,915,139	-	5,915,139	6,274,054
2,595,668	-	2,595,668	2,613,446
<u>69,157,602</u>	<u>77,924</u>	<u>69,235,526</u>	<u>68,051,451</u>
<u>3,479,387</u>	<u>(8,106)</u>	<u>3,471,281</u>	<u>(1,358,317)</u>
18,305,947	-	18,305,947	2,340,000
(13,375,085)	-	(13,375,085)	-
1,084,770	-	1,084,770	450,994
(1,084,770)	-	(1,084,770)	(450,994)
<u>4,930,862</u>	<u>-</u>	<u>4,930,862</u>	<u>2,340,000</u>
8,410,249	(8,106)	8,402,143	981,683
<u>23,921,000</u>	<u>14,285</u>	<u>23,935,285</u>	<u>22,953,602</u>
<u>\$ 32,331,249</u>	<u>\$ 6,179</u>	<u>\$ 32,337,428</u>	<u>\$ 23,935,285</u>

**CITY OF WEST ALLIS, WISCONSIN**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**All Budgeted Governmental Fund Types**  
**Year Ended December 31, 2002**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 25,893,208	\$ 25,854,357	\$ (38,851)
Special assessments	-	-	-
Intergovernmental	14,874,065	14,687,461	(186,604)
Licenses and permits	1,073,177	1,101,433	28,256
Public charges for services	2,322,555	2,184,712	(137,843)
Fines, forfeits and penalties	1,650,000	1,719,444	69,444
Interest and loan repayments	1,570,000	984,637	(585,363)
Received from hospital	-	-	-
Miscellaneous	315,440	330,000	14,560
<b>Total Revenues</b>	<b>47,698,445</b>	<b>46,862,044</b>	<b>(836,401)</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	4,561,984	3,694,833	867,151
Public safety	18,378,084	17,365,545	1,012,539
Health	1,314,151	1,311,488	2,663
Public works and engineering	9,559,188	8,666,138	893,050
Culture and recreation	2,014,087	1,775,604	238,483
Conservation and development	-	-	-
Fringe benefits	12,840,126	12,736,540	103,586
Miscellaneous	207,315	225,114	(17,799)
<b>Capital projects</b>			
Capital outlay	-	-	-
Other charges	-	-	-
<b>Debt service</b>			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Debt issuance costs</b>	-	-	-
<b>Total Expenditures</b>	<b>48,874,935</b>	<b>45,775,262</b>	<b>3,099,673</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,176,490)</b>	<b>1,086,782</b>	<b>2,263,272</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds of debt	-	-	-
Payment to refunding bond escrow agent	-	-	-
Operating transfers in	-	227,017	227,017
Operating transfers out	-	(276,882)	(276,882)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(49,865)</b>	<b>(49,865)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>(1,176,490)</b>	<b>1,036,917</b>	<b>2,213,407</b>
<b>Fund Balance - January 1</b>	<b>19,285,690</b>	<b>19,285,690</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 18,109,200</b>	<b>\$ 20,322,607</b>	<b>\$ 2,213,407</b>

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

Special Revenue Funds			Debt Service Fund			Certain Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 4,541,244	\$ 4,538,029	\$ (3,215)	\$ -	\$ -	\$ -
-	7,439	7,439	-	-	-	681,948	742,327	60,379
6,279,558	5,585,224	(694,334)	104,870	103,764	(1,106)	-	4,381	4,381
-	-	-	-	-	-	-	-	-
2,650,926	2,756,293	105,367	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
300	835,723	835,423	-	-	-	-	-	-
-	-	-	3,354,741	3,354,741	-	-	-	-
-	18,261	18,261	-	29,688	29,688	-	5,831,325	5,831,325
8,930,784	9,202,940	272,156	8,000,855	8,026,222	25,367	681,948	6,578,033	5,896,085
-	-	-	-	-	-	-	-	-
1,485,946	1,553,848	(67,902)	-	-	-	-	-	-
300,018	300,018	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
326,620	276,778	49,842	-	-	-	-	-	-
8,317,545	6,188,413	2,129,132	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,381,948	2,955,484	426,464
-	-	-	-	-	-	-	16,379	(16,379)
-	-	-	5,915,139	5,915,139	-	-	-	-
-	-	-	2,385,672	2,558,010	(172,338)	-	-	-
-	-	-	16,761	37,658	(20,897)	-	-	-
10,430,129	8,319,057	2,111,072	8,317,572	8,510,807	(193,235)	3,381,948	2,971,863	410,085
(1,499,345)	883,883	2,383,228	(316,717)	(484,585)	(167,868)	(2,700,000)	3,606,170	6,306,170
-	-	-	-	13,555,947	13,555,947	2,700,000	3,100,000	400,000
-	-	-	-	(13,375,085)	(13,375,085)	-	-	-
-	49,866	49,866	-	305,989	305,989	-	-	-
-	(227,017)	(227,017)	-	(501,898)	(501,898)	-	-	-
-	(177,151)	(177,151)	-	(15,047)	(15,047)	2,700,000	3,100,000	400,000
(1,499,345)	706,732	2,206,077	(316,717)	(499,632)	(182,915)	-	6,706,170	6,706,170
3,633,517	3,633,517	-	587,716	587,716	-	1,122,648	1,122,648	-
\$ 2,134,172	\$ 4,340,249	\$ 2,206,077	\$ 270,999	\$ 88,084	\$ (182,915)	\$ 1,122,648	\$ 7,828,818	\$ 6,706,170

**CITY OF WEST ALLIS, WISCONSIN**  
**Combined Statement of Revenues, Expenses and Changes in Retained Earnings -**  
**All Proprietary Fund Types**  
**Year Ended December 31, 2002**

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2002	2001
<b>Operating Revenues</b>				
Water sales	\$ 5,613,685	\$ -	\$ 5,613,685	\$ 5,526,654
Sanitary sewer fees	3,977,126	-	3,977,126	4,101,110
Rents	411,929	-	411,929	377,370
Parking fees and permits	44,545	-	44,545	40,208
Charges for services	-	9,202,347	9,202,347	9,927,530
<b>Total Operating Revenues</b>	<b>10,047,285</b>	<b>9,202,347</b>	<b>19,249,632</b>	<b>19,972,872</b>
<b>Operating Expenses</b>				
Personal services	127,498	-	127,498	114,079
Purchased water	2,225,354	-	2,225,354	2,100,407
Sewerage treatment and maintenance	3,153,138	-	3,153,138	3,111,302
Materials and supplies	22,043	-	22,043	17,294
Meters, billings and collections	113,285	-	113,285	117,605
Transmission and distribution	1,155,494	-	1,155,494	1,196,737
Pumping and treatment	164,376	-	164,376	157,646
General and administrative	1,157,669	-	1,157,669	1,051,265
Taxes, assessments and equivalents	784,047	-	784,047	788,154
Insurance	-	10,598,575	10,598,575	9,927,530
Depreciation	575,565	-	575,565	586,443
<b>Total Operating Expenses</b>	<b>9,478,469</b>	<b>10,598,575</b>	<b>20,077,044</b>	<b>19,168,462</b>
<b>Operating Income (Loss)</b>	<b>568,816</b>	<b>(1,396,228)</b>	<b>(827,412)</b>	<b>804,410</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	-	369,549	369,549	370,223
Customer contributions	44,819	-	44,819	38,747
Interest and amortization expense	(346,635)	(136,969)	(483,604)	(456,190)
Property taxes	22,000	1,850,000	1,872,000	30,000
Gain (loss) on the sale of fixed assets	(1,086)	-	(1,086)	(2,282)
Income (expense) from merchandising and jobbing	(3,134)	-	(3,134)	(23,482)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(284,036)</b>	<b>2,082,580</b>	<b>1,798,544</b>	<b>(42,984)</b>
<b>Net Income</b>	<b>284,780</b>	<b>686,352</b>	<b>971,132</b>	<b>761,426</b>
<b>Retained Earnings - January 1</b>	<b>4,334,728</b>	<b>1,492,699</b>	<b>5,827,427</b>	<b>5,066,001</b>
<b>Retained Earnings - December 31</b>	<b>\$ 4,619,508</b>	<b>\$ 2,179,051</b>	<b>\$ 6,798,559</b>	<b>\$ 5,827,427</b>

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

**CITY OF WEST ALLIS, WISCONSIN**  
**Combined Statement of Cash Flows - All Proprietary Fund Types**  
**Year Ended December 31, 2002**

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2002	2001
<b>Cash Flows from Operating Activities</b>				
Operating income (loss)	\$ 568,816	\$ (1,396,228)	\$ (827,412)	\$ 804,410
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	575,565	-	575,565	586,443
Merchandising and jobbing non-operating expenses	(3,134)	-	(3,134)	(23,482)
Cash provided (used) by changes in assets and liabilities				
Accounts receivable	88,536	(57,223)	31,313	(4,277)
Inventories	(62,111)	-	(62,111)	50,284
Due from other funds	(1,450,733)	(800,072)	(2,250,805)	(1,297,290)
Other assets	(14,512)	-	(14,512)	(16,332)
Vouchers payable	119,718	-	119,718	(53,898)
Accrued liabilities	32,643	403,523	436,166	69,813
Due to other governmental units	(145,444)	-	(145,444)	(26,145)
Due to other funds	(245,499)	-	(245,499)	(381,173)
Deferred revenue	9,097	-	9,097	28,783
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(527,058)</b>	<b>(1,850,000)</b>	<b>(2,377,058)</b>	<b>(262,864)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Property taxes	22,000	1,850,000	1,872,000	30,000
Principal paid on long-term debt	-	(232,580)	(232,580)	(214,020)
Interest paid on long-term debt	-	(136,969)	(136,969)	(156,203)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>22,000</b>	<b>1,480,451</b>	<b>1,502,451</b>	<b>(340,223)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of fixed assets	(546,351)	-	(546,351)	(923,608)
Proceeds from the sale of fixed assets	23,634	-	23,634	-
Proceeds from long-term debt	1,750,000	-	1,750,000	2,000,000
Proceeds from refunding bonds	315,777	-	315,777	-
Principal paid on long-term debt	(759,229)	-	(759,229)	(582,288)
Interest paid on long-term debt	(323,592)	-	(323,592)	(299,987)
Customer contributions	44,819	-	44,819	38,747
<b>Net Cash Provided (Used) for Capital and Related Financing Activities</b>	<b>505,058</b>	<b>-</b>	<b>505,058</b>	<b>232,864</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	-	369,549	369,549	370,223
<b>Increase in Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general-purpose financial statements of the City of West Allis, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

1. The Financial Reporting Entity

This report includes all of the funds and account groups of the City of West Allis. The City of West Allis is a municipal corporation governed by an elected mayor and elected ten-member council. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

2. Individual Component Unit Disclosures

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization, or (b) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Included within the reporting entity:

Downtown West Allis Business Improvement District (DWABID)

The DWABID, created in August 1989, is a discretely presented component unit with a separate nine member board appointed by the mayor, designed to provide for and promote the continued vitality of the City's business district through an aggressive marketing plan to promote existing businesses and attract new business. The DWABID has its own independent budgetary authority and assessment capabilities. However, the City can impose its will on the DWABID as the City must approve the DWABID operating budget and annual assessment. The City has no responsibility for fund deficits of the DWABID. The DWABID information for the fiscal year ended December 31, 2002 is included in the general purpose financial statements as a discretely presented component unit (See Note S). Separately issued financial statements of the DWABID may be obtained at DWABID's administrative office:

Downtown West Allis Business  
Improvement District  
7231 West Greenfield Avenue  
West Allis, WI 53214

3. Related Organization

West Allis Memorial Hospital is a not-for-profit entity and its financial statements are not a part of this report. Because the City has title to the Hospital's assets, the Hospital uses the City's bonding authority as a convenience in obtaining financing, therefore, certain debt of West Allis Memorial Hospital issued and secured by the City and the related institutional structures for which the City retains title (See Note G and S) has been included in the general-purpose financial statements of the City. The City has no appointee authority on the Hospital's board nor is the Hospital fiscally dependent on the City.



**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

4. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Financial transactions of the City and the results thereof are presented in the financial statements as follows:

**GOVERNMENTAL FUNDS**

**General Fund** - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Projects Funds** - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Funds** - Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City, or to other governmental units, on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

**Agency Funds** - Agency funds are used to account for assets held by the City as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCOUNT GROUPS**

Account groups are not funds as they reflect only financial position as of a certain date and do not involve the measurement of operations. The following account groups are used by the City:

**General Fixed Assets** - The general fixed asset account group is used to account for fixed assets acquired principally for general government purposes which are not accounted for in the proprietary funds.

**General Long-term Debt** - The general long-term debt account group is used to account for all long-term obligations of the City except those accounted for in the proprietary funds.

**5. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The measurement focus and basis of accounting used for City funds follows:

**GOVERNMENTAL FUNDS**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. All significant revenue sources are treated as "susceptible to accrual", except property taxes which are recorded as taxes receivable and deferred revenue in the year levied. The related tax revenue is recognized in the succeeding year when services financed by the levy are being provided. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized when due. Liabilities for claims, judgments, compensated absences, and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the general long-term debt account group. The related expenditures are recognized when the liabilities are liquidated. The purchase of fixed assets used in governmental fund type operations (general fixed assets) are reported as expenditures of the governmental fund that finances the acquisition.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPRIETARY FUNDS**

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unpaid enterprise fund service receivables are recorded at year-end. All fixed assets are capitalized at historical cost and depreciated over their useful lives.

**AGENCY FUNDS**

The modified accrual basis of accounting is used by all agency funds

**6. Proprietary Fund Type Accounting Principles**

The Governmental Accounting Standards Board (GASB) issued Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting". This statement provides that proprietary funds may apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. The City has elected to apply only FASB, APB and ARB materials issued on or before November 30, 1989 to the proprietary funds.

**7. Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to November, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body; public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted at the function level by City Council action. This action is completed prior to December of each year.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, special revenue, debt service and public works improvements capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund and public works improvements capital projects funds. Amendments to the budget during the year are initially reviewed by the Administration and Finance Committee and are subsequently authorized by the City Council. Management does not have authority to amend the legally adopted budget. Supplemental amendments were necessary during the year but were not material in relation to the original appropriation. Over-expenditure of budget accounts at year-end were approved by the City Council.
  - d. The budget as enacted includes total expenditures at the activity level. An activity can be a department, division or fund. Expenditures cannot legally exceed appropriations at this level. The general fund, special revenue funds, debt service and capital projects fund have legally adopted budgets.
  - e. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is utilized in the general and special revenue funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.
8. Cash and Investments  
Cash and investments are combined on the balance sheet. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced liquidation or sale. The fair value of the investment in the Wisconsin Local Government Investment Pool is considered the same as the value of the pool shares. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.
9. Interfund Receivables and Payables  
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Noncurrent portions of the interfund receivables for the governmental funds are offset by a deferred revenue account or shown as a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.
10. Inventories  
Inventories are recorded at cost based on average cost using the consumption method of accounting. Inventories consist of expendable supplies held for consumption. They are valued at average cost and charged to construction, operation, and maintenance expense when used.  
  
Inventories of governmental fund types are offset by fund balance reserve accounts to indicate that they do not represent spendable available financial resources.
11. Prepaid Items  
Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Fixed Assets**

Fixed assets of the City are valued at either historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. Fixed assets are recorded in either proprietary funds or the general fixed asset account group as follows:

**PROPRIETARY FUND FIXED ASSETS**

Fixed assets of the proprietary funds are recorded as an asset of the proprietary fund that maintains and utilizes the fixed asset. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements other than buildings	15 - 100 years
Machinery and equipment	3 - 10 years

Net interest costs during construction periods are capitalized for fixed assets acquired by the issuance of long-term debt. Major additions and betterments are capitalized while expenses for maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operations as incurred.

Annual depreciation expense for the enterprise fund reported on the statement of cash flows may exceed depreciation expense reported on the statement of revenues, expenses and changes in retained earnings. The difference results from depreciation expense applicable to transportation and certain other operating equipment of the water utility enterprise fund being charged to operating expense accounts other than the depreciation expense account. This accounting procedure is required by the Public Service Commission of the State of Wisconsin.

**GENERAL FIXED ASSETS**

Fixed assets used in governmental fund type operations are not capitalized in the funds used to acquire or construct them. The expenditures for the acquisition and construction are reflected in governmental funds, and the related assets are reported in the general fixed assets account group. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized as these assets are immovable and of value only to the City. Assets in the general fixed assets account group are not depreciated.

**13. Deferred Revenue**

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

14. Compensated Absences  
Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Sick leave does not vest to the employee.  
  
Vested vacation pay is recorded as a liability and is shown as a current liability of the particular fund, as it is to be paid with expendable available financial resources.  
  
Vested vacation in the enterprise funds is recorded as a liability by the individual fund when it is earned by the employee. Sick leave does not vest to the employee.
15. Long-term Obligations  
Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.
16. Contributed Capital  
The City implemented Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", as of January 1, 2001. In accordance with the Statement, the City has reported capital contributions received from developers, customers and other governments subsequent to the implementation date as nonoperating revenues. Contributed capital arising from periods prior to implementation of this Statement continue to be reported as contributed capital on the balance sheet.
17. Fund Equity  
Under the provisions of GASB Statement No. 1, a City may establish reserves for those portions of fund equity not appropriable for expenditure or which are legally segregated for a specific future use. Fund equity designations also may be established to indicate tentative plans for financial resource utilization in a future period.
18. Interfund Transactions  
During the course of normal operations, the City has various transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental and fiduciary funds generally record such transactions as operating transfers if within governmental and fiduciary funds. Transactions between governmental and fiduciary funds and proprietary funds are usually recorded as revenues and either expenditures or expenses of the respective funds.
19. Total Columns on Combined Statements  
Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
20. Comparative Data  
Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE B - CASH AND INVESTMENTS**

The City maintains various cash and investment accounts, including pooled funds, that are available for use by all funds. Each fund's portion of these accounts are displayed on the combined balance sheet as "Cash and Investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled \$91,821,603 on December 31, 2002 as summarized below:

Petty cash funds	\$ 8,350
Deposits with financial institutions	12,610,650
Investments	79,202,603
	<u>\$91,821,603</u>

Additional information on the above deposits and investments follows:

Deposits - At year end, the carrying amount of the City's deposits was \$12,610,650 and the bank balance was \$13,604,810. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

The City's bank balance of \$13,604,810 on December 31, 2002 is categorized below in accordance with GASB Statement No. 3 as either (1) insured or collateralized with securities held by the City or by its agent in the City's name or (2) collateralized with securities held by the pledging financial institution's trust department or agent in the City's name or (3) uninsured and uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City's name.

Category			Bank Balance
1	2	3	
\$1,407,111	\$ -	\$12,197,699	\$13,604,810

Investments - The City's investments are categorized below in accordance with GASB Statement No. 3 in order to provide an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE B - CASH AND INVESTMENTS (Continued)**

	Category			Carrying Amount
	1	2	3	
U.S. government securities	\$ -	\$ -	\$5,165,000	\$5,165,000
Investments not subject to categorization				
Wisconsin local government investment pool				6,349,993
MBIA Class pool				67,687,610
Total Investments				<u>\$79,202,603</u>

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2002 the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

**NOTE C - PROPERTY TAXES**

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in three equal installments on or before January 31, March 31 and May 31. Real estate taxes not paid by May 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also levies and collects taxes for the West Allis Area Public School District, Milwaukee County, Milwaukee Area Technical College and the State of Wisconsin. Collections and remittances of taxes for other entities are accounted for in the property tax agency fund.

**NOTE D - FIXED ASSETS**

A summary of changes in the general fixed assets account group follows:

	Balance 1/1/02	Additions	Retirements	Balance 12/31/02
Land	\$ 3,299,476	\$ 300,900	\$ -	\$ 3,600,376
Buildings	14,473,489	1,219,823	-	15,693,312
Machinery and equipment	14,046,813	916,586	305,769	14,657,630
Total City Government	<u>31,819,778</u>	<u>2,437,309</u>	<u>305,769</u>	<u>33,951,318</u>
West Allis Memorial Hospital	197,418,460	17,554,164	396,312	214,576,312
Total General Fixed Assets	<u>\$229,238,238</u>	<u>\$19,991,473</u>	<u>\$702,081</u>	<u>\$248,527,630</u>



**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE D - FIXED ASSETS (Continued)**

The following is a summary of proprietary fund-type fixed assets at December 31, 2002:

	Enterprise Fund
Land and land improvements	\$ 1,098,902
Buildings	1,735,964
Utility plant and equipment	39,522,776
Construction in progress	65,548
Total Gross Fixed Assets	<u>42,423,190</u>
Less: Accumulated depreciation	<u>13,922,686</u>
Net Fixed Assets	<u>\$28,500,504</u>

**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables between individual funds of the City as of December 31, 2002 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds		
General Fund	\$ 4,059,819	\$72,692,362
Special Revenue Funds		
Block Grant	-	217,021
Rental Rehabilitation Loans	298,573	-
HOME Program	-	89,548
Rental Energy Loans	22,681	-
Housing Programs	101,952	-
Cable Communications	638,132	-
Health Grants	20,622	7,882
Police Grants	-	813,642
Fire Grants	29,950	-
Miscellaneous Grants	-	4,116
Storm Water Fund	2,483,537	-
Debt Service Fund	109,750	-
Capital Projects Funds		
Public Works Improvements	8,137,317	-
Tax Increment Districts		
No. 1	-	262,376
No. 2	-	650,655
No. 3	1,255,586	-
No. 4	1,231,012	1,875
No. 5	-	1,735,891
Enterprise Funds		
Water Utility	-	1,735,472
Parking Utility	253,103	-
Sanitary Sewer Utility	3,960,466	-
Senior Citizen's Housing	189,434	-
Internal Service Fund		
Health Insurance	2,497,805	-
Agency Funds		
Tax Collection and Other Agency Funds	52,921,091	-
Quad Graphics Indemnification Fund	10	-
	<u>\$78,210,840</u>	<u>\$78,210,840</u>

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE F - DEFERRED REVENUE**

Deferred revenue totaled \$38,791,815 on December 31, 2002 and was comprised the following:

	Total	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service Fund
Property taxes levied to finance 2003 budget	\$33,286,875	\$25,410,559	\$ -	\$4,809,671	\$266,645	\$ -	\$2,800,000
Delinquent personal property taxes	347,056	347,056	-	-	-	-	-
Special assessments	932,620	-	-	-	932,620	-	-
Revenues received for subsequent year	373,596	211,190	94,427	-	-	67,979	-
Notes and loan receivable	3,851,668	-	3,851,668	-	-	-	-
	<u>\$38,791,815</u>	<u>\$25,968,805</u>	<u>\$3,946,095</u>	<u>\$4,809,671</u>	<u>\$1,199,265</u>	<u>\$67,979</u>	<u>\$2,800,000</u>

Special assessments are generally collectible in annual installments from one to five years while certain others have been deferred up to ten years or until the property is sold or placed in service.

The notes and loans receivable of \$3,851,668 represents rehabilitation loans to property owners that were originally financed from federal and state grants or local funds for community development projects. Repayment of principal and interest on the loans is recorded as revenue in the fund that originally made the loan and is used to finance additional loans.

**NOTE G - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations of the City's long-term debt account group for the year ended December 31, 2002:

	Outstanding 1/1/02	Issued	Retired	Outstanding 12/31/02
<b>General Obligation Debt</b>				
General City				
Bonds	\$ 200,000	\$ -	\$ 200,000	\$ -
Notes	14,536,494	6,645,947	6,182,494	14,999,947
Tax Increment Districts				
Bonds	6,836,876	6,210,000	5,353,765	7,693,111
Notes	2,280,000	1,070,000	650,000	2,700,000
West Allis Hospital				
Bonds	21,480,000	4,380,000	5,940,000	19,920,000
Notes	3,660,000	-	665,000	2,995,000
<b>Total General Obligation Debt</b>	<u>48,993,370</u>	<u>18,305,947</u>	<u>18,991,259</u>	<u>48,308,058</u>
<b>Other Long-term Liabilities</b>				
Unfunded pension liability	14,757,727	989,119	834,639	14,912,207
Post-retirement benefits	39,292,910	7,035,966	2,390,939	43,937,937
<b>Total Long-term Obligations</b>	<u>\$103,044,007</u>	<u>\$26,331,032</u>	<u>\$22,216,837</u>	<u>\$107,158,202</u>

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE G - LONG-TERM OBLIGATIONS (Continued)**

The following is a summary of changes in the long-term debt of the City's proprietary funds for the year ended December 31, 2002:

<u>General Obligation Debt</u>	Outstanding 1/1/02	Issued	Retired	Outstanding 12/31/02
Bonds	\$6,991,600	\$1,750,000	\$ 582,580	\$8,159,020
Notes	1,023,506	394,053	637,506	780,053
	<u>\$8,015,106</u>	<u>\$2,144,053</u>	<u>\$1,220,086</u>	<u>\$8,939,073</u>

<u>General Obligation Debt</u>	Outstanding 12/31/02
<b>Bonds</b>	
\$3,322,820 issued 11/18/87; \$253,460 to \$359,020 due annually through 2007; interest 8.7%	\$ 1,519,020
\$1,575,000 issued 4/1/94; \$185,000 due in 2003; interest 4.7%	185,000
\$750,000 issued 8/16/95; \$28,929 to \$63,328 due annually through 2015; interest 6.75%	572,929
\$5,370,000 issued 12/1/94; \$225,000 due in 2003; interest 8.65%	225,000
\$1,425,000 issued 1/15/98; \$75,000 due annually through 2017; interest 4.15% to 4.9%	1,125,000
\$341,660 issued 2/25/98; \$12,423 to \$29,986 due annually through 2017; interest 6.5%	300,182
\$24,165,000 issued 3/1/98; \$555,000 to \$1,985,000 due annually through 2012; interest 4.25% to 4.5%	15,540,000
\$1,110,000 issued 2/15/99; \$55,000 to \$60,000 due annually through 2018; interest 4.125% to 4.65%	930,000
\$1,000,000 issued 3/15/00; \$50,000 to \$100,000 due annually through 2014; interest 4.9% to 5.5%	900,000
\$2,200,000 issued 4/1/01; \$70,000 to \$170,000 due annually through 2020; interest 4.5% to 4.875%	2,135,000
\$1,750,000 issued 3/1/02; \$60,000 to \$135,000 due annually through 2021; interest 4.1% to 5.0%	1,750,000
\$1,500,000 issued 3/1/02; \$40,000 to \$160,000 due annually through 2021; interest 5.40% to 6.75%	1,500,000
\$1,470,000 issued 8/1/02; \$20,000 to \$160,000 due annually through 2014; interest 4.0% to 5.0%	1,470,000
\$3,240,000 issued 8/1/02; \$70,000 to \$445,000 due annually through 2012; interest 4.0% to 5.0%	3,240,000
\$4,380,000 issued 8/1/02; \$315,000 to \$490,000 due annually through 2013; interest 2.5% to 3.875%	4,380,000
<b>Total Bonds</b>	<u>35,772,131</u>
<b>Notes</b>	
\$400,000 issued 1/1/95; \$3,482 to \$39,302 due 2013 to 2025; interest 1.7756%	400,000
\$3,355,000 issued 2/1/96; \$305,000 due in 2003; interest 4.25%	305,000
\$995,000 issued 2/1/96; \$20,000 to \$160,000 due annually through 2006; interest 6.0% to 6.4%	355,000
\$6,600,000 issued 4/1/96; \$695,000 to \$805,000 due annually through 2006; interest 4.5% to 4.6%	2,995,000

(Continued)

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE G - LONG-TERM OBLIGATIONS (Continued)**

	Outstanding 12/31/02
Notes (Continued)	
\$2,845,000 issued 5/1/97; \$330,000 to \$410,000 due annually through 2007; interest 4.95% to 5.2%	1,855,000
\$1,205,000 issued 5/1/97; \$210,000 to \$245,000 due annually through 2005; interest 7.20% to 7.35%	680,000
\$1,950,000 issued 1/15/98; \$215,000 due annually through 2007; interest 4.15% to 4.25%	1,075,000
\$2,000,000 issued 2/15/99; \$220,000 to \$225,000 due annually through 2008; interest 3.6% to 4.0%	1,325,000
\$3,080,000 issued 3/15/00; \$300,000 to \$325,000 due annually through 2010; interest 5.0%	2,475,000
\$2,140,000 issued 3/1/01; \$230,000 to \$240,000 due annually through 2010; interest 4.0% to 4.1%	1,900,000
\$3,250,000 issued 3/1/02; \$360,000 to \$365,000 due annually through 2011; interest 1.85% to 4.10%	3,250,000
\$4,860,000 issued 3/1/02; \$660,000 to \$1,675,000 due annually through 2006; interest 1.85% to 3.10%	4,860,000
Total Notes	21,475,000
Total General Obligation Debt	\$57,247,131

Annual principal and interest maturities of the outstanding general obligation debt of \$57,247,131 on December 31, 2002 are allocated to fund type and account group as detailed below:

	General Long-term Debt Account Group					
	General City		Tax Increment Districts		West Allis Memorial Hospital	
	Due	Principal	Interest	Principal	Interest	Principal
2003	\$2,842,582	\$ 543,053	\$ 1,307,150	\$ 541,716	\$ 2,380,000	\$ 931,644
2004	2,721,265	409,832	1,252,886	438,766	2,525,000	808,336
2005	2,249,577	325,530	1,077,696	383,816	2,620,000	702,141
2006	2,019,266	246,684	816,742	340,445	2,745,000	590,925
2007	1,548,718	172,769	705,153	307,462	2,050,000	492,999
2008-2012	3,218,540	352,269	3,432,558	1,080,072	10,105,000	1,123,690
2013-2017	104,127	105,949	1,200,926	358,526	490,000	18,988
2018-2022	180,011	26,046	600,000	81,344	-	-
2023-2025	115,861	4,139	-	-	-	-
	\$14,999,947	\$2,186,271	\$10,393,111	\$3,532,147	\$22,915,000	\$4,668,723

	General Long-term Debt Account Group (Continued)			
	Proprietary Funds		Total	
	Due	Principal	Interest	Principal
2003	\$ 800,081	\$ 455,019	\$ 7,329,813	\$ 2,471,432
2004	800,890	405,093	7,300,041	2,062,027
2005	776,375	360,061	6,723,648	1,771,548
2006	813,040	310,883	6,394,048	1,488,937
2007	803,687	261,382	5,107,558	1,234,612
2008-2012	1,970,000	959,570	18,726,098	3,515,601
2013-2017	1,975,000	476,847	3,770,053	960,310
2018-2022	1,000,000	86,767	1,780,011	194,157
2023-2025	-	-	115,861	4,139
	\$8,939,073	\$3,315,622	\$57,247,131	\$13,702,763

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE G - LONG-TERM OBLIGATIONS (Continued)**

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2002 was \$100,099,343 as follows:

Equalized valuation of the City		\$3,145,167,800
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		157,258,390
Total General Obligation Debt	\$57,247,131	
Less: Amount available in debt service fund	88,084	
Net outstanding general obligation debt applicable to debt limitation		57,159,047
Legal Margin for New Debt		\$ 100,099,343

Unfunded Pension Liability

The City's unfunded pension liability of \$14,912,207 on December 31, 2002 consists of an unfunded liability of \$13,353,107 to the Wisconsin Retirement System (System) and an unfunded liability of \$1,559,100 for former employees covered under the Municipal Police and Firefighter's Pension Funds (MPFP). The System liability is an actuarially computed liability by the System resulting from increases in employee pension benefits that exceed actual and anticipated future contributions by the City to the System. The liability was originally calculated by the System as of January 1, 1990. Since that time, the City has been making additional monthly payments to the System in order to amortize the liability over a 40-year period. In addition, the City is charged 8% interest per year on the unpaid balance. As a result, the outstanding balance of the liability may increase annually if payments made by the City to the System are less than the interest charged. The System's 40-year amortization schedule from 1990 anticipates that the unfunded pension liability will not be reduced annually for approximately the first 20 years of the schedule.

The MPFP liability is the City's best estimate of the unfunded liability. Monthly payments are made to employees covered under the plan until they are deceased.

The City records the unfunded pension liability in the general long-term debt account group, including that portion of the liability that is applicable to proprietary fund employees. Additional information on the System and MPFP is provided in NOTE I.

Advance Refunding

On March 1, 2002, the City issued \$4,860,000 general obligation refunding notes with an average interest rate of 2.575% to advance refund \$320,000 of outstanding 1993 general obligation notes, \$1,895,000 of outstanding 1994 general obligation notes, \$1,125,000 of outstanding 1995 general obligation notes, and \$1,220,000 of outstanding 1996 general obligation notes. As a result, the liability for the refunded notes has been removed from the balance sheet. The refunding decreased the City's future total debt service payments by \$161,783 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$156,441.

On August 1, 2002, the City issued \$4,380,000 general obligation refunding bonds with an average interest rate of 3.426% to advance refund \$4,320,000 of outstanding 1993 general obligation bonds. As a result, the liability for the refunded bonds has been removed from the balance sheet. The refunding decreased the City's future total debt service payments by \$281,083 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$218,720.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE G - LONG-TERM OBLIGATIONS (Continued)**

On August 1, 2002, the City issued \$4,710,000 general obligation taxable refunding bonds with an average interest rate of 4.7375% to advance refund \$4,340,000 of outstanding 1994 general obligation community development bonds. As a result, the liability for the refunded bonds has been removed from the balance sheet. The refunding decreased the City's future total debt service payments by \$1,068,557 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$925,886.

**NOTE H - CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002, there were eight series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$70,465,000.

**NOTE I - DEFINED BENEFIT PENSION PLAN**

**A. Wisconsin Retirement System**

All eligible City of West Allis employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (System). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.2% of their salary (3.9% for Executives and Elected Officials, 3.8% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the City of West Allis employees covered by the system for the year ended December 31, 2002 was \$29,663,172; the employer's total payroll was \$30,003,127. The total required contribution for the year ended December 31, 2002 was \$4,146,936, which consisted of \$2,854,229, or 9.62% of covered payroll from the employer and \$1,292,707, or 4.36% of covered payroll from employees. The required contribution of \$1,292,707 from employees for 2002 was financed entirely by the employer. Total contributions for the years ended December 31, 2001 and 2000 were \$3,575,219 and \$3,790,775, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE I - DEFINED BENEFIT PENSION PLAN (Continued)**

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.

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

**B. Police-Fire Pension Fund**

Protective employees of the City hired prior to 1948 are covered under the Municipal Police and Firefighter's Pension Funds, a multiple employer defined benefit plan, established under Chapter 62 of the Wisconsin Statutes. These funds were closed to new members effective January 1, 1948. The plan is administered by the Wisconsin Department of Employee Trust Funds, and is funded on a "pay-as-you-go" basis until the covered employees are deceased. The City's best estimate of the unfunded liability for this pension plan is \$1,539,100 and is included in the general long-term debt account group. The total City contribution to the Fund during 2002 was \$177,676.

**NOTE J - OTHER POST-EMPLOYMENT BENEFITS**

The City provides postretirement health insurance benefits based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The benefit is offered to all employees who retire from the City on or after attaining age 55 (age 50 under limited situations) with at least ten years of service. The cost is paid approximately 63% by the City and 37% by the employee. Funding for those costs is provided out of the current operating budget of the City. Total net expenditures for such premiums during the year were approximately \$2,390,939. The number of participants currently eligible to receive benefits is 565. The estimated total amount outstanding at year end to be paid in the future is \$43,937,937 and is included in the general long-term debt account group.

**NOTE K - RESERVED AND DESIGNATED FUND EQUITY**

The City has reserved or designated portions of fund balance and retained earnings applicable to its governmental and proprietary funds. Reserved fund equity represents the portion that is not appropriable for expenditures or is legally segregated for specific future use. Designated fund balance represents the portion management has delegated to future spending plans.

Detail of reserved fund equity on December 31, 2002 follows:

	Fund Allocation		
	General	Special Revenue	Debt Service
<u>Reserved For</u>			
Encumbrances	\$1,186,082	\$ -	\$ -
Inventories and prepaid items	613,710	170,015	-
Subsequent year's budget	864,327	-	-
Long-term receivables	684,335	-	-
Debt service	-	-	88,084
	<u>\$3,348,454</u>	<u>\$170,015</u>	<u>\$88,084</u>

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE K - RESERVED AND DESIGNATED FUND EQUITY (Continued)**

In addition to reserved fund equity, the City has also designated portions of its fund balances on December 31, 2002 as detailed below:

	Fund Allocation		
	General	Special Revenue	Capital Project Fund
<u>Designated For</u>			
Subsequent years expenditures	\$ 794,149	\$4,218,228	\$9,084,404
Contingency	2,500,000	-	-
Land/building acquisition	3,500,000	-	-
Capital accumulation	982,399	-	-
Insurance	1,200,000	-	-
Workers compensation	1,000,000	-	-
Dental insurance	50,000	-	-
Unfunded pension liability	2,000,000	-	-
Computer/technology improvements	1,000,000	-	-
Productivity/operation improvement	100,000	-	-
Tax refunds	100,000	-	-
	<b>\$13,226,548</b>	<b>\$4,218,228</b>	<b>\$9,084,404</b>

**NOTE L - INDIVIDUAL FUND DISCLOSURES**

1. The following expenditure accounts of the general, special revenue and capital projects funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2002 as follows:

<u>Account</u>	Excess Expenditures
<b>General Fund</b>	
General Government	
Litigation	\$98,686
Municipal court	10,319
Administration and finance	654
Taxes, refunds and adjustments	9,601
Fringe Benefits	
Tuition reimbursement	267
Workers' compensation	84,344
Unemployment compensation	11,172
Miscellaneous	26,931
Special Revenue Funds	
Housing Programs	172,027
Fire Grants	20,264
Police Grants	47,638
Capital Projects Funds	
Public Works Improvements	
Other	16,379



**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE L - INDIVIDUAL FUND DISCLOSURES (Continued)**

2. The following funds had a deficit fund balance/retained earnings balance as of December 31, 2002:

	Deficit
Special Revenue Funds	
Health Grants	\$ 619
Police Grants	47,288
Miscellaneous Grants	87
Capital Projects Funds	
Tax Increment District No. 1	261,947
Tax Increment District No. 2	650,655
Tax Increment District No. 5	1,787,399
Enterprise Funds	
Senior Citizen's Housing	25,926

The deficits in the special revenue funds are anticipated to be financed by future grant receipts. The deficits in the capital projects funds are anticipated to be financed through future tax increment revenues and proceeds from long-term debt. The deficits in the enterprise funds are anticipated to be financed from future operations of the funds.

**NOTE M - LEVEL OF BUDGETARY CONTROL RECONCILIATIONS**

Capital Projects Funds - The City controls the expenditures in the Capital Projects Funds at two levels. The first level consists of the Public Works Improvements Fund which is budgeted annually. The second level of control is exercised over the Tax Increment District Funds which are not budgeted. Individual expenditures are generally approved only if expendable resources are available. The following is a reconciliation of the two levels of control to total Capital Projects Fund Type activity for the year ended December 31, 2002:

	Annual Budgets		Funds Not Budgeted	Total 2002 Actual
	Budget	2002 Actual		
Revenues				
Special assessments	\$ 681,948	\$ 742,327	\$ -	\$ 742,327
Intergovernmental	-	4,381	-	4,381
Interest	-	-	37,830	37,830
Miscellaneous	-	5,831,325	1,929,920	7,761,245
Total Revenues	681,948	6,578,033	1,967,750	8,545,783
Expenditures				
Capital outlay	3,381,948	2,955,484	3,239,932	6,195,416
Other	-	16,379	340,681	357,060
Total Expenditures	3,381,948	2,971,863	3,580,613	6,552,476
Excess of Revenues Over (Under) Expenditures	(2,700,000)	3,606,170	(1,612,863)	1,993,307
Other Financing Sources (Uses)				
Proceeds of debt	2,700,000	3,100,000	1,650,000	4,750,000
Operating transfers in	-	-	501,898	501,898
Operating transfers out	-	-	(78,973)	(78,973)
Total Other Financing Sources (Uses)	2,700,000	3,100,000	2,072,925	5,172,925
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$6,706,170	\$ 460,062	\$7,166,232

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE N - ENTERPRISE FUND SEGMENT INFORMATION**

The City maintains four enterprise funds which provide water, sewer, parking, and housing services. These funds are intended to be financed from user fees charged for services to the public and from federal, state and local operating grants. Segment information for the year ended December 31, 2002 is presented below:

	Water Utility	Parking Utility	Sanitary Sewer Utility	Senior Citizen's Housing	Total
Operating revenues	\$ 5,687,199	\$ 44,545	\$3,977,126	\$338,415	\$10,047,285
Depreciation expense	376,858	-	166,401	32,306	575,565
Operating income	361,473	71	165,495	41,777	568,816
Non-operating revenue					
Customer contributions	42,698	-	2,121	-	44,819
Property taxes	-	22,000	-	-	22,000
Net income (loss)	309,043	22,071	(84,490)	38,156	284,780
Fixed asset additions	360,199	-	78,417	-	438,616
Net working capital	831,925	252,747	2,753,041	160,722	3,998,435
Total assets	19,740,954	1,201,281	14,389,269	870,982	36,202,486
General obligation debt payable	1,846,974	-	5,494,803	78,276	7,420,053
Total equity	15,758,239	1,188,673	7,971,140	790,891	25,708,943

**NOTE O - MUTUAL INSURANCE COMPANY**

During 1987, the City, together with certain other units of government within the State of Wisconsin, created the Cities and Villages Mutual Insurance Company (CVMIC) to provide liability insurance services to its members. At that time, the City issued \$3,322,820 in general obligation bonds for its share of the initial capitalization of CVMIC. The City is partially self-insured for liability insurance and pays premiums to CVMIC for its excess liability insurance coverage. The actuary for CVMIC determines premium charges to its members required to pay the expected claims and loss adjustment expenses. CVMIC's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each member. CVMIC provides general liability, police and nurses professional liability, public officials liability and vehicle liability coverage for the City. The City's self-insured retention limit is \$250,000 for each occurrence with a maximum limit of \$1,000,000 annually. A separate financial report is issued annually by CVMIC. Since the City considers it probable that its initial capitalization contribution in CVMIC will be returned upon either dissolution of CVMIC or the approved withdrawal from CVMIC, the initial capitalization has been recorded as a deposit in the liability self-insurance internal service fund.

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE P - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters and workers' compensation. The City is self-insured for health and dental coverage and for workers' compensation. The City purchases general and automobile liability insurance from the Cities and Villages Mutual Insurance Company (See Note O). The City purchases commercial insurance for all other risks. There have been no significant reductions in insurance coverage for any risk of loss in the past year and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

The City has a self-funded health and dental insurance program with claims processed by Humana on behalf of the City. The dental claims are being paid out of the General Fund, and the health claims are being paid out of the Health Insurance Internal Service Fund.

The City has a self-funded workers' compensation program with claims processed by Martin Boyer Company on behalf of the City. The claims are being paid out of the General Fund. As part of the plan, the City has reinsurance coverage for claims over their self-insured retention level of \$250,000 per occurrence with a \$1 million aggregate stop loss.

All Funds of the City participate in the plans. At December 31, 2002 the City maintains reserves of \$50,000 and \$1,000,000 for the coverage of catastrophe losses related to the dental and the workers' compensation plan, respectively. The claims liabilities of \$18,000 and \$177,554 for the dental and the workers' compensation plan, respectively are reported as accrued liabilities in the General Fund, and the health claims liability of \$1,522,000 is reported as accrued liabilities in the Health Insurance Internal Service Fund at December 31, 2002. These liabilities are based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the claims liability amount for the years ended December 1, 2002 and 2001 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2002	\$1,587,808	\$10,598,575	\$10,468,829	\$1,717,554
2001	1,398,975	10,061,693	9,872,860	1,587,808

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE Q - TAX INCREMENTAL DISTRICTS**

The City has established separate capital projects funds for five Tax Incremental Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. Except for certain exceptions under Section 66.1105(6)(am)1, the Statutes allow seven years after its creation date for a tax incremental district to incur project costs eligible for financing from tax increments. Pertinent information for each of the City's TIDs follows:

	TID No. 1	TID No. 2	TID No. 3	TID No. 4	TID No. 5
Creation date	10/06/92	11/15/93	08/17/94	02/09/95	01/01/01
Date construction period ends	10/05/02	11/14/03	08/16/04	02/08/05	01/01/08
Date district terminates	12/31/19	12/31/20	12/31/20	12/31/21	12/31/23
Unreimbursed project costs	\$2,996,948	\$2,185,665	\$2,086,609	\$1,574,581	\$3,658,192
Outstanding debt	\$2,735,000	\$1,545,000	\$3,390,000	\$873,111	\$1,850,000

It is the intention of the City to recover all project costs and debt service payments due prior to termination of the respective districts.

**NOTE R - INTERMUNICIPAL AGREEMENT**

The City is a member of the Milwaukee Area Domestic Animal Control Commission (MADACC) along with eighteen other communities within Milwaukee County. The Commission was created by an agreement signed in 1997 pursuant to the provisions of Section 66.30 of the Wisconsin Statutes. The Commission was established to provide a jointly-operated animal control services facility for dogs and cats. The Commission is governed by a nineteen member Board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement. In 1997, the Commission borrowed \$2.5 million at 5.75% due annually from 2000 through 2010, for the purchase of land and the construction of a facility. The City's share of that borrowing as of December 31, 2002 is approximately \$135,107.

**NOTE S - LEASE DISCLOSURES**

In 1963, West Allis Memorial Hospital entered into a fifty-year lease agreement with the City of West Allis for the right to operate the Hospital. In 1997, the lease was amended to extend the life an additional 25 years. Under the terms of this lease, the City has title to all assets and any subsequent additions, and the Hospital has exclusive right to the use of the assets and the obligation to maintain and replace them. The agreement does not provide for lease payments; however, a determination is made annually as to the amount of Hospital funds which can, consistent with sound financial management, be turned over to the City. The City recognized miscellaneous general fund revenue of \$100,000 for the Hospital in 2002. The Hospital also reimbursed the City \$3,354,741 for its share of the City's 2002 debt service payments related to construction of Hospital fixed assets.

**CITY OF WEST ALLIS, WISCONSIN**  
**Notes to General-Purpose Financial Statements**  
**December 31, 2002**

**NOTE T - COMPONENT UNIT**

This report contains the Downtown West Allis Business Improvement District ("DWABID"), which is included as a component unit. Financial information for the DWABID is presented as a discrete column in the Combined Balance Sheet, and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances.

In addition to the general-purpose financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation:

**A. CASH AND INVESTMENTS**

At year end, the carrying amount and bank balance of the DWABID's deposits was \$10,251 and was covered by Federal Depository Insurance.

**B. CONDENSED FINANCIAL INFORMATION**

<b>Assets</b>	
Cash and investments	\$10,251
Accounts receivable	560
Due from primary government	57,231
<b>Total Assets</b>	<u><u>\$68,042</u></u>
 <b>Liabilities</b>	
Vouchers payable	\$ 4,632
Deferred revenue	57,231
<b>Total Liabilities</b>	<u><u>61,863</u></u>
<b>Fund Balance</b>	<u><u>6,179</u></u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$68,042</u></u>
<b>Revenues</b>	\$69,818
<b>Expenditures</b>	
Current	<u><u>77,924</u></u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u><u>\$(8,106)</u></u>

**CITY OF WEST ALLIS, WISCONSIN**  
Notes to General-Purpose Financial Statements  
December 31, 2002

**NOTE U - CONTINGENT LIABILITIES**

The City has identified the following items as potential liabilities not recorded on the financial statements:

1. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under Federal OMB Circular A-133 and the State Single Audit Guidelines has been conducted but final acceptance is still pending. Accordingly, the City'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 although the City expects such amounts, if any, to be immaterial.
2. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

**NOTE V - SUBSEQUENT EVENT**

During 2003, the City issued \$5,660,000 general obligation corporate purpose notes dated April 1, 2003. The bonds are due in annual installments through 2013 at a net interest rate of 2.52%.

**NOTE W - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) recently approved Statement Nos. 34, 37 and 38. These Statements require significant changes from the current method of financial reporting for all state and local governments in the United States. GASB Statement's No. 34 - *Basic Financial Statement and Management Discussion and Analysis for State and Local Governments*, No. 37 - *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments: Omnibus* and No. 38 - *Certain Financial Statement Note Disclosures* are effective for the fiscal year beginning on January 1, 2003. These statements require retroactive application of certain accounting and reporting standards, which may restate portions of these financial statements.