

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 2012

VILLAGE OF GERMANTOWN



Germantown, Wisconsin

Prepared by the Village Administrator & Finance Director

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
VILLAGE OF GERMANTOWN, WISCONSIN**
As of and for the Year Ended December 31, 2012

DEPARTMENT ISSUING REPORT

Prepared by Village Administrator and Finance Department
Member of the Government Finance Officers Association of the United States
and Canada

VILLAGE OF GERMANTOWN

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Village of



June 26, 2013

To: Citizens of the Village of Germantown
Members of the Board of Trustees

The *Comprehensive Annual Financial Report* for the Village of Germantown, Wisconsin for the fiscal year ending December 31, 2012, is prepared to provide the Board, our citizens, and other interested persons, detailed information concerning the financial condition of the Village government. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Village government. We believe the information presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Village as measured by financial activity of its various funds; and that all disclosures necessary to enable the reader to gain reasonable understanding of its financial affairs have been included.

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

Report Format

The *Comprehensive Annual Financial Report* is presented in three main sections: introductory, financial and statistical. The introductory section contains this transmittal letter, the Village's organizational chart, a list of principal officials, and other information. The financial section contains the independent auditors report, management's discussion and analysis (MD&A), government-wide financial statements, notes to the financial statements and more detailed fund financial statements. A third section provides selected statistical and general information presented on a multi-year comparative basis.

Reporting Entity

This report includes all funds of the Village of Germantown. The criteria used in determining the reporting entity are consistent with criteria established by the Governmental Accounting Standards Board (GASB) as outlined in the Codification of Governmental Accounting and Financial Reporting Standards. This report includes the General Fund, which accounts for the general administration of the Village, Special Revenue funds relating to Economic Development, and long-term Capital Projects funds and Internal Service Funds. The report also includes the Village's Enterprise funds that account for the Water and Wastewater Utilities. Internal service funds provide information on the health and dental protection plans of the Village's employees.

Village Profile

Located 25 miles northwest of Milwaukee, Germantown encompasses 34 square miles in the southeast corner of Washington County. Germantown is the largest village in geographical area in the State of Wisconsin. The Village's current population, as of the 2010 census is 19,749, a 9.3% increase over the last ten years. It operates under a council-manager form of government. There are nine members on the Germantown Village Board. Eight of the members are elected from trustee districts and the Village President is elected at large. Board members are elected to three-year terms. The appointed Village Manager/Administrator is responsible for the day-to-day operations of the Village, the appointment of administrative staff members, and the supervision of all employees.

The area offers a pleasing, small-town character enhanced by all the modern amenities of a first class suburb. Germantown residents take advantage of exceptional schools, modern healthcare providers, attractive real estate, well-maintained parks and facilities as well as a fantastic medley of unique shops and local restaurants. While the village has worked hard to provide its residents with the finest in big-city conveniences, it has worked equally hard to maintain its rich German heritage and beautiful architecture.

The Village provides typical municipal services including: police, fire, emergency dispatch and ambulance services; public works activities such as highway and street maintenance, and recycling; recreational activities such as parks, recreation programs, public library and senior activity center; community development activities including planning and zoning enforcement, economic development, and general administrative and financial services. The Village operates a Water and Wastewater Utility as enterprise funds.

ECONOMIC CONDITIONS AND OUTLOOK

The Village's \$2.4 billion tax base is primarily residential (68.51% of equalized value in 2012) but it has a sizeable commercial (21.8%) and manufacturing (8.94%) presence also. Single Family housing starts remained stable throughout the year with an increase in multiple family and commercial/industrial buildings. Twenty four single family homes, two multi-family buildings and seven new commercial/industrial permits were issued. Although the equalized value of the Village decreased by 4.33% the overall health of the Village remains strong. Unemployment for Washington county at 6.4% is below the State of Wisconsin rate of 6.9%. The Village views the current low borrowing rates and lower property prices as an opportunity for forward economic innovation. The use of a variety of financing tools such as impact fees, tax incremental financing incentives, and close partnerships with business, the Village is preparing for a more robust economic future.

Tax Incremental District No. 4 (Germantown Business Park) had its Project Plan amended in 2011 to include cash grants to owners or lessee or developers of land located within the district (development incentives). This change was instrumental in additional sales of land; such as WI Stamping, Envirosafe and Ellsworth Adhesives, and the guaranteed development of a major industrial facility, Bradley Corporation. The full valuation of these additions will positively impact our valuation for years to come. The Villages two other Tax Incremental Finance Districts #3 and #5 have performed exceptionally and will be closed in 2013. TID # 3 is the Village's industrial park and TID #5 is a major retail center. Both will be closing early and providing approximately \$90 million dollars to the 2013 tax roll.

Germantown has continued, for three surveys in a row, to be ranked among the top 100 places to live by *Money Magazine*. We have been able to balance a community with a mixture of agricultural, residential, commercial and industrial/office development. Germantown's fine school system and parks and recreational activities is also helpful in acquiring and keeping our residential base.

The Village continues to follow basic short-term and long-term planning policies. The Village's philosophy strives for manageable conservative budgets that allow for stable financial futures, keeping taxes and utility user rates as low as possible while guaranteeing that funds will be available to protect Village infrastructure and services. The Village board is committed to maintain a General Fund balance which is equal to 10 – 15% of subsequent year expenditures. As of December 31, 2012, the unassigned General Fund balance is 21% of such expenditures, providing a cushion for unanticipated emergencies. The Village continues to trim expenditures and consolidate operations. Partially as a result of the Village increasing its cash reserves, Moody's Investor Service maintained our bond rating of Aa2, with stable outlook.

Germantown has planned for "smart growth" through the development of a 2020 Land Use Plan. One of Wisconsin's first communities to develop a 2020 Smart Growth Plan, our dedication to this comprehensive planning process shows the level of importance we place on planning future infrastructure and zoning classifications. This plan is an example of responsible public management by our citizens, elected officials and staff.

As in the past several years, development in the Village, be it residential, commercial, or industrial in

nature, has been of the high quality necessary to provide the diversified tax base and tax rate necessary to provide services expected by the residents of Germantown. The Village of Germantown intends to maintain an adequate financial reserve in addition to a low tax rate so as to provide the citizen's excellent municipal services.

FOR THE FUTURE

The Village Board has approved a 20-year capital improvement plan. Working through the Public Works, Public Safety and Finance Committee's, the Village of Germantown created a plan for equipment replacement, building upgrades, and new infrastructure additions as well as a financial plan that allows funding for these assets with the least amount of impact on the tax rates.

The Village Plan Commission, working with staff, began the process of reviewing and updating the Village's 2020 Land Use Plan for the northern half of the Village. The initial focus of their effort has been the Hwy 41/45 Corridor. The Plan Commission will be evaluating current and exploring new policies that will help guide development along that corridor while addressing how best to leverage and maintain the rural character north of Freistadt Road. The Plan Commission will be discussing the pros and cons of extending sanitary sewer into that area as well as re-evaluating the current five-acre minimum lot size/residential density policy.

Vision Statement: Germantown's ethnic heritage, high quality of life based on its rural and suburban character, and desirable location in the greater metropolitan area create our competitive advantage. Our people will work together, with respect for each other, to ensure that development is consistent with Germantown's future as a neighborly and safe place to live, work and play.

Mission Statement: The Village of Germantown is responsive to our citizens and businesses, embracing our heritage while working together to provide quality services in a fiscally responsible manner that will enhance the quality of life in our community.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The diverse nature of government operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. From an accounting and financial management viewpoint, a governmental unit is a combination of several different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate fund. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Budgetary control is maintained through an annual budget ordinance passed by the Village Board. Formal budgetary integration is employed as a management control device during the year, and is adopted on a basis consistent with generally accepted accounting principles. The Village Administrator may authorize transfers of budgeted amounts within departments; however, transfers between departments and additional appropriations to the original budget must be made by Board resolution. The level at which expenditures may not exceed budget is by department.

Internal Control

In developing and evaluating the Village's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or

disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. We believe that the Village's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

INDEPENDENT AUDIT

Included in the financial section is the independent auditor's report which is a significant part of the Comprehensive Annual Financial Report (CAFR). In this report, Baker Tilly Virchow Krause, LLP, Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles and comment on the scope of the examination. The opinion is unmodified and signifies a substantial level of achievement.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Immediately following the independent auditor's report is *Management's Discussion and Analysis* which provides a narrative introduction, overview, and analysis of the basic financial statements.

REPORTING ACHIEVEMENT

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Germantown for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was 24 consecutive years 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We would like to thank the Village Board for their support in planning and conducting the financial operations of the Village in a responsible manner. In addition, we would also like to express our appreciation to the dedicated service of the Finance Department staff, the assistance and input from all department directors and supervisors throughout the Village, and the assistance of our independent auditors.

Respectfully submitted,



Kim E. Rath
Finance Director



David R. Schornack
Village Administrator



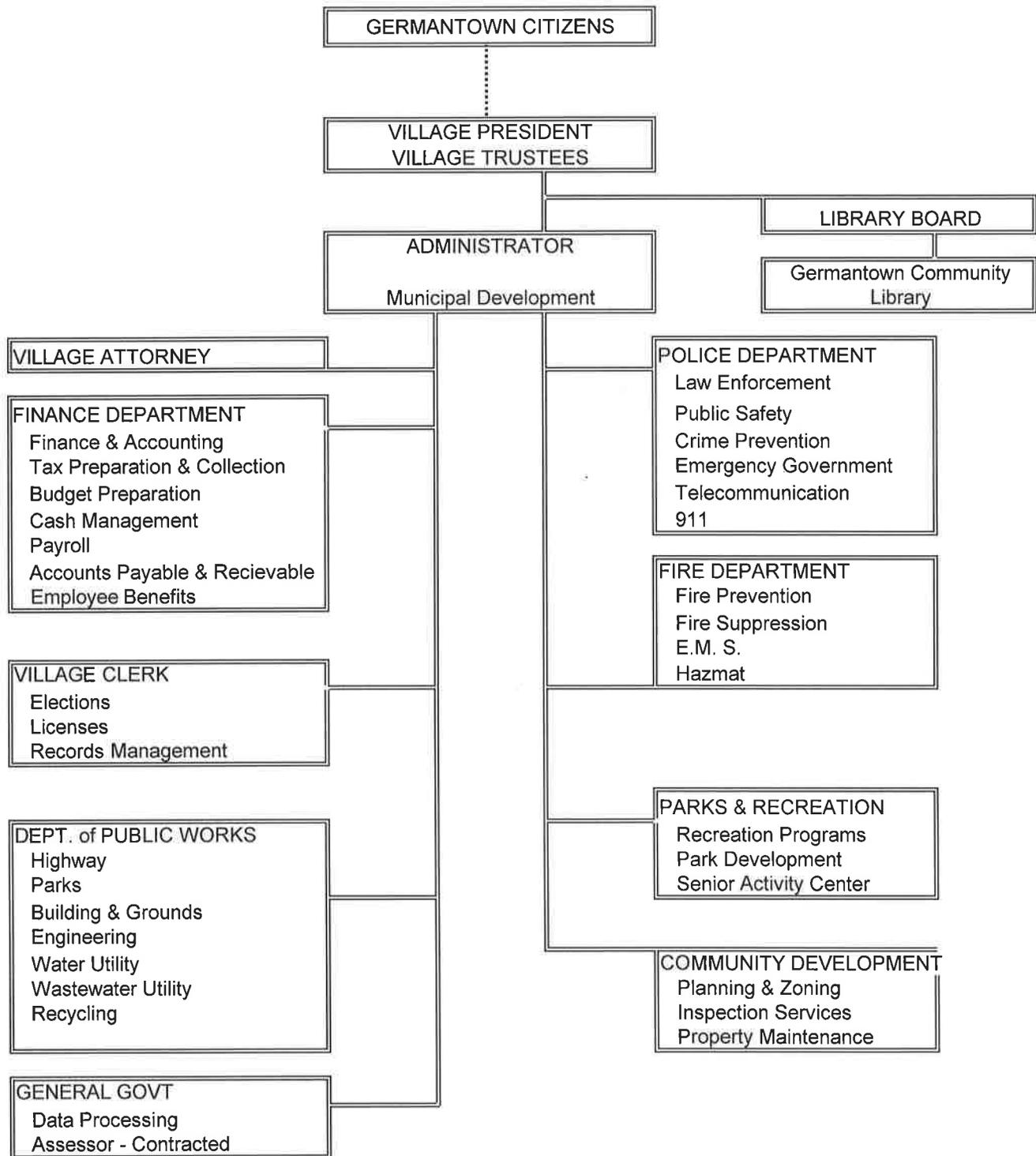
LIST OF PRINCIPAL OFFICIALS as of December 31, 2012
ELECTED OFFICIALS

TITLE	NAME
Village President	Dean Wolter
Village Trustee - District 1	David Baum
Village Trustee - District 1	Terri Kaminski
Village Trustee - District 2	Shane Daniels
Village Trustee - District 2	Jeff Werderman
Village Trustee - District 3	Melvin Ewert
Village Trustee - District 3	Al Vanderheiden
Village Trustee - District 4	Arthur Zabel
Village Trustee - District 4	Jeffrey Hughes

APPOINTED OFFICIALS

Village Administrator	David R. Schornack
Village Attorney	Brian Sajdak; Wesolowski, Reidenbach & Sajdak SC
Village Assessor - Contract Service	Accurate Appraisal
Village Clerk	Barbara K.D. Goeckner
Finance Director/Treasurer	Kim E. Rath
Community Development/Planning & Inspection	Jeffrey W. Retzlaff
Director of Public Works	Daniel Ludwig
Village Engineer	Brionne Bischke
Police Chief	Peter Hoell
Fire Chief	Gary L. Pollpeter
Library Director	Roberta M. Olson
Recreation Director	Brett Altergott
Police & Fire Commission Chairperson	Patrick Adair
Park & Recreation Commission Chair	Tony Laszewski
Library Board President	Joyce Nelson

VILLAGE OF GERMANTOWN ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Germantown
Wisconsin

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

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



Christopher P. Morill

President

Jeffrey R. Emer

Executive Director

Village of Germantown History

The Village of Germantown is located in southeastern Wisconsin, in the southeastern corner of Washington County. The City of Mequon, in Ozaukee County, borders the Village on the east, and the Village of Menomonee Falls, in Waukesha County, borders it on the south. The Village is contiguous with the City of Milwaukee and Milwaukee County at its southeast corner. In Washington County, the Town of Jackson borders it to the north, and the Village of Richfield shares its western border. At 34 square miles, the Village of Germantown is the largest village in geographical area in the State of Wisconsin and recognized as Washington County's oldest settled town.

The Village's current population is estimated to be 19,803. A majority of its residential, commercial and industrial development is concentrated in the suburban-like south-central third of the village. It is in this portion, served by the Milwaukee Metropolitan Sewerage District (MMSD), and supplied with water by municipal wells, that most of Germantown's development has occurred.

The half of the village north of Freistadt Road is rural in nature, and is predominately agricultural. Although it is outside the MMSD sewer service area and not currently on municipal water, new residential development has been emerging. Our new Land Use Plan's determination of one home/ five acreage density has attracted some subdivisions and parcel splits.

In 1839, a group of German immigrants, seeking greater religious freedom and the promise of rich, abundant farmland, founded the settlement of Freistadt (translated "Free City") just east of the present day Village of Germantown. Today, Freistadt Road bisects the Village of Germantown from east to west. In 1839, Anton Wiesner and Levi Ostrander became the first permanent settlers in the Town of Germantown. By 1845, all of the Town of Germantown had been taken for homesteads, mostly by German immigrants. Germantown remained primarily a rural agricultural community up until the last few decades.

In 1927, a small Village of Germantown was incorporated at the Fond du Lac Avenue and Main Street area. In the early 1960's, the City of Milwaukee annexed 15 acres in the southeastern corner of the Town of Germantown. Fears over further annexations prompted the Town of Germantown to merge with the smaller Village of Germantown in 1964. Most of the Town of Germantown, except for four small "islands" totaling approximately two square miles in the northwestern portion, was included in the merger.

The Village operates under a council-manager form of government. Under this form of government, a nine member Board of Trustees is elected to exercise the legislative power of the Village and to determine matters of policy. All are elected to three year terms. The Village President, who is elected at large, is the trustee who presides at all Village Board meetings and votes on all matters. The Village President has no veto power. A Village Administrator is appointed by the Village Board to serve as manager. The administrator is the chief administrative officer and is responsible to the Board of Trustees for the proper administration of all Village affairs.



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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Germantown
Germantown, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Village Board
Village of Germantown

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Germantown, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Germantown's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Vinchow Krause, LLP

Madison, Wisconsin
June 26, 2013

VILLAGE OF GERMANTOWN

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012 (unaudited)

This discussion and analysis of the financial performance of the Village of Germantown is intended to provide an overview of the Village's financial activities for the fiscal year ended December 31, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the letter of transmittal and the financial statements.

FINANCIAL HIGHLIGHTS

- > The Village of Germantown ended 2012 with assets totaling \$173.7 million and liabilities of \$45.3 million, resulting in net position of \$128.4, an increase of \$3.25 million over 2011. Of the total net position, \$117.9 million represents the Village's net investment in capital assets, \$6.6 million is held for restricted purposes, and \$3.9 million is unrestricted and available to meet the Village's ongoing obligations to its citizens and creditors.
- > The total net asset increase, of over \$3.2 million, was primarily attributable to the land sales and significant increment generated by the Tax Incremental Finance Districts, payments from developers, and favorable results across the majority of Village funds.
- > During 2012, the Village of Germantown continued its plan for the upgrading and replacing of aging infrastructure and equipment, plus improving Village roadways and utility services. The Village invested more than \$2.3 million in upgrading infrastructure systems and other capital assets.
- > Wisconsin statute restricts municipality general obligation indebtedness to less than 5% of equalized value of taxable property. The debt limit as of December 31, 2012, was \$112,432,965. Total general obligation debt outstanding at year end was \$27,511,642.
- > On March 27, 2012, the Village issued \$3,085,000 in general obligation bonds with an average interest rate of 1.2% to advance refund \$2,970,000 of outstanding bonds with an average interest rate of 3.6%. The advanced refunding resulted in an economic gain of \$319,441.
- > On March 27, 2012 the Village issued \$805,000 in general obligation bonds with an average interest rate of 1.2% to current refund \$795,606 out an outstanding state trust fund loan with an average interest rate of 4.5%. The current refunding resulted in an economic gain of \$50,188.
- > Interest rates that had started declining at the end of 2008 have continued declining through 2012. In October 2012, the Village retained the services of Ehler's Investment Partners to assist and advise staff with the investing of all Village funds.
- > The General Fund unassigned fund balance at year end was \$2,993,040, or 21% of the subsequent year's general fund expenditure budget. This is an increase of 4% over 2011 which ended the year with an unassigned fund balance of \$2,385,601. The amount has been allowed to grow to mitigate sudden negative impacts that may be experienced or to be used for an unforeseen one time use.

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the Village of Germantown's basic financial statements. The basic financial statements for the Village of Germantown are comprised of three components:

- government-wide financial statements,
- fund financial statements, and
- notes to the financial statements.

This report also combines other supplementary information in addition to the basic financial statements.

The two government-wide financial statements are designed to provide readers with a broad overview of the Village of Germantown's finances, in a manner similar to a private-sector business entity. The *Statement of Net Position* presents information on all of the Village of Germantown's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Germantown is improving or deteriorating. *The Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the municipality that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Germantown include general government, public safety, public works, culture and recreation services, and conservation and development. The business-type activities of the Village of Germantown include the Germantown Water and Wastewater Utility.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Germantown, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the General Fund, Special Revenue Funds, Capital Projects and Debt Service Funds. Of these, the General fund, Debt Service fund, the General Capital Projects fund and TID #4 Capital Projects Fund are shown as major funds and are presented in separate columns. Data from the other governmental funds are combined in to a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Reconciliations follow the *Balance Sheet-Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net Position and Statement of Activities*.

The Village of Germantown adopts an annual appropriated budget for all major and non-major funds, as required by state statute.

Proprietary Funds

Proprietary funds maintained by the Village of Germantown are of two different types; enterprise funds and internal service funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for activities that provide services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The Village's fund financial statements present separate enterprise fund information for the Water and Wastewater Utilities.

Internal service funds are used to account for enterprise-like operations that provide services, on a user fee basis, primarily or exclusively to departmental customers within the governmental entity itself, rather than to external customers. The Village of Germantown uses internal service funds to account for its self funded Health and Dental Protection plans. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Village of Germantown uses a fiduciary fund to account for taxes collected for the benefit of overlapping tax jurisdictions. The Tax Collections fiduciary fund is not reflected in the government-wide financial statements because the resources of the fund are not available to support the programs of the Village of Germantown. The accounting for the Tax Collection fund is similar to that used for proprietary funds.

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Notes to the Financial Statements

The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information

Following the basic government-wide and fund financial statements and accompanying notes, combining statements are included for the non-major governmental, enterprise and internal service funds. The last section of *The Village of Germantown Comprehensive Annual Financial Report* presents statistical and historical reference data.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The *Statement of Net Position* for the Village of Germantown is summarized in the tables below. As noted earlier, net position may serve over time as a useful indicator of a government's financial situation. The Village's assets exceeded liabilities by \$128.42 million at the close of 2012. The majority of the net position (\$117.9 million) reflects the Village's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress, net of depreciation. These capital assets are used to provide services to citizens and are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Village's net position that is restricted (\$6.6 million or 5.1%) represents impact fees, equipment replacement accounts and Capital Projects and Tax Incremental Financing (TIF) funds. The remaining \$3.88 million of total net position may be used to meet the Village's ongoing obligations to its citizens and creditors.

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont)

Table 1 below summarizes the assets, liabilities and net position of the Village with the accompanying Tables 1.a and 1.b showing the differences between 2011 and 2012. Table 2 summarizes the total revenues and expenses for 2012 with Tables 2.a and 2.b showing the changes from 2011 to 2012.

Table 1
2012 Statement of Net Position

	Governmental Activities	Business-Type Activities	Totals
Current and Other Assets	\$ 30,270,358	\$ 7,792,992	\$ 38,063,350
Capital Assets	75,863,996	59,779,287	135,643,283
Total Assets	106,134,354	67,572,279	173,706,633
Long-Term Liabilities	27,832,599	1,639,950	29,472,549
Other Liabilities	15,408,851	400,655	15,809,506
Total Liabilities	43,241,450	2,040,605	45,282,055
Net Position			
Net investment in capital assets	60,028,464	58,229,635	117,942,715
Restricted- Impact Fee Accounts	59,938	159,160	219,098
Library	114,571	-	114,571
Debt Service	12,986	116,577	129,563
Equipment Replacement	-	349,574	349,574
TIF Purposes	5,781,591		5,781,591
Unrestricted (deficit)	(3,104,646)	6,676,728	3,887,466
Total Net Position	\$ 62,892,904	\$ 65,531,674	\$ 128,424,578

VILLAGE OF GERMANTOWN

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Table 1.a

Statement of Net Position - Governmental Activities - 2011 to 2012

	2011 to 2012 Change	2011	2012
Current and Other Assets	\$ (361,638)	\$ 30,631,996	\$ 30,270,358
Capital Assets	503,159	75,360,837	75,863,996
Total Assets	<u>141,521</u>	<u>105,992,833</u>	<u>106,134,354</u>
Long-Term Liabilities	(1,760,753)	29,593,352	27,832,599
Other Liabilities	(1,029,899)	16,438,750	15,408,851
Total Liabilities	<u>(2,790,652)</u>	<u>46,032,102</u>	<u>43,241,450</u>
Net Position			
Net investment in capital assets	807,531	59,220,933	60,028,464
Restricted - Impact Fee Accounts	22,527	37,411	59,938
- Library	2,411	112,160	114,571
- Debt Service	12,986	-	12,986
- TIF Purposes	1,427,316	4,354,275	5,781,591
Unrestricted (deficit)	659,402	(3,764,048)	(3,104,646)
Total Net Position	<u>\$ 2,932,173</u>	<u>\$ 59,960,731</u>	<u>\$ 62,892,904</u>

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Table 1.b

Statement of Net Position - Business Type Activities - 2011 to 2012

	<u>2011 to 2012 Change</u>	<u>2011</u>	<u>2012</u>
Current and Other Assets	\$ 1,254,036	\$ 6,538,956	\$ 7,792,992
Capital Assets	<u>(1,050,023)</u>	<u>60,829,310</u>	<u>59,779,287</u>
Total Assets	<u>204,013</u>	<u>67,368,266</u>	<u>67,572,279</u>
Long-Term Liabilities	(76,459)	1,716,409	1,639,950
Other Liabilities	<u>(37,687)</u>	<u>438,342</u>	<u>400,655</u>
Total Liabilities	<u>(114,146)</u>	<u>2,154,751</u>	<u>2,040,605</u>
Net Position			
Invested in Capital, net of related debt	(969,752)	59,199,387	58,229,635
Restricted - Impact Fee	(9,531)	168,691	159,160
- Debt Service	3,287	113,290	116,577
- Equipment Replacement	7,434	342,140	349,574
Unrestricted (deficit)	<u>1,286,721</u>	<u>5,390,007</u>	<u>6,676,728</u>
Total Net Position	<u>\$ 318,159</u>	<u>\$ 65,213,515</u>	<u>\$ 65,531,674</u>

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

An examination of the *Statement of Activities* provides a concise picture of how the various activities of the Village are funded. The following table summarizes the governmental and business-type activities.

Table 2

**Village of Germantown's Statement of Activities
for the year ending December 31, 2012**

	Governmental Activities	Business-Type Activities	Totals
Revenues			
Program Revenues			
Charges for Services	\$ 2,461,745	\$ 7,958,180	\$ 10,419,925
Operation Grants & Contributions	1,427,396	-	1,427,396
Capital Grants & Contributions	536,093	381,262	917,355
General Revenues			
Property Taxes	13,716,374	-	13,716,374
Intergovernmental revenues	1,027,432	-	1,027,432
Investment income	126,365	14,138	140,503
Other	1,178,751	-	1,178,751
Total Revenues	20,474,156	8,353,580	28,827,736
Expenses			
General government	1,740,499	-	1,740,499
Public safety	6,819,595	-	6,819,595
Public works	5,801,748	-	5,801,748
Culture and recreation	2,584,589	-	2,584,589
Conservation and development	234,211	-	234,211
Interest and fiscal charges	941,011	-	941,011
Water	-	1,967,345	1,967,345
Wastewater	-	5,488,406	5,488,406
Total Expenses	18,121,653	7,455,751	25,577,404
Total	2,352,503	897,829	3,250,332
Transfers	579,670	(579,670)	-
Change in net position	2,932,173	318,159	3,250,332
Net Position - Beginning	59,960,731	65,213,515	125,174,246
NET POSITION - ENDING	\$ 62,892,904	\$ 65,531,674	\$ 128,424,578

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Table 2.a

Village of Germantown's Changes Statement of Activities - Governmental Activities
for the year ending December 31, 2012

	2011 to 2012 Change	2011	2012
Revenues			
Program Revenues			
Charges for Services	\$ 227,179	\$ 2,234,566	\$ 2,461,745
Operation Grants & Contributions	(163,430)	1,590,826	1,427,396
Capital Grants & Contributions	470,723	65,370	536,093
General Revenues			
Property Taxes	(40,928)	13,757,302	13,716,374
Intergovernmental revenues	55,938	971,494	1,027,432
Investment income	(24,857)	151,222	126,365
Other	285,731	893,020	1,178,751
Total Revenues	<u>810,356</u>	<u>19,663,800</u>	<u>20,474,156</u>
Expenses			
General government	24,147	1,716,352	1,740,499
Public safety	(198,486)	7,018,081	6,819,595
Public works	382,325	5,419,423	5,801,748
Culture and recreation	78,615	2,505,974	2,584,589
Conservation and development	(34,835)	269,046	234,211
Interest and fiscal charges	(172,896)	1,113,907	941,011
Total Expenses	<u>78,870</u>	<u>18,042,783</u>	<u>18,121,653</u>
Total	731,486	1,621,017	2,352,503
Transfers	<u>30,716</u>	<u>548,954</u>	<u>579,670</u>
Change in Net Position	762,202	2,169,971	2,932,173
Net Position - Beginning	<u>2,169,971</u>	<u>57,790,760</u>	<u>59,960,731</u>
NET POSITION - ENDING	<u>\$ 2,932,173</u>	<u>\$ 59,960,731</u>	<u>\$ 62,892,904</u>

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Table 2.b

**Village of Germantown's Changes Statement of Activities - Business Type Activities -
for the year ending December 31, 2012**

	2011 to 2012 Change	2011	2012
Revenues			
Program Revenues			
Charges for Services	\$1,345,552	\$ 6,612,628	\$ 7,958,180
Capital Grants & Contributions	(198,696)	579,958	381,262
General Revenues			
Investment income	(15,238)	29,376	14,138
Total Revenues	<u>\$1,131,618</u>	<u>7,221,962</u>	<u>8,353,580</u>
Expenses			
Water	121,267	1,846,078	1,967,345
Wastewater	286,240	5,202,166	5,488,406
Total Expenses	<u>407,507</u>	<u>7,048,244</u>	<u>7,455,751</u>
 Total	 724,111	 173,718	 897,829
Transfers	<u>(30,716)</u>	<u>(548,954)</u>	<u>(579,670)</u>
 Change in Net Position	 693,395	 (375,236)	 318,159
 Net Position - Beginning	 <u>(375,236)</u>	 <u>65,588,751</u>	 <u>65,213,515</u>
 NET POSITION - END OF YEAR	 <u>\$ 318,159</u>	 <u>\$ 65,213,515</u>	 <u>\$ 65,531,674</u>

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE VILLAGE'S MAJOR FUNDS

Governmental Funds

The focus of the Village's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in assessing the Village's financing requirements.

As of December 31, 2012, the Village of Germantown's *Balance Sheet – Governmental Funds* - reported combined ending fund balances of \$11.84 million, an increase of \$1.48 million over the previous year's ending balances. Of this total, \$8.8 million is nonspendable, restricted, committed or assigned for specific legal requirements and other commitments, leaving total unassigned governmental fund balances of \$3.0 million available for meeting future budget requirements.

The Village Board continues to focus on the Village's General Fund unassigned fund balance to maintain a healthy balance to insure against any sudden negative impacts or to address unforeseen needs. With reductions in labor costs, consolidation in our DPW department, and higher than projected revenues in licenses, permits and fees, slightly more than \$700,000 was added to the balance. This helped place the Village in a much stronger position going forward in this still wavering economy. This savings enabled the Village to use some of the funds to cover 2013 capital expenditures in the amount of \$67,000, used towards Police Equipment and Public Works Equipment.

The General fund is the primary operating fund used to account for the governmental operations of the Village of Germantown. The largest revenue sources for the General fund are taxes and intergovernmental aids, together accounting for 78.92% of revenues and other financing sources. State aid for Exempt Computer increased by \$39,000, and grant funding towards Police activities such as speed and seatbelt compliance added \$40,337. On the operations side, our Public Safety and Public Works departments are our highest expenditure at 70.78% of total expenditures. The Public Works Department was under budget by \$171,034 due to a milder winter than anticipated.

Departments with excess expenditures over appropriations were the Village Clerk's office of \$12,128 (additional elections due to Wisconsin recall decisions) General Government of \$51,222, (general write-off of prior years accounts receivable) our Recreation Department of \$35,435 (expansion of program selections, offset in part by donations) and the Village Parks Department of \$39,741 (concentrated more labor and equipment costs in Parks rather than in Building & Grounds)

The Debt Service fund continues to show a positive balance due to amounts accumulated from unspent loan proceeds of a special assessment note that were transferred to Debt Service for subsequent debt reduction.

The General Capital Projects and TID #4 Capital Projects funds had a final fund balance of approximately \$5.06 million. These balances includes proceeds of bonds and notes that are legally restricted to expenditures for specific purposes as well as accumulated Library County Revenues intended for capital improvements of \$503,971. The Germantown Community Library adds approximately \$50,000 yearly. The funds remain on account until a specified project is identified by the Library Board. The restricted amount is for a Special Assessment Loan. TID #4, the Village's Business Park continues to sell land parcels and add development. The park is in a positive position and is expected to close when legally required and pay the debt outstanding without any problems.

The remaining Non-major Governmental Funds consist of Impact Fees for Police, Fire, Library and Park & Recreation, Special Revenue Funds for Senior Van Replacement, Police Asset Forfeiture, Historic Preservation Fund, Library Board Accounts and Recreation Department Facility Fund, and TID's # 3 & 5

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE VILLAGE'S MAJOR FUNDS

Governmental Funds (continued)

Capital Projects Fund. The total fund balance for these funds is \$2.5 million, with the majority being restricted (\$2.47 million) for future debt service and capital projects.

Proprietary Funds

The net position of the enterprise-type proprietary funds at the end of 2012 totaled \$65.5 million. Proprietary funds are made up of the Village's Water and Wastewater Utility which is a Business-type activity – Enterprise fund and the Village's health and dental protection fund which is a governmental-activity, internal service fund.

The Village Wastewater (Sewer) Utility operating revenues increased \$1,258,143 or 27%, due to an increase in rates which was effective December 15th, 2011. Operating Expenses increased by 5.7% over 2011, mostly due to increases for MMSD sewerage treatment and Capital Charges. The Village contracts with the Metropolitan Milwaukee Sewage Treatment District for its sewage treatment. In 2012, the Village paid MMSD \$1,252,907 for user charges, \$87,797 more than 2011. MMSD also bills the Village a Capital Charge based off our equalized value to cover major infrastructure maintenance and improvements, the 2012 charge was \$2,608,376, compared to 2011 which was \$2,410,666, a difference of \$197,710. The Wastewater Utility is planning for a major relining of its 48" interceptor main in 2013 and forward, of which the increased revenue is intended to cover.

The Water Utility decreased its net position by \$173,002 by year end, due mainly to expenditures for distribution and transmission main repairs and well repairs and increase in utility costs and the payment in lieu of taxes. The Utility segregated an additional \$85,100 for fund buildup to cover ongoing water tower repainting maintenance and the utility will continue to do so each year. The account has \$170,200 at the end of the year. There are three water towers in the Village and repainting costs run approximately \$400,000 each.

Some highlights include:

- > The Health and Dental Protection funds maintained positive cash flow ending the year with a net position of \$426,151, showing an increase to fund balance of \$211,387 to be used for future expenditures. Employee contributions to the fund averaged 11% of premium cost.
- > Net Increase in Utility Capital Infrastructure assets of \$414,011, including utility-financed and developer-added assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund beginning* on pages 53, the original 2012 General fund budget authorized expenditures and other financing uses of \$13,964,530. Anticipated funding for these expenditures was expected from taxes (General Property and other taxes) of \$9,083,748 and other revenue sources. During the year the Village Board approved adjustments to the budget, primarily for carry over funds of the Library's non-lapsing County revenue, hotel/motel room tax intended for use toward community projects and transfers to the Capital Projects fund to cover the cost of equipment for the Police and Engineering departments. These changes are reflected in the Final Budget column. The final amended budget was \$14,219,027, compared to actual expenditures the year ended with a positive balance of \$700,939.

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE VILLAGE'S MAJOR FUNDS

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

Revenues exceeded the final budget by \$480,200, higher in all categories except investment income. An increase in building inspection fees, development fees, and Police Department Grants are some of the reasons.

Savings were also realized on the expenditure side of the budget. A minimal snowfall season saved money on snow plow operations and salt purchases in 2012, along with savings in our Fire Department due to decreased number of fire calls resulting in an expenditure variance from final budget of \$468,282. However a portion of this amount will be allocated toward future expenditures in 2013, including General Capital expenses to finish projects in the Police and Fire Department, Hotel/Motel Room tax collection for tourism/betterment funding, Germantown Community non-lapsing County funds as well as a transfer to General Capital of \$67,000 totaling \$328,036 and reported as carryovers in year end assigned fund balance.

After accounting for nonspendable and assigned uses of \$962,488, \$607,439 was added to the unassigned general fund balance making the final balance at year end \$2,993,040. As per Village policy, the unassigned fund should be between 10 – 15% of the Village's subsequent year budgeted expenditures. As of December 31, 2012, the unassigned fund balance covers 21% of subsequent year budgeted expenditures. This compares to a figure of 17% at the end of 2011.

CAPTIAL ASSETS AND DEBT

Capital Assets

In accordance with the implementation requirements of GASB No. 34, the Village has recorded historical costs and depreciation expense associated with all its capital assets, including infrastructure. The Village's reported investment in capital assets for governmental and business-type activities as of December 31, 2012 totaled \$196.57 million, an increase of \$2.82 million. These assets include the street network in the governmental activities, with machinery and equipment and the water and wastewater utilities in the business-type activities.

Some of the Village's most significant additions of capital assets during 2012 included the following:

Significant Additions to Capital Assets in 2012

• Roads	\$ 1,271,581
• Machinery & Equipment	\$ 1,156,715
• Storm Sewer	\$ 71,674
• Water & Sewer System	\$ 272,492

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont)

Table 3
Capital Assets (Net of accumulated depreciation)
(in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2011	2012	2011	2012
Construction in progress	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Land	13.6	13.6	0.3	0.3
Buildings and improvements	10.1	9.6	3.8	3.7
Machinery and equipment	2.9	3.7	4.4	4.0
Infrastructure	<u>48.7</u>	<u>48.9</u>	<u>52.3</u>	<u>51.7</u>
Totals	<u>\$ 75.3</u>	<u>\$ 75.8</u>	<u>\$ 60.8</u>	<u>\$ 59.7</u>

Additional Information about the Village's capital assets can be found in Note III.D on pages 35 through 37.

LONG-TERM DEBT

On December 31, 2012, the Village of Germantown had \$29,077,970 of bond and long-term note principal outstanding, as summarized in the following table:

Table 4
Village of Germantown's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2011	2012	2011	2012
General obligation debt	\$ 29,211,533	\$ 27,511,642		
Revenue Bonds	<u>-</u>	<u>-</u>	<u>\$ 1,649,069</u>	<u>\$ 1,566,328</u>
Totals	<u>\$ 29,211,533</u>	<u>\$ 27,511,642</u>	<u>\$ 1,649,069</u>	<u>\$ 1,566,328</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of all taxable property within the Village's jurisdiction. The debt limit as of December 31, 2012 was \$112,432,965. Moody's Investor Service has assigned an Aa2 Rating to the Village, with a Stable Outlook.

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont)

Long-term Debt Issued 2012

<u>Date</u>	<u>Type of Debt</u>	<u>Amount</u>
03/27/2012	General Obligation Promissory Note	\$ 2,370,000
Uses	Driveway/pathway improvement	\$ 155,000
	Drainage Improvements	205,900
	Roadway Improvements	1,500,000
	Trucks	350,421
	Tractor Mower	115,000
3/27/2012	Advance Refunding - TIF #4 Bonds	\$3,085,000
	Advance refunding resulted in an economic gain (difference between the present values of the debt service on the old and new debt) of \$319,441	
3/27/2013	Current Refunding - State Trust Fund Loan	\$ 805,000
	The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$50,188	

Additional information about the Village's long-term debt can be found in Note III.F, pages 40 - 45 of this report.

VILLAGE OF GERMANTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- > On March 18, 2013 the Village Board approved the issuance of a \$1,905,000 General Obligation Promissory Note – Series 2013A, to be used for road construction, building and grounds maintenance, drainage improvements, park improvements and equipment acquisition.
 - > On May 8, 2013 The Village submitted a Termination of Tax Incremental District Form to the Wisconsin Department of Revenue for TID Districts #3 and #5. The Final TID Accounting is due October 6, 2013. The closure of the Tax Incremental Districts will add approximately \$90 million onto the 2013 tax roll, or a 4% increase. Fifty percent of this valuation will be added to the Village's operational levy calculation with the remainder allocated to tax relief.
 - > Section 66.0602 of the Wisconsin Statutes, as recently amended by 2011 Wisconsin Act 32, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent).
-

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. The Village of Germantown has begun to provide its Comprehensive Annual Financial Report on our web page (www.village.germantown.wi.us) under the Finance Department' Financial Reports Section. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, N112 W17001 Mequon Road, P.O. Box 337, Germantown, WI 53022. Finance Department staff can also be reached at 262 250 4700.

VILLAGE OF GERMANTOWN

STATEMENT OF NET POSITION As of December 31, 2012

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 12,766,454	\$ 5,300,645	\$ 18,067,099
Receivables (net)			
Taxes	13,555,692	-	13,555,692
Accounts receivable	514,807	2,055,635	2,570,442
Special assessments receivable	42,167	170,133	212,300
Developer	1,733,492	-	1,733,492
Accrued interest	15,905	9,118	25,023
Internal balances	390,642	(390,642)	-
Prepaid items	39,610	-	39,610
Other assets	242,773	16,676	259,449
Land held for resale	908,878	-	908,878
Restricted Assets			
Cash and investments	59,638	630,413	690,051
Accrued interest	300	1,014	1,314
Capital assets			
Land	13,577,807	329,753	13,907,560
Capital assets, net of depreciation	<u>62,286,189</u>	<u>59,449,534</u>	<u>121,735,723</u>
Total Assets	<u>106,134,354</u>	<u>67,572,279</u>	<u>173,706,633</u>
LIABILITIES			
Accounts payable and accrued expenses	1,638,820	394,539	2,033,359
Accrued interest payable	274,064	6,116	280,180
Unearned revenue	13,495,967	-	13,495,967
Noncurrent liabilities			
Due within one year	3,822,968	85,823	3,908,791
Due in more than one year	<u>24,009,631</u>	<u>1,554,127</u>	<u>25,563,758</u>
Total Liabilities	<u>43,241,450</u>	<u>2,040,605</u>	<u>45,282,055</u>
NET POSITION			
Net investment in capital assets	60,028,464	58,229,635	117,942,715
Restricted for			
Impact fees	59,938	159,160	219,098
Library	114,571	-	114,571
Debt service	12,986	116,577	129,563
Equipment replacement	-	349,574	349,574
TIF purposes	5,781,591	-	5,781,591
Unrestricted (deficit)	<u>(3,104,646)</u>	<u>6,676,728</u>	<u>3,887,466</u>
TOTAL NET POSITION	<u>\$ 62,892,904</u>	<u>\$ 65,531,674</u>	<u>\$ 128,424,578</u>

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,740,499	\$ 310,657	\$ -	\$ -
Public safety	6,819,595	960,015	157,621	24,763
Public works	5,801,748	252,638	893,698	495,058
Culture, education and recreation	2,584,589	923,857	339,337	16,272
Conservation and development	234,211	14,578	-	-
Interest and fiscal charges	941,011	-	36,740	-
Total Governmental Activities	18,121,653	2,461,745	1,427,396	536,093
Business-type Activities				
Water	1,967,345	2,206,880	-	175,265
Sewer	5,488,406	5,751,300	-	205,997
Total Business-type Activities	7,455,751	7,958,180	-	381,262
Total	\$ 25,577,404	\$ 10,419,925	\$ 1,427,396	\$ 917,355

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, tax increment

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,429,842)	\$ -	\$ (1,429,842)
(5,677,196)	-	(5,677,196)
(4,160,354)	-	(4,160,354)
(1,305,123)	-	(1,305,123)
(219,633)	-	(219,633)
(904,271)	-	(904,271)
<u>(13,696,419)</u>	<u>-</u>	<u>(13,696,419)</u>
-	414,800	414,800
-	468,891	468,891
-	<u>883,691</u>	<u>883,691</u>
<u>(13,696,419)</u>	<u>883,691</u>	<u>(12,812,728)</u>
8,754,348	-	8,754,348
1,809,439	-	1,809,439
2,812,673	-	2,812,673
339,914	-	339,914
1,027,432	-	1,027,432
126,365	14,138	140,503
1,178,751	-	1,178,751
<u>16,048,922</u>	<u>14,138</u>	<u>16,063,060</u>
<u>579,670</u>	<u>(579,670)</u>	<u>-</u>
2,932,173	318,159	3,250,332
<u>59,960,731</u>	<u>65,213,515</u>	<u>125,174,246</u>
<u>\$ 62,892,904</u>	<u>\$ 65,531,674</u>	<u>\$ 128,424,578</u>

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Capital Projects</u>	<u>TID No. 4 Capital Projects Fund</u>
ASSETS				
Cash and investments	\$ 3,884,170	\$ 286,775	\$ 2,038,602	\$ 3,739,342
Receivables (net)				
Taxes	8,697,938	1,869,280	14,557	1,207,796
Special assessments	42,167	-	-	-
Accounts	471,048	-	-	-
Developer	-	-	1,733,492	-
Delinquent taxes	51,425	-	-	-
Accrued interest	7,772	276	1,947	2,468
Due from other funds	581,527	-	-	-
Prepaid items	3,357	-	-	-
Restricted Assets				
Cash and investments	-	-	-	-
Interest	-	-	-	-
TOTAL ASSETS	<u>\$ 13,739,404</u>	<u>\$ 2,156,331</u>	<u>\$ 3,788,598</u>	<u>\$ 4,949,606</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 289,236	\$ -	\$ 465,949	\$ 256,997
Accrued liabilities	624,230	-	-	-
Due to other governments	875	-	-	-
Deferred revenues	8,742,890	1,869,280	1,748,049	1,207,796
Due to other funds	<u>126,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>9,783,876</u>	<u>1,869,280</u>	<u>2,213,998</u>	<u>1,464,793</u>
Fund Balances				
Nonspendable	54,782	-	-	-
Restricted	-	287,051	779,318	3,484,813
Committed	-	-	-	-
Assigned	907,706	-	795,282	-
Unassigned	<u>2,993,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,955,528</u>	<u>287,051</u>	<u>1,574,600</u>	<u>3,484,813</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,739,404</u>	<u>\$ 2,156,331</u>	<u>\$ 3,788,598</u>	<u>\$ 4,949,606</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,471,253	\$ 12,420,142
1,714,696	13,504,267
-	42,167
-	471,048
-	1,733,492
-	51,425
2,912	15,375
-	581,527
-	3,357
59,638	59,638
<u>300</u>	<u>300</u>
<u>\$ 4,248,799</u>	<u>\$ 28,882,738</u>

\$ 830	\$ 1,013,012
-	624,230
-	875
1,714,696	15,282,711
-	126,645
<u>1,715,526</u>	<u>17,047,473</u>
-	54,782
2,471,287	7,022,469
61,986	61,986
-	1,702,988
-	2,993,040
<u>2,533,273</u>	<u>11,835,265</u>
<u>\$ 4,248,799</u>	<u>\$ 28,882,738</u>

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2012

Total Fund Balances - Governmental Funds	\$ 11,835,265
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	13,577,807
Other capital assets, net of depreciation	62,286,189

Land held for resale is not a financial resource and is, therefore, not reported in the funds	908,878
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Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,786,744
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Unamortized debt issuance costs are reported as other assets on the statement of net position	242,773
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Internal service funds are reported in the statement of net position as governmental activities.	426,151
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Internal service fund internal receivable between governmental and business-type activities	(64,240)
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Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(27,511,642)
Compensated absences	(663,313)
Accrued interest	(274,064)
Unamortized debt discount and issue costs	(55,407)
Unamortized loss on refunding	<u>397,763</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 62,892,904</u>
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VILLAGE OF GERMANTOWN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	General Fund	Debt Service Fund	General Capital Projects	TID No. 4 Capital Projects Fund
REVENUES				
Taxes	\$ 9,093,862	\$ 1,809,439	\$ -	\$ 1,083,425
Special assessments	-	-	288,768	-
Intergovernmental	2,220,430	36,740	46,587	87,094
Regulation and compliance	1,019,889	-	-	-
Public charges for services	1,422,718	-	-	-
Investment income	20,441	2,675	83,895	9,610
Miscellaneous	127,790	-	264,274	1,602,840
Total Revenues	<u>13,905,130</u>	<u>1,848,854</u>	<u>683,524</u>	<u>2,782,969</u>
EXPENDITURES				
Current				
General government	1,400,870	-	-	-
Public safety	6,302,887	-	-	-
Public works	3,357,717	-	-	-
Culture and recreation	2,262,072	-	-	-
Conservation and development	187,562	-	-	-
Capital Outlay	137,969	-	3,380,517	279,063
Debt Service				
Principal	-	4,989,891	-	-
Interest and fiscal charges	-	930,029	-	-
Debt issuance costs	-	-	80,370	-
Total Expenditures	<u>13,649,077</u>	<u>5,919,920</u>	<u>3,460,887</u>	<u>279,063</u>
Excess (deficiency) of revenues over expenditures	<u>256,053</u>	<u>(4,071,066)</u>	<u>(2,777,363)</u>	<u>2,503,906</u>
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation notes	-	-	2,370,000	-
Issuance of refunding debt	-	3,890,000	-	-
Transfers in	579,670	3,243,161	146,504	987,695
Payments to refunding escrow	-	(3,086,483)	-	-
Transfers out	(134,784)	(43,720)	(355,696)	(1,778,971)
Total Other Financing Sources (Uses)	<u>444,886</u>	<u>4,002,958</u>	<u>2,160,808</u>	<u>(791,276)</u>
Net Change in Fund Balances	700,939	(68,108)	(616,555)	1,712,630
FUND BALANCES - Beginning of Year	<u>3,254,589</u>	<u>355,159</u>	<u>2,191,155</u>	<u>1,772,183</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,955,528</u>	<u>\$ 287,051</u>	<u>\$ 1,574,600</u>	<u>\$ 3,484,813</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,729,648	\$ 13,716,374
-	288,768
24,493	2,415,344
-	1,019,889
62,059	1,484,777
9,230	125,851
<u>12,993</u>	<u>2,007,897</u>
<u>1,838,423</u>	<u>21,058,900</u>
-	1,400,870
4,338	6,307,225
-	3,357,717
17,730	2,279,802
-	187,562
2,100	3,799,649
-	4,989,891
-	930,029
-	<u>80,370</u>
<u>24,168</u>	<u>23,333,115</u>
<u>1,814,255</u>	<u>(2,274,215)</u>
-	2,370,000
-	3,890,000
-	4,957,030
-	(3,086,483)
<u>(2,064,189)</u>	<u>(4,377,360)</u>
<u>(2,064,189)</u>	<u>3,753,187</u>
(249,934)	1,478,972
<u>2,783,207</u>	<u>10,356,293</u>
<u>\$ 2,533,273</u>	<u>\$ 11,835,265</u>

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds	\$	1,478,972
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		3,799,649
Some items reported as capital outlay were not capitalized		(690,703)
Depreciation is reported in the government-wide financial statements		(2,557,737)
Net book value of assets retired		(341,400)

Contributed capital assets are reported as revenues in the government-wide financial statements.		293,350
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(331,407)
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A portion of the proceeds of TIF land held for resale is reported as a decrease in assets held for resale in the government-wide financial statements.		(743,489)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued		(6,260,000)
Principal repaid		4,989,891
Principal refunded via payment to escrow agent		2,970,000

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

Debt premium/discount and issuance costs		21,826
Amortization of loss on refunding		47,738

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		(40,074)
Accrued interest on debt		116,307

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities.

		<u>179,250</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	\$	<u>2,932,173</u>
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See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Totals	
ASSETS				
Current Assets				
Cash and investments	\$ 1,739,760	\$ 3,307,918	\$ 5,047,678	\$ 346,312
Accounts receivable	625,562	1,430,073	2,055,635	43,759
Accrued interest	4,444	4,674	9,118	530
Due from other funds	189,766	-	189,766	-
Prepaid items	-	-	-	36,253
Restricted Assets				
Redemption account	32,693	-	32,693	-
Total Current Assets	<u>2,592,225</u>	<u>4,742,665</u>	<u>7,334,890</u>	<u>426,854</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	90,000	-	90,000	-
Depreciation account	40,287	-	40,287	-
Replacement account	-	309,287	309,287	-
Impact fee account	158,146	-	158,146	-
Interest receivable	1,014	-	1,014	-
Capital Assets				
Land	294,604	35,149	329,753	-
Plant in service	36,105,887	43,859,523	79,965,410	-
Accumulated depreciation	(8,584,158)	(11,931,718)	(20,515,876)	-
Other Assets				
Vehicle replacement account	-	252,967	252,967	-
Special assessments receivable	110,789	59,344	170,133	-
Unamortized debt issuance costs	16,676	-	16,676	-
Total Noncurrent Assets	<u>28,233,245</u>	<u>32,584,552</u>	<u>60,817,797</u>	<u>-</u>
Total Assets	<u>30,825,470</u>	<u>37,327,217</u>	<u>68,152,687</u>	<u>426,854</u>

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 52,539	\$ 309,289	\$ 361,828	\$ 703
Due to other funds	581,046	63,602	644,648	-
Accrued wages	15,847	16,864	32,711	-
Current portion of compensated absences	1,131	1,077	2,208	-
Current liabilities payable from restricted assets				
Current portion of revenue bonds	83,615	-	83,615	-
Accrued interest payable	6,116	-	6,116	-
Total Current Liabilities	<u>740,294</u>	<u>390,832</u>	<u>1,131,126</u>	<u>703</u>
Noncurrent Liabilities				
Long-Term Debt				
Revenue bonds	1,482,713	-	1,482,713	-
Compensated absences	36,577	34,837	71,414	-
Total Noncurrent Liabilities	<u>1,519,290</u>	<u>34,837</u>	<u>1,554,127</u>	<u>-</u>
Total Liabilities	<u>2,259,584</u>	<u>425,669</u>	<u>2,685,253</u>	<u>703</u>
NET POSITION				
Net investment in capital assets	26,266,681	31,962,954	58,229,635	-
Restricted for				
Impact fees	159,160	-	159,160	-
Debt service	116,577	-	116,577	-
Equipment replacement	40,287	309,287	349,574	-
Unrestricted net position	<u>1,983,181</u>	<u>4,629,307</u>	<u>6,612,488</u>	<u>426,151</u>
TOTAL NET POSITION	<u>\$ 28,565,886</u>	<u>\$ 36,901,548</u>	65,467,434	<u>\$ 426,151</u>
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>64,240</u>	
NET POSITION BUSINESS-TYPE ACTIVITIES			<u>\$ 65,531,674</u>	

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services	\$ -	\$ 5,705,305	\$ 5,705,305	\$ -
Sale of water	2,140,838	-	2,140,838	-
Other	<u>62,282</u>	<u>42,410</u>	<u>104,692</u>	<u>1,677,725</u>
Total Operating Revenues	<u>2,203,120</u>	<u>5,747,715</u>	<u>7,950,835</u>	<u>1,677,725</u>
OPERATING EXPENSES				
Operation and maintenance	1,172,581	4,807,029	5,979,610	1,466,852
Depreciation	<u>752,389</u>	<u>697,063</u>	<u>1,449,452</u>	-
Total Operating Expenses	<u>1,924,970</u>	<u>5,504,092</u>	<u>7,429,062</u>	<u>1,466,852</u>
Operating Income	<u>278,150</u>	<u>243,623</u>	<u>521,773</u>	<u>210,873</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	8,319	5,819	14,138	514
Miscellaneous revenues	3,760	3,585	7,345	-
Interest expense	(56,356)	-	(56,356)	-
Amortization of debt issuance costs	<u>(2,470)</u>	<u>-</u>	<u>(2,470)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(46,747)</u>	<u>9,404</u>	<u>(37,343)</u>	<u>514</u>
Income Before Contributions and Transfers	<u>231,403</u>	<u>253,027</u>	<u>484,430</u>	<u>211,387</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	175,265	205,997	381,262	-
Transfers out - tax equivalent	<u>(579,670)</u>	<u>-</u>	<u>(579,670)</u>	<u>-</u>
Total Contributions and Transfers	<u>(404,405)</u>	<u>205,997</u>	<u>(198,408)</u>	<u>-</u>
Change in Net Position	(173,002)	459,024	286,022	211,387
NET POSITION - Beginning of Year	<u>28,738,888</u>	<u>36,442,524</u>	<u>65,181,412</u>	<u>214,764</u>
NET POSITION - END OF YEAR	<u>\$ 28,565,886</u>	<u>\$ 36,901,548</u>	<u>\$ 65,467,434</u>	<u>\$ 426,151</u>
Change in Net Position of Proprietary Funds			\$ 286,022	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>32,137</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ 318,159</u>	

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,693,002	\$ 5,592,349	\$ 7,285,351	\$ 1,720,279
Received from other funds for services	379,934	-	379,934	-
Paid to suppliers for goods and services	(699,048)	(4,402,040)	(5,101,088)	(1,506,821)
Paid to employees for operating payroll	(425,885)	(414,421)	(840,306)	-
Net Cash Flows From Operating Activities	<u>948,003</u>	<u>775,888</u>	<u>1,723,891</u>	<u>213,458</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold and matured	755,745	1,614,391	2,370,136	-
Investment income	8,012	11,130	19,142	501
Investments purchased	(1,015,015)	(2,063,677)	(3,078,692)	-
Net Cash Flows From Investing Activities	<u>(251,258)</u>	<u>(438,156)</u>	<u>(689,414)</u>	<u>501</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(548,954)	-	(548,954)	-
Net Cash Flows From Noncapital Financing Activities	<u>(548,954)</u>	<u>-</u>	<u>(548,954)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(274,143)	(10,261)	(284,404)	-
Capital contributions received	45,752	136,997	182,749	-
Special assessments received	22,777	-	22,777	-
Debt retired	(82,741)	-	(82,741)	-
Interest paid	(56,652)	-	(56,652)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(345,007)</u>	<u>126,736</u>	<u>(218,271)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(197,216)	464,468	267,252	213,959
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,243,087</u>	<u>1,342,027</u>	<u>2,585,114</u>	<u>132,353</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,045,871</u>	<u>\$ 1,806,495</u>	<u>\$ 2,852,366</u>	<u>\$ 346,312</u>

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 278,150	\$ 243,623	\$ 521,773	\$ 210,873
Nonoperating revenue	3,760	3,585	7,345	-
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	752,389	697,063	1,449,452	-
Depreciation charged to other funds	71,140	-	71,140	-
Changes in assets and liabilities				
Accounts receivable	(19,021)	(152,633)	(171,654)	42,554
Due from other funds	(132,900)	(6,318)	(139,218)	-
Prepaid items	-	-	-	(36,253)
Accounts payable	8,118	(19,917)	(11,799)	(3,716)
Due to other funds	(970)	4,784	3,814	-
Accrued wages	-	2,060	2,060	-
Compensated absences	2,641	3,641	6,282	-
Other current liabilities	654	-	654	-
Customer deposits	(15,958)	-	(15,958)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 948,003</u>	<u>\$ 775,888</u>	<u>\$ 1,723,891</u>	<u>\$ 213,458</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 1,739,760	\$ 3,307,918	\$ 5,047,678	\$ 346,312
Restricted cash and investments - statement of net position	321,126	309,287	630,413	-
Vehicle replacement account	-	252,967	252,967	-
Total Cash and Investments	2,060,886	3,870,172	5,931,058	346,312
Less: Noncash equivalents	(1,015,015)	(2,063,677)	(3,078,692)	-
CASH AND CASH EQUIVALENTS	<u>\$ 1,045,871</u>	<u>\$ 1,806,495</u>	<u>\$ 2,852,366</u>	<u>\$ 346,312</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Developer financed additions to utility plant	<u>\$ 129,513</u>	<u>\$ 69,000</u>		

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
As of December 31, 2012**

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 23,340,020
Taxes receivable	<u>9,483,294</u>
 TOTAL ASSETS	<u>\$ 32,823,314</u>
LIABILITIES	
Accounts payable	\$ 227,228
Due to other governments	<u>32,596,086</u>
 TOTAL LIABILITIES	<u>\$ 32,823,314</u>

See accompanying notes to financial statements.

VILLAGE OF GERMANTOWN

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

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VILLAGE OF GERMANTOWN

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the Village of Germantown. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

VILLAGE OF GERMANTOWN

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

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

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

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF GERMANTOWN

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

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

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

Fund Financial Statements (cont.)

The village reports the following major governmental funds:

General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

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

Tax Incremental District (TID) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system

Sewer Utility - accounts for operations of the sewer system

The village reports the following nonmajor governmental funds:

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

Police Impact Fee Fund
Library Impact Fee Fund
Senior Van Replacement Fund
Police Canine Fund
Library Fund

Fire Impact Fee Fund
Park and Recreation Impact Fee Fund
Police Asset Forfeiture Fund
Historic Preservation Fund
Facility Fees Fund

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

Tax Incremental District (TID) No. 3 Fund
Tax Incremental District (TID) No. 5 Fund

VILLAGE OF GERMANTOWN

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

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

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

Fund Financial Statements (cont.)

In addition, the village reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the village, or to other governmental units, on a cost-reimbursement basis.

Health Insurance Fund
Dental Insurance Fund

Agency funds are used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

VILLAGE OF GERMANTOWN

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

VILLAGE OF GERMANTOWN

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

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

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

Fund Financial Statements (cont.)

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

VILLAGE OF GERMANTOWN

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

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

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

1. Deposits and Investments (cont.)

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

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

The village's investment policy allows for demand deposits and certificates of deposit at several designated depositories without restriction as to amount of deposit or collateralization. For other financial institutions, the policy limits certificates of deposit to \$500,000 unless collateralized with certain investments. All governmental bonds and securities purchased as collateral must be placed in a segregated account in the village's name.

The investment policy addresses credit risk and concentration of credit risk by limiting investments to the types of securities listed in the policy, which follows state statutes. The village will pre-qualify financial institutions, brokers/dealers, intermediaries, and advisors before doing business with them. In addition, the village's investment portfolio will be diversified so that the impact of potential losses from any one type of security or from anyone individual issuer will be minimized.

The village's investment policy also addresses interest rate risk by requiring investment in securities that mature to meet cash flow requirements, funds that are primarily made up of shorter-term securities, money market mutual funds, or similar investment pools, and limiting weighted average maturity of portfolios to three years.

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

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

See Note III. A. for further information.

VILLAGE OF GERMANTOWN

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

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

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

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

Property tax calendar - 2012 tax roll:

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

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

3. Prepaid Items

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

VILLAGE OF GERMANTOWN

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

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

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

Buildings	40-50 Years
Land Improvements	25 Years
Machinery and Equipment	5-20 Years
Utility System	20-100 Years
Infrastructure	20-40 Years

Fund Financial Statements

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

VILLAGE OF GERMANTOWN

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

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

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

6. Other Assets

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

In the government-wide financial statements, the cost of tax incremental district land held for resale is reported as an asset with increases and decreases for purchases and sales.

7. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Employees who retire and are eligible to draw a Wisconsin Retirement Annuity will have 50%, or other collectively bargained percentage, of their unused accumulated sick leave converted into dollars at the time of their retirement and forwarded to ICMA Retirement Corporation to open a VantageCare Retirement Health Savings Plan (RHS). The RHS is a tax-advantaged investment plan dedicated to funding health care costs. The employee has ownership of the funds and may use the dollars to remain on the village health care plan until age 65. Funding for the RHS contribution are provided out of the current operating budget of the village. The contributions are financed on a pay as you go basis. The total expenditure for the year was \$11,003.

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

8. Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

VILLAGE OF GERMANTOWN

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

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

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

8. Long-Term Obligations/Conduit Debt (cont.)

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$46,732,360, made up of 15 issues.

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Statements

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

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

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

VILLAGE OF GERMANTOWN

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

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

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

10. Equity Classifications (cont.)

Government-Wide Statements (cont.)

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 60,028,464	\$ 58,229,635	\$ (315,384)	\$ 117,942,715
Unrestricted (deficit)	(3,104,646)	6,676,728	315,384	3,887,466

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

Fund Statements

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

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The village board has authorized the finance committee and finance director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

VILLAGE OF GERMANTOWN

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

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 10-15% of the village's subsequent year general fund expenditure budget. The balance at year end was \$2,993,040, or 21%, and is included in unassigned general fund balance.

See Note III. G. for further information.

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin effective September 15, 2010. Current rates are designed to provide a 1.00% return on rate base.

Sewer Utility

Current sewer rates were approved by the village board with an effective date of December 15, 2011.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

VILLAGE OF GERMANTOWN

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

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

A. BUDGETARY INFORMATION (cont.)

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$328,036. Budgets are adopted at the fund level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 5,154,112	\$ 9,050,123	\$ 3,896,011
Capital Projects Fund	3,710,474	3,816,583	106,109
Facility Fees Fund	8,000	17,098	9,098

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

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

VILLAGE OF GERMANTOWN

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 11,286,390	\$ 11,373,888	Custodial Credit
US agencies - implicitly guaranteed	15,176,121	15,176,121	Credit, Custodial Credit, Concentration of Credit, Interest Rate
US agencies - explicitly guaranteed	9,567,149	9,567,149	Custodial Credit, Interest Rate
US treasuries	1,548,551	1,548,551	Custodial Credit, Interest Rate
LGIP	4,516,769	4,516,769	Credit
Petty cash	2,190	-	N/A
Total Deposits and Investments	\$ 42,097,170	\$ 42,182,478	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 18,067,099		
Restricted cash and investments	690,051		
Per statement of net position - fiduciary funds			
Agency Fund	23,340,020		
Total Deposits and Investments	\$ 42,097,170		

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

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

VILLAGE OF GERMANTOWN

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2012, \$229,690 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	<u>229,690</u>
Total	\$	<u><u>229,690</u></u>

Investments

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

As of December 31, 2012, the village's investments were exposed to custodial credit risk as follows:

<u>US Agencies - Implicitly Guaranteed</u>		
Not registered in the village's name	\$	10,299,812
<u>US Agencies - Explicitly Guaranteed</u>		
Not registered in the village's name	\$	8,204,032

Credit Risk

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

All investments reported as US agencies - implicitly guaranteed have been rated at the AAA level by one of the three main credit rating agencies.

The village also held investments in the following external pool which is not rated:

Local Government Investment Pool

VILLAGE OF GERMANTOWN

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

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

Issuer	Investment Type	Percentage of Net Position
FHLB Agency	US agencies - implicitly guaranteed	30.56%
FHLMC REMIC	US agencies - explicitly guaranteed	9.59%
FHLMC Pool	US agencies - explicitly guaranteed	9.04%
FHLB	US agencies - implicitly guaranteed	9.00%

Interest Rate Risk

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

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

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 year	1-4 years	More than 4 years
US agencies - implicitly guaranteed	\$ 15,176,121	\$ 10,291,922	\$ 3,338,942	\$ 1,545,257
US agencies - explicitly guaranteed	9,567,149	144,083	486,574	8,936,492
US treasuries	1,548,551	545,409	1,003,142	-
Totals	\$ 26,291,821	\$ 10,981,414	\$ 4,828,658	\$ 10,481,749

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year, except for special assessments, developer, and delinquent taxes.

VILLAGE OF GERMANTOWN

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

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

B. RECEIVABLES (cont.)

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 13,481,410	\$ 13,481,410
Special assessments not yet due	48,512	-	48,512
Developer receivable not yet due	1,410,000	-	1,410,000
Accounts receivable due from developer	323,492	14,557	338,049
Parks and recreation	4,740	-	4,740
	<u>\$ 1,786,744</u>	<u>\$ 13,495,967</u>	<u>\$ 15,282,711</u>
Total Deferred/Unearned Revenue for Governmental Funds			

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Impact Fee Account

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

VILLAGE OF GERMANTOWN

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

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

C. RESTRICTED ASSETS (cont.)

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

	Restricted Assets
Governmental Activities	
Impact fee accounts	
Cash and investments	\$ 59,638
Accrued interest	300
Business-type Activities	
Sewer equipment replacement account	309,287
Water redemption account	32,693
Water reserve account	90,000
Water depreciation account	40,287
Water impact fees	158,146
Water interest receivable	1,014
Total	\$ 691,365

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 13,577,807	\$ -	\$ -	\$ 13,577,807
Total Capital Assets Not Being Depreciated	13,577,807	-	-	13,577,807
Capital assets being depreciated				
Buildings and improvements	15,620,937	-	28,830	15,592,107
Machinery and equipment	9,174,499	1,319,389	231,725	10,262,163
Roads	45,522,464	2,008,368	736,787	46,794,045
Storm sewers	20,281,854	71,674	-	20,353,528
Street lighting	2,648,616	-	-	2,648,616
Bridges	7,044,106	2,865	1,966	7,045,005
Total Capital Assets Being Depreciated	100,292,476	3,402,296	999,308	102,695,464
Total Capital Assets	113,870,283	3,402,296	999,308	116,273,271

VILLAGE OF GERMANTOWN

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

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings and improvements	\$ (5,505,234)	\$ (469,370)	\$ 18,709	\$ (5,955,895)
Machinery and equipment	(6,216,986)	(533,020)	226,832	(6,523,174)
Roads	(13,948,582)	(899,564)	410,646	(14,437,500)
Storm sewers	(8,992,633)	(406,391)	-	(9,399,024)
Street lighting	(1,619,302)	(109,126)	-	(1,728,428)
Bridges	(2,226,709)	(140,266)	1,721	(2,365,254)
Total Accumulated Depreciation	(38,509,446)	(2,557,737)	657,908	(40,409,275)
Net Capital Assets Being Depreciated	61,783,030	844,559	341,400	62,286,189
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 75,360,837	\$ 844,559	\$ 341,400	\$ 75,863,996

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 92,694
Public safety	504,424
Public works, which includes the depreciation of infrastructure	1,746,694
Leisure activities	213,925
Total Governmental Activities Depreciation Expense	\$ 2,557,737

VILLAGE OF GERMANTOWN

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

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 260,019	\$ 69,734	\$ -	\$ 329,753
Total Capital Assets Not Being Depreciated	260,019	69,734	-	329,753
Capital assets being depreciated				
Buildings and improvements	4,267,912	2,734	-	4,270,646
Machinery and equipment	5,913,671	74,060	5,009	5,982,722
Sewer system	38,443,345	69,000	-	38,512,345
Water system	30,996,205	255,041	51,549	31,199,697
Total Capital Assets Being Depreciated	79,621,133	400,835	56,558	79,965,410
Total Capital Assets	79,881,152	470,569	56,558	80,295,163
Less: Accumulated depreciation for				
Buildings and improvements	(424,312)	(124,349)	-	(548,661)
Machinery and equipment	(1,547,242)	(398,344)	5,010	(1,940,576)
Sewer system	(10,708,570)	(405,349)	-	(11,113,919)
Water system	(6,371,718)	(555,345)	14,343	(6,912,720)
Total Accumulated Depreciation	(19,051,842)	(1,483,387)	19,353	(20,515,876)
Net Capital Assets Being Depreciated	60,569,291	(1,082,552)	37,205	59,449,534
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 60,829,310	\$ (1,012,818)	\$ 37,205	\$ 59,779,287

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 752,389
Sewer	697,063

Total Business-type Activities Depreciation Expense \$ 1,449,452

Decreases in accumulated depreciation include capital asset retirements and cost of removal. Additions to accumulated depreciation include depreciation expense as well as salvage on retired assets. Accumulated depreciation by asset on sewer utility assets is not available.

VILLAGE OF GERMANTOWN

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

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General fund	Water utility	\$ 581,046
General fund	Sewer utility	481
Water utility	General fund	126,645
Water utility	Sewer utility	63,121
Total - Fund Financial Statements		771,293
Less: Fund eliminations		(316,411)
Less: Interfund receivables created with internal service fund eliminations		(64,240)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 390,642
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 581,527
Business-type Activities	Governmental Activities	(190,885)
Total Government-Wide Financial Statements		\$ 390,642

All amounts are due within one year.

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The amount due to the general fund from the water utility represents the 2012 payment in lieu of tax.

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

VILLAGE OF GERMANTOWN

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

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 579,670	Payment in lieu of taxes
Debt service fund	Nonmajor governmental funds	1,066,494	Debt service
Debt service fund	General capital projects	355,696	Debt Service
Debt service fund	General fund	42,000	Finance payment on debt service advance
Debt service fund	TID No. 4 capital projects fund	1,778,971	Debt service
TID No. 4 capital projects fund	Nonmajor governmental funds	987,695	TIF increment sharing
General capital projects	Nonmajor governmental funds	10,000	Impact fees
General capital projects	General fund	92,784	Reimbursement of expenses paid
General capital projects	Debt service fund	<u>43,720</u>	Re-allocation of debt proceeds
Total - Fund Financial Statements		4,957,030	
Less: Fund eliminations		<u>(4,377,360)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 579,670</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

VILLAGE OF GERMANTOWN

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

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

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 29,211,533	\$ 6,260,000	\$ 7,959,891	\$ 27,511,642	\$ 3,808,657
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	108,605	(39,243)	13,955	55,407	-
Refundings - Gains/(Losses)	(350,025)	(116,483)	(68,745)	(397,763)	-
Sub-totals	28,970,113	6,104,274	7,905,101	27,169,286	3,808,657
Other Liabilities					
Vested compensated absences	623,239	777,038	736,964	663,313	14,311
Total Governmental Activities Long-Term Liabilities	\$ 29,593,352	\$ 6,881,312	\$ 8,642,065	\$ 27,832,599	\$ 3,822,968
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 1,649,069	\$ -	\$ 82,741	\$ 1,566,328	\$ 83,615
Sub-totals	1,649,069	-	82,741	1,566,328	83,615
Other Liabilities					
Vested compensated absences	67,340	72,792	66,510	73,622	2,208
Total Other Liabilities	67,340	72,792	66,510	73,622	2,208
Total Business-type Activities Long-Term Liabilities	\$ 1,716,409	\$ 72,792	\$ 149,251	\$ 1,639,950	\$ 85,823

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2012, was \$112,432,965. Total general obligation debt outstanding at year end was \$27,511,642.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

VILLAGE OF GERMANTOWN

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Bonds - TID No. 4	10/15/2003	2021	2.50 - 4.35%	\$ 4,595,000	\$ 305,000
Notes	10/15/2003	2013	2.00 - 5.20%	355,000	45,000
Notes - General projects	5/1/2003	2013	2.50 - 3.45%	800,000	125,000
GO Refunding Bonds - TID No. 3	5/1/2003	2015	2.00 - 3.60%	4,605,000	2,305,000
GO Refunding Bonds - TID No. 4	6/15/2005	2021	2.80 - 4.00%	2,265,000	1,455,000
GO Refunding Bonds - TID No. 5	6/15/2005	2021	2.80 - 4.00%	845,000	535,000
GO Refunding Bonds - General	6/15/2005	2021	2.80 - 4.00%	2,395,000	2,145,000
Notes	6/15/2005	2015	2.95 - 3.70%	445,000	160,000
Notes	4/15/2006	2016	4.00%	2,520,000	1,145,000
GO Street Improvement Bond	5/1/2007	2026	4.00 - 4.375%	520,000	430,000
GO Promissory Note	5/1/2007	2016	3.50 - 3.75%	1,290,000	645,000
GO Promissory Note	12/15/2007	2017	3.85%	2,600,000	1,410,000
GO Promissory Note	5/15/2008	2018	3.70%	1,480,000	965,000
STFL - Build America	7/20/2009	2014	3.50%	605,172	251,642
GO Refunding Bonds - TID No. 4	8/6/2009	2018	1.00 - 3.10%	1,545,000	1,545,000
GO Refunding Bonds - TID No. 5	8/6/2009	2018	1.00 - 3.10%	565,000	410,000
GO Refunding Bonds - TID No. 4	3/17/2010	2021	1.20 - 3.15%	3,905,000	3,830,000
GO Promissory Note	3/17/2010	2020	0.90 - 4.25%	1,795,000	1,465,000
GO Promissory Note	5/18/2011	2021	2.00 - 3.00%	2,200,000	2,080,000
GO Refunding Bonds	3/27/2012	2019	0.35 - 1.75%	805,000	805,000
GO Promissory Note	3/27/2012	2022	0.35 - 1.75%	2,370,000	2,370,000
GO Refunding Bonds - TID No. 4	3/27/2012	2021	0.35 - 1.75%	3,085,000	<u>3,085,000</u>

Total Governmental Activities - General Obligation Debt

\$ 27,511,642

VILLAGE OF GERMANTOWN

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

All or a portion of the TID bonds are noncapital. Financing was used in the TIDs for developer incentives, noncapital site improvements, utility improvements, and purchase of land held for resale.

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,808,657	\$ 722,064
2014	4,172,985	607,328
2015	4,145,000	486,361
2016	3,455,000	380,373
2017	3,075,000	287,085
2018-2022	8,700,000	471,431
2023-2026	155,000	17,084
Totals	<u>\$ 27,511,642</u>	<u>\$ 2,971,726</u>

Revenue Debt

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

The village has pledged future water revenues to repay \$1.9 million in water revenue bonds issued in 2005 and 2009. Proceeds from the bonds provided financing for the construction of water plant. The bonds are payable solely from water revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 5.3% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$2,015,188. Principal and interest paid for the current year and total customer gross revenues were \$139,393 and \$2,260,951, respectively.

VILLAGE OF GERMANTOWN

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

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

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2012</u>
<u>Water Utility</u>					
Water system revenue bonds	6/15/2005	12/1/2025	3.1-4.35%	\$ 1,130,000	\$ 855,000
Safe drinking water loan	11/12/2009	5/1/2029	2.668%	773,293	<u>711,328</u>
Total Business-type Activities Revenue Debt					<u><u>\$ 1,566,328</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 83,615	\$ 53,967
2014	89,512	51,258
2015	90,433	48,263
2016	91,378	45,187
2017	97,349	42,004
2018-2022	542,232	154,949
2023-2027	470,688	50,516
2028-2029	<u>101,121</u>	<u>2,716</u>
Totals	<u><u>\$ 1,566,328</u></u>	<u><u>\$ 448,860</u></u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

VILLAGE OF GERMANTOWN

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Advance Refunding

On March 27, 2012, the village issued \$3,085,000 in general obligation bonds with an average interest rate of 1.2% to advance refund \$2,970,000 of outstanding bonds with an average interest rate of 3.6%. The net proceeds of \$3,086,482 (after payment of \$40,400 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$3,631,734 from 2012 through 2021. The cash flow requirements on the 2012 refunding bonds are \$3,289,953 from 2012 through 2021. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$319,441.

Current Refunding

On March 27, 2012, the village issued \$805,000 in general obligation bonds with an average interest rate of 1.2% to current refund \$795,606 of an outstanding state trust fund loan with an average interest rate of 4.50%. The net proceeds of \$798,157 (after payment of \$6,843 in issuance costs) were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded state trust fund loan prior to the current refunding was \$892,822 from 2013 through 2019. The cash flow requirements on the 2012 refunding bonds are \$836,884 from 2012 through 2019. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$50,188.

Prior-Year Defeasance of Debt

In prior years, the village defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At December 31, 2012, \$2,970,000 of bonds outstanding are considered defeased. The bonds are callable on March 1, 2013.

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deduction from debt payable in the government-wide and proprietary fund statements. Amortization for 2012 was \$68,745 for governmental activities.

VILLAGE OF GERMANTOWN

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the water revenue bonds:

Insurance

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

The is covered under the following insurance policies at December 31, 2012:

Type	Coverage	Expiration
General Liability	\$ 11,000,000	1/1/2013
Automobile	11,000,000	1/1/2013
Workers Compensation	500,000	1/1/2013
Local Government Property Insurance Fund	46,228,946	1/1/2013

Debt Coverage

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

Operating revenues	\$ 2,203,120
Investment income	8,319
Miscellaneous nonoperating income	3,760
Impact fees	45,752
Less: Operation and maintenance expenses	<u>(1,172,581)</u>
Net Defined Earnings	<u>\$ 1,088,370</u>
Minimum Required Earnings per Resolution:	
Annual debt service - 2005 revenue bonds	\$ 87,238
Annual debt service - 2009 revenue bonds	<u>52,156</u>
Subtotal	139,394
Coverage factor	<u>1.25</u>
Minimum Required Earnings	<u>\$ 174,243</u>
Actual Debt Coverage	<u><u>7.81</u></u>

VILLAGE OF GERMANTOWN

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

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

G. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 13,577,807
Other capital assets, net of accumulated depreciation	62,286,189
Less: Capital related long-term debt outstanding	<u>(15,835,532)</u>
Total Net Investment in Capital Assets	<u>60,028,464</u>
Restricted	
Impact fees	59,938
Library	114,571
TIF purposes	5,781,591
Debt service	<u>12,986</u>
Total Restricted	<u>5,969,086</u>
Unrestricted (deficit)	<u>(3,104,646)</u>
Total Governmental Activities Net Position	<u>\$ 62,892,904</u>

Governmental Funds

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

Nonspendable	
Major Fund	
General Fund	
Delinquent personal property taxes	\$ 51,425
Prepaid items	<u>3,357</u>
Total	<u>\$ 54,782</u>

VILLAGE OF GERMANTOWN

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

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Restricted	
Major Funds	
Debt Service Fund	
Debt service	\$ 287,051
General Capital Projects	
Unspent proceeds	779,318
TID No. 4	
TIF purposes	<u>3,484,813</u>
Total	<u>\$ 4,551,182</u>
Nonmajor Funds	
Special Revenue Funds	
Police Impact Fee Fund	\$ 18,299
Fire Impact Fee Fund	17,340
Library Impact Fee Fund	5,179
Park and Recreation Impact Fee Fund	19,120
Library Fund	<u>114,571</u>
Sub-Total	<u>174,509</u>
Capital Project Funds	
TID No. 3	1,476,909
TID No. 5	<u>819,869</u>
Sub-Total	<u>2,296,778</u>
Total	<u>\$ 2,471,287</u>
Committed	
Nonmajor Funds	
Special Revenue Funds	
Senior Van Replacement Fund	\$ 15,117
Police Asset Forfeiture Fund	5,623
Police Canine Fund	17,201
Historic Preservation Fund	255
Facility Fees Fund	<u>23,790</u>
Total	<u>\$ 61,986</u>

VILLAGE OF GERMANTOWN

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

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Assigned	
Major Funds	
General Fund	
Payment in lieu of tax	\$ 579,670
Budget carryovers	328,036
Capital projects	<u>795,282</u>
Total	<u>\$ 1,702,988</u>
Unassigned	
Major Fund	
General fund	<u>\$ 2,993,040</u>
Business-type Activities	
Net Investment in Capital Assets	
Land	\$ 329,753
Other capital assets, net of accumulated depreciation	59,449,534
Less: Long-term debt outstanding	(1,566,328)
Plus: Noncapital portion of debt	<u>16,676</u>
Total Net Investment in Capital Assets	<u>58,229,635</u>
Restricted	
Equipment replacement	349,574
Debt service	116,577
Impact fees	<u>159,160</u>
Total Restricted	<u>625,311</u>
Unrestricted	<u>6,676,728</u>
Total Business-type Activities Net Position	<u>\$ 65,531,674</u>

VILLAGE OF GERMANTOWN

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

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

The payroll for village employees covered by the WRS for the year ended December 31, 2012 was \$6,671,583; the employer's total payroll was \$7,013,587. The total required contribution for the year ended December 31, 2012 was \$944,585 or 14.2% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$937,215 and \$879,275, respectively, equal to the required contributions for each year.

VILLAGE OF GERMANTOWN

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

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

The village joined the Length of Service Award Program (LOSA) in 2007. This program encourages people to continue as volunteer employees. Half of the LOSA contribution vests after 10 years of service. An employee is fully vested after 20 years. The village contributes an amount for each active employee. The State of Wisconsin will match contributions up to a set limit per active employee. The village will also buy back years of service at a rate of \$100 per year.

	<u>Fire Board</u>
2012 current contribution	\$ 4,898
Back years bought for 2012	<u>-</u>
Total Payment Made in January 2013	<u>\$ 4,898</u>

B. RISK MANAGEMENT

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

VILLAGE OF GERMANTOWN

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

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

For health claims, the uninsured risk of loss is \$35,000 per incident and \$2,000,000 in the aggregate for a policy year. The village has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the village participate in the risk management program. Accounts payable in the internal service funds are based on estimates of the amounts necessary to pay prior and current year claims. That reserve was \$426,151 at year end and is reported in unrestricted net position of the internal service funds.

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

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 74,810	\$ 4,419
Current year claims and changes in estimates	1,324,913	988,101
Claim payments	<u>(1,395,304)</u>	<u>(991,817)</u>
Unpaid Claims - End of Year	<u>\$ 4,419</u>	<u>\$ 703</u>

C. COMMITMENTS AND CONTINGENCIES

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

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

VILLAGE OF GERMANTOWN

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

D. SUBSEQUENT EVENTS

On May 8, 2013, the village issued general obligation promissory notes in the amount of \$1,905,000. The funds carry an average interest rate of .87% and were used to finance new street projects and miscellaneous equipment purchases.

On May 6, 2013, the village board authorized the dissolution of Tax Increment Districts #3 and #5 and the distribution of excess increment to the overlying taxing districts.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
General property taxes	\$ 8,754,748	\$ 8,754,748	\$ 8,754,348	\$ (400)
Other taxes	329,000	329,000	339,514	10,514
Intergovernmental	2,064,067	2,064,067	2,220,430	156,363
Regulation and compliance	797,289	797,289	1,019,889	222,600
Public charges for services	1,338,976	1,338,976	1,422,718	83,742
Investment income	33,000	33,000	20,441	(12,559)
Miscellaneous	107,850	107,850	127,790	19,940
Total Revenues	<u>13,424,930</u>	<u>13,424,930</u>	<u>13,905,130</u>	<u>480,200</u>
EXPENDITURES				
General Government				
Village board	159,319	159,319	143,125	16,194
Village administrator	112,330	112,330	108,021	4,309
Village clerk	245,849	245,849	257,977	(12,128)
Treasurer/accounting	188,416	188,416	187,176	1,240
Assessor	48,309	48,309	45,659	2,650
Data processing	87,604	87,604	86,340	1,264
General government	86,436	86,436	137,658	(51,222)
Buildings and ground maintenance	462,793	462,793	434,914	27,879
Total general government	<u>1,391,056</u>	<u>1,391,056</u>	<u>1,400,870</u>	<u>(9,814)</u>
Public Safety				
Police protection	4,616,849	4,616,849	4,572,453	44,396
Fire protection	1,628,556	1,628,556	1,506,558	121,998
Emergency government	13,866	13,866	13,195	671
Protective inspections	203,860	203,860	210,681	(6,821)
Total public safety	<u>6,463,131</u>	<u>6,463,131</u>	<u>6,302,887</u>	<u>160,244</u>
Public Works				
Engineer/director	217,853	217,853	207,031	10,822
Highway and street maintenance and construction	2,787,643	2,787,643	2,634,521	153,122
Solid waste recycling	523,255	523,255	516,165	7,090
Total public works	<u>3,528,751</u>	<u>3,528,751</u>	<u>3,357,717</u>	<u>171,034</u>
Culture and Recreation				
Library	802,817	899,475	785,710	113,765
Recreation	971,025	971,025	1,006,460	(35,435)
Parks	320,173	320,173	359,914	(39,741)
Senior center	105,889	105,889	109,988	(4,099)
Total culture and recreation	<u>2,199,904</u>	<u>2,296,562</u>	<u>2,262,072</u>	<u>34,490</u>
Conservation and Development				
Planning and zoning	152,325	152,325	149,627	2,698
Municipal development	58,493	86,798	37,935	48,863
Total conservation and development	<u>210,818</u>	<u>239,123</u>	<u>187,562</u>	<u>51,561</u>
Capital Outlay				
Total Expenditures	<u>13,964,530</u>	<u>14,117,359</u>	<u>13,649,077</u>	<u>468,282</u>

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

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ (539,600)	\$ (692,429)	256,053	\$ 948,482
OTHER FINANCING SOURCES (USES)				
Transfers in	540,000	540,000	579,670	39,670
Transfers out	(400)	(101,668)	(134,784)	(33,116)
Total Other Financing Sources (Uses)	<u>539,600</u>	<u>438,332</u>	<u>444,886</u>	<u>6,554</u>
Net Change in Fund Balance	-	(254,097)	700,939	955,036
FUND BALANCE - Beginning of Year	<u>3,254,589</u>	<u>3,254,589</u>	<u>3,254,589</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 3,254,589</u>	<u>\$ 3,000,492</u>	<u>\$ 3,955,528</u>	<u>\$ 955,036</u>

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

VILLAGE OF GERMANTOWN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2012

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Village clerk	\$ 245,849	\$ 257,977	\$ 12,128
General government	86,436	137,658	51,222
Protective inspections	203,860	210,681	6,821
Recreation	971,025	1,006,460	35,435
Parks	320,173	359,914	39,741
Senior center	105,889	109,988	4,099
Transfers out	101,668	134,784	33,116

See independent auditors' report.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,809,439	\$ 1,809,439	\$ 1,809,439	\$ -
Intergovernmental	36,740	36,740	36,740	-
Investment income	1,400	1,400	2,675	1,275
Total Revenues	<u>1,847,579</u>	<u>1,847,579</u>	<u>1,848,854</u>	<u>1,275</u>
EXPENDITURES				
Debt Service				
Principal	4,194,285	4,194,285	4,989,891	(795,606)
Interest and fiscal charges	<u>959,827</u>	<u>959,827</u>	<u>930,029</u>	<u>29,798</u>
Total Expenditures	<u>5,154,112</u>	<u>5,154,112</u>	<u>5,919,920</u>	<u>(765,808)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,306,533)</u>	<u>(3,306,533)</u>	<u>(4,071,066)</u>	<u>(764,533)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	-	3,890,000	3,890,000
Transfers in	3,237,710	3,237,710	3,243,161	5,451
Payments to refunding escrow	-	-	(3,086,483)	(3,086,483)
Transfers out	-	-	(43,720)	(43,720)
Total Other Financing Sources (Uses)	<u>3,237,710</u>	<u>3,237,710</u>	<u>4,002,958</u>	<u>765,248</u>
Net Change in Fund Balance	(68,823)	(68,823)	(68,108)	715
FUND BALANCE - Beginning of Year	<u>355,159</u>	<u>355,159</u>	<u>355,159</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 286,336</u>	<u>\$ 286,336</u>	<u>\$ 287,051</u>	<u>\$ 715</u>

MAJOR CAPITAL PROJECTS FUNDS

General Capital Projects Fund – This fund accounts for the acquisition and construction of major capital facilities and equipment used in general Village operations. This fund does not include capital facilities and equipment used in the Village's enterprise funds.

Tax Increment District No. 4 – This fund accounts for the costs of land acquisition and infrastructure improvements related to development of a new industrial park. Financing will be provided primarily from general obligation note proceeds. It is anticipated that costs will be recovered by future incremental property taxes.

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL CAPITAL PROJECTS For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 256,830	\$ 256,830	\$ 288,768	\$ 31,938
Intergovernmental	50,783	50,783	46,587	(4,196)
Investment income	83,093	83,093	83,895	802
Miscellaneous	-	-	264,274	264,274
Total Revenues	<u>390,706</u>	<u>390,706</u>	<u>683,524</u>	<u>292,818</u>
EXPENDITURES				
Capital outlay	2,460,500	3,284,122	3,380,517	(96,395)
Debt Service				
Debt issuance costs	35,000	35,000	80,370	(45,370)
Total Expenditures	<u>2,495,500</u>	<u>3,319,122</u>	<u>3,460,887</u>	<u>(141,765)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,104,794)</u>	<u>(2,928,416)</u>	<u>(2,777,363)</u>	<u>151,053</u>
OTHER FINANCING SOURCES (USES)				
Issuance of general obligation notes	2,530,000	2,530,000	2,370,000	(160,000)
Transfers in	-	111,268	146,504	35,236
Transfers out	(391,352)	(391,352)	(355,696)	35,656
Total Other Financing Sources (Uses)	<u>2,138,648</u>	<u>2,249,916</u>	<u>2,160,808</u>	<u>(89,108)</u>
Net Change in Fund Balance	33,854	(678,500)	(616,555)	61,945
FUND BALANCE - Beginning of Year	<u>2,191,155</u>	<u>2,191,155</u>	<u>2,191,155</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,225,009</u>	<u>\$ 1,512,655</u>	<u>\$ 1,574,600</u>	<u>\$ 61,945</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TID NO. 4 CAPITAL PROJECTS FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,083,425	\$ 1,083,425	\$ 1,083,425	\$ -
Intergovernmental	23,000	23,000	87,094	64,094
Investment income	4,400	4,400	9,610	5,210
Miscellaneous	-	-	1,602,840	1,602,840
Total Revenues	<u>1,110,825</u>	<u>1,110,825</u>	<u>2,782,969</u>	<u>1,672,144</u>
EXPENDITURES				
Capital outlay	<u>441,126</u>	<u>441,126</u>	<u>279,063</u>	<u>162,063</u>
Total Expenditures	<u>441,126</u>	<u>441,126</u>	<u>279,063</u>	<u>162,063</u>
Excess of revenues over expenditures	<u>669,699</u>	<u>669,699</u>	<u>2,503,906</u>	<u>1,834,207</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	987,695	987,695	987,695	-
Transfers out	<u>(1,779,864)</u>	<u>(1,779,864)</u>	<u>(1,778,971)</u>	<u>893</u>
Total Other Financing Sources (Uses)	<u>(792,169)</u>	<u>(792,169)</u>	<u>(791,276)</u>	<u>893</u>
Net Change in Fund Balance	(122,470)	(122,470)	1,712,630	1,835,100
FUND BALANCE - Beginning of Year	<u>1,772,183</u>	<u>1,772,183</u>	<u>1,772,183</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,649,713</u>	<u>\$ 1,649,713</u>	<u>\$ 3,484,813</u>	<u>\$ 1,835,100</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The special revenue fund is used to account for specific revenues that are restricted or committed to expenditures for particular purposes.

Police Impact Fee Fund – This fund accounts for assets used for the construction of police facilities in the Village. Revenues are primarily raised through an impact fee on new residential and commercial development.

Fire Impact Fee Fund – This fund accounts for assets used for the construction of fire facilities in the Village. Revenues are primarily raised through an impact fee on new residential and commercial development.

Library Impact Fee Fund – This fund accounts for assets used for the construction of library facilities in the Village. Revenues are primarily raised through an impact fee on new residential development.

Park and Recreation Impact Fee Fund – This fund accounts for assets used for the construction of park and recreation facilities in the Village. Revenues are primarily raised through an impact fee on new residential development.

Senior Van Replacement Fund – This fund accounts for assets to be used for eventual replacement of a van used by the Village's Senior Center to provide transportation to senior citizens. Revenues are primarily raised from user fees collected from those using the service.

Police Asset Forfeiture Fund – This fund accounts for receipt and use of funds received from assets seized during drug related arrests.

Police Canine Fund – This fund accounts for Canine expense incurred with training and care of police canines.

Historic Preservation Fund – This fund account for receipts and uses of funds in relation to the Historical Preservation program.

Library Fund – This fund accounts for receipt and use of funds received from library donations. Funds are used for furniture and equipment.

Facility Fees Fund – This fund accounts for the receipt and use of funds for the Park and Recreation Department program fees and donations. Funds are used to assist with the maintenance and improvement of any indoor or outdoor facility used by the Park and Recreation Department.

NONMAJOR GOVERNMENTAL FUNDS (cont.)

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary funds.

Tax Increment District No. 3 – This fund accounts for the costs of land acquisition and infrastructure improvements related to expanding the industrial park. Financing is provided primarily from general obligation note proceeds. It is anticipated that costs will be recovered by future incremental property taxes.

Tax Increment District No. 5 – This fund accounts for the costs of pollution cleanup and other costs related to redevelopment of an existing shopping mall. Financing will be provided primarily from general obligation note proceeds. It is anticipated that costs will be recovered by future incremental property taxes.

VILLAGE OF GERMANTOWN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2012

	Special Revenue Funds		
	Police Impact Fee Fund	Fire Impact Fee Fund	Library Impact Fee Fund
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Receivables			
Taxes	-	-	-
Accrued interest	-	-	-
Restricted Assets			
Cash and investments	18,214	17,262	5,159
Interest	85	78	20
TOTAL ASSETS	\$ 18,299	\$ 17,340	\$ 5,179
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenues	-	-	-
Total Liabilities	-	-	-
Fund Balances			
Restricted	18,299	17,340	5,179
Committed	-	-	-
Total Fund Balances	18,299	17,340	5,179
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,299	\$ 17,340	\$ 5,179

Special Revenue Funds

Park and Recreation Impact Fee Fund	Senior Van Replacement Fund	Police Asset Forfeiture Fund	Police Canine Fund	Historic Preservation Fund	Library Fund	Facility Fees Fund
\$ -	\$ 15,045	\$ 5,595	\$ 17,132	\$ 254	\$ 114,571	\$ 23,652
-	-	-	-	-	-	-
-	72	28	69	1	-	138
19,003	-	-	-	-	-	-
117	-	-	-	-	-	-
<u>\$ 19,120</u>	<u>\$ 15,117</u>	<u>\$ 5,623</u>	<u>\$ 17,201</u>	<u>\$ 255</u>	<u>\$ 114,571</u>	<u>\$ 23,790</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,120	-	-	-	-	114,571	-
-	15,117	5,623	17,201	255	-	23,790
<u>19,120</u>	<u>15,117</u>	<u>5,623</u>	<u>17,201</u>	<u>255</u>	<u>114,571</u>	<u>23,790</u>
<u>\$ 19,120</u>	<u>\$ 15,117</u>	<u>\$ 5,623</u>	<u>\$ 17,201</u>	<u>\$ 255</u>	<u>\$ 114,571</u>	<u>\$ 23,790</u>

VILLAGE OF GERMANTOWN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2012

	Capital Projects Funds		Total
	TID No. 3 Capital Projects Fund	TID No. 5 Capital Projects Fund	Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 1,475,648	\$ 819,356	\$ 2,471,253
Receivables			
Taxes	1,458,043	256,653	1,714,696
Accrued interest	1,676	928	2,912
Restricted Assets			
Cash and investments	-	-	59,638
Interest	-	-	300
	\$ 2,935,367	\$ 1,076,937	\$ 4,248,799
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 415	\$ 415	\$ 830
Deferred revenues	1,458,043	256,653	1,714,696
Total Liabilities	1,458,458	257,068	1,715,526
Fund Balances			
Restricted	1,476,909	819,869	2,471,287
Committed	-	-	61,986
Total Fund Balances	1,476,909	819,869	2,533,273
	\$ 2,935,367	\$ 1,076,937	\$ 4,248,799

VILLAGE OF GERMANTOWN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012**

	Special Revenue Funds		
	Police Impact Fee Fund	Fire Impact Fee Fund	Library Impact Fee Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Public charges for services	8,394	16,369	4,496
Investment income	60	41	10
Miscellaneous	-	-	-
Total Revenues	8,454	16,410	4,506
EXPENDITURES			
Current			
Public safety	-	-	-
Culture and recreation	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	8,454	16,410	4,506
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(6,800)	(1,900)
Net Change in Fund Balances	8,454	9,610	2,606
FUND BALANCES - Beginning of Year	9,845	7,730	2,573
FUND BALANCES - END OF YEAR	\$ 18,299	\$ 17,340	\$ 5,179

Special Revenue Funds

Park and Recreation Impact Fee Fund	Senior Van Replacement Fund	Police Asset Forfeiture Fund	Police Canine Fund	Historic Preservation Fund	Library Fund	Facility Fees Fund
\$ -	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ -
-	-	-	-	-	-	-
11,776	2,508	-	-	-	-	18,516
81	40	16	63	2	296	87
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,411</u>	<u>-</u>	<u>2,582</u>	<u>-</u>
<u>11,857</u>	<u>2,548</u>	<u>16</u>	<u>10,474</u>	<u>402</u>	<u>2,878</u>	<u>18,603</u>
-	-	2,743	1,595	-	-	-
-	-	-	-	165	467	17,098
<u>-</u>	<u>-</u>	<u>2,743</u>	<u>1,595</u>	<u>165</u>	<u>467</u>	<u>17,098</u>
<u>11,857</u>	<u>2,548</u>	<u>(2,727)</u>	<u>8,879</u>	<u>237</u>	<u>2,411</u>	<u>1,505</u>
<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,857	2,548	(2,727)	8,879	237	2,411	1,505
<u>17,263</u>	<u>12,569</u>	<u>8,350</u>	<u>8,322</u>	<u>18</u>	<u>112,160</u>	<u>22,285</u>
<u>\$ 19,120</u>	<u>\$ 15,117</u>	<u>\$ 5,623</u>	<u>\$ 17,201</u>	<u>\$ 255</u>	<u>\$ 114,571</u>	<u>\$ 23,790</u>

VILLAGE OF GERMANTOWN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	Capital Projects Funds		Total Nonmajor Governmental Funds
	TID No. 3 Capital Projects Fund	TID No. 5 Capital Projects Fund	
REVENUES			
Taxes	\$ 1,458,240	\$ 271,008	\$ 1,729,648
Intergovernmental	23,227	1,266	24,493
Public charges for services	-	-	62,059
Investment income	6,037	2,497	9,230
Miscellaneous	-	-	12,993
Total Revenues	1,487,504	274,771	1,838,423
EXPENDITURES			
Current			
Public safety	-	-	4,338
Culture and recreation	-	-	17,730
Capital Outlay	1,350	750	2,100
Total Expenditures	1,350	750	24,168
Excess (deficiency) of revenues over expenditures	1,486,154	274,021	1,814,255
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,881,535)	(163,954)	(2,064,189)
Net Change in Fund Balances	(395,381)	110,067	(249,934)
FUND BALANCES - Beginning of Year	1,872,290	709,802	2,783,207
FUND BALANCES - END OF YEAR	\$ 1,476,909	\$ 819,869	\$ 2,533,273

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - POLICE IMPACT FEE FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	\$ 3,000	\$ 3,000	\$ 8,394	\$ 5,394
Investment income	45	45	60	15
Total Revenues	<u>3,045</u>	<u>3,045</u>	<u>8,454</u>	<u>5,409</u>
Net Change in Fund Balance	3,045	3,045	8,454	5,409
FUND BALANCE - Beginning of Year	<u>9,845</u>	<u>9,845</u>	<u>9,845</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,890</u>	<u>\$ 12,890</u>	<u>\$ 18,299</u>	<u>\$ 5,409</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FIRE IMPACT FEE FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 5,000	\$ 5,000	\$ 16,369	\$ 11,369
Investment income	50	50	41	(9)
Total Revenues	<u>5,050</u>	<u>5,050</u>	<u>16,410</u>	<u>11,360</u>
OTHER FINANCING USES				
Transfers out	(6,800)	(6,800)	(6,800)	-
Total Other Financing Uses	<u>(6,800)</u>	<u>(6,800)</u>	<u>(6,800)</u>	<u>-</u>
Net Change in Fund Balance	(1,750)	(1,750)	9,610	11,360
FUND BALANCE - Beginning of Year	<u>7,730</u>	<u>7,730</u>	<u>7,730</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,980</u>	<u>\$ 5,980</u>	<u>\$ 17,340</u>	<u>\$ 11,360</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY IMPACT FEE FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	\$ 1,405	\$ 1,405	\$ 4,496	\$ 3,091
Investment income	20	20	10	(10)
Total Revenues	<u>1,425</u>	<u>1,425</u>	<u>4,506</u>	<u>3,081</u>
OTHER FINANCING USES				
Transfers out	(1,900)	(1,900)	(1,900)	-
Total Other Financing Uses	<u>(1,900)</u>	<u>(1,900)</u>	<u>(1,900)</u>	<u>-</u>
Net Change in Fund Balance	(475)	(475)	2,606	3,081
FUND BALANCE - Beginning of Year	<u>2,573</u>	<u>2,573</u>	<u>2,573</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,098</u>	<u>\$ 2,098</u>	<u>\$ 5,179</u>	<u>\$ 3,081</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PARK AND RECREATION IMPACT FEE FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 3,680	\$ 3,680	\$ 11,776	\$ 8,096
Investment income	140	140	81	(59)
Total Revenues	<u>3,820</u>	<u>3,820</u>	<u>11,857</u>	<u>8,037</u>
OTHER FINANCING USES				
Transfers out	-	(10,000)	(10,000)	-
Total Other Financing Uses	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balance	3,820	(6,180)	1,857	8,037
FUND BALANCE - Beginning of Year	<u>17,263</u>	<u>17,263</u>	<u>17,263</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,083</u>	<u>\$ 11,083</u>	<u>\$ 19,120</u>	<u>\$ 8,037</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SENIOR VAN REPLACEMENT FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	\$ 2,750	\$ 2,750	\$ 2,508	\$ (242)
Investment income	100	100	40	(60)
Total Revenues	<u>2,850</u>	<u>2,850</u>	<u>2,548</u>	<u>(302)</u>
Net Change in Fund Balance	2,850	2,850	2,548	(302)
FUND BALANCE - Beginning of Year	<u>12,569</u>	<u>12,569</u>	<u>12,569</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,419</u>	<u>\$ 15,419</u>	<u>\$ 15,117</u>	<u>\$ (302)</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - POLICE ASSET FORFEITURE FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 50	\$ 50	\$ 16	\$ (34)
Total Revenues	<u>50</u>	<u>50</u>	<u>16</u>	<u>(34)</u>
EXPENDITURES				
Public safety	<u>4,000</u>	<u>4,000</u>	<u>2,743</u>	<u>1,257</u>
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>2,743</u>	<u>1,257</u>
Net Change in Fund Balance	(3,950)	(3,950)	(2,727)	1,223
FUND BALANCE - Beginning of Year	<u>8,350</u>	<u>8,350</u>	<u>8,350</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,400</u>	<u>\$ 4,400</u>	<u>\$ 5,623</u>	<u>\$ 1,223</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - POLICE CANINE FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 37	\$ 37	\$ 63	\$ 26
Miscellaneous	7,000	7,000	10,411	3,411
Total Revenues	<u>7,037</u>	<u>7,037</u>	<u>10,474</u>	<u>3,437</u>
EXPENDITURES				
Public safety	5,000	5,000	1,595	3,405
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,595</u>	<u>3,405</u>
Net Change in Fund Balance	2,037	2,037	8,879	6,842
FUND BALANCE - Beginning of Year	<u>8,322</u>	<u>8,322</u>	<u>8,322</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,359</u>	<u>\$ 10,359</u>	<u>\$ 17,201</u>	<u>\$ 6,842</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HISTORIC PRESERVATION FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 400	\$ 400	\$ 400	\$ -
Investment income	-	-	2	2
Total Revenues	<u>400</u>	<u>400</u>	<u>402</u>	<u>2</u>
EXPENDITURES				
Culture and recreation	400	400	165	235
Total Expenditures	<u>400</u>	<u>400</u>	<u>165</u>	<u>235</u>
Net Change in Fund Balance	-	-	237	237
FUND BALANCE - Beginning of Year	<u>18</u>	<u>18</u>	<u>18</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 255</u>	<u>\$ 237</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 500	\$ 500	\$ 296	\$ (204)
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>2,582</u>	<u>(2,418)</u>
Total Revenues	<u>5,500</u>	<u>5,500</u>	<u>2,878</u>	<u>(2,622)</u>
EXPENDITURES				
Culture and recreation	<u>1,800</u>	<u>1,800</u>	<u>467</u>	<u>1,333</u>
Total Expenditures	<u>1,800</u>	<u>1,800</u>	<u>467</u>	<u>1,333</u>
Net Change in Fund Balance	3,700	3,700	2,411	(1,289)
FUND BALANCE - Beginning of Year	<u>112,160</u>	<u>112,160</u>	<u>112,160</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 115,860</u>	<u>\$ 115,860</u>	<u>\$ 114,571</u>	<u>\$ (1,289)</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FACILITY FEES FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	\$ 20,000	\$ 20,000	\$ 18,516	\$ (1,484)
Investment income	150	150	87	(63)
Total Revenues	<u>20,150</u>	<u>20,150</u>	<u>18,603</u>	<u>(1,547)</u>
EXPENDITURES				
Culture and recreation	<u>8,000</u>	<u>8,000</u>	<u>17,098</u>	<u>(9,098)</u>
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>17,098</u>	<u>(9,098)</u>
Net Change in Fund Balance	12,150	12,150	1,505	(10,645)
FUND BALANCE - Beginning of Year	<u>22,285</u>	<u>22,285</u>	<u>22,285</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 34,435</u>	<u>\$ 34,435</u>	<u>\$ 23,790</u>	<u>\$ (10,645)</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TID NO. 3 CAPITAL PROJECTS FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,458,240	\$ 1,458,240	\$ 1,458,240	\$ -
Intergovernmental	20,000	20,000	23,227	3,227
Investment income	7,000	7,000	6,037	(963)
Total Revenues	<u>1,485,240</u>	<u>1,485,240</u>	<u>1,487,504</u>	<u>2,264</u>
EXPENDITURES				
Capital outlay	<u>1,550</u>	<u>1,550</u>	<u>1,350</u>	<u>200</u>
Total Expenditures	<u>1,550</u>	<u>1,550</u>	<u>1,350</u>	<u>200</u>
Excess of revenues over expenditures	<u>1,483,690</u>	<u>1,483,690</u>	<u>1,486,154</u>	<u>2,464</u>
OTHER FINANCING USES				
Transfers out	<u>(1,881,535)</u>	<u>(1,881,535)</u>	<u>(1,881,535)</u>	<u>-</u>
Total Other Financing Uses	<u>(1,881,535)</u>	<u>(1,881,535)</u>	<u>(1,881,535)</u>	<u>-</u>
Net Change in Fund Balance	(397,845)	(397,845)	(395,381)	2,464
FUND BALANCE - Beginning of Year	<u>1,872,290</u>	<u>1,872,290</u>	<u>1,872,290</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,474,445</u>	<u>\$ 1,474,445</u>	<u>\$ 1,476,909</u>	<u>\$ 2,464</u>

VILLAGE OF GERMANTOWN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TID NO. 5 CAPITAL PROJECTS FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 271,008	\$ 271,008	\$ 271,008	\$ -
Intergovernmental	1,200	1,200	1,266	66
Investment income	2,500	2,500	2,497	(3)
Total Revenues	<u>274,708</u>	<u>274,708</u>	<u>274,771</u>	<u>63</u>
EXPENDITURES				
Capital outlay	750	750	750	-
Total Expenditures	<u>750</u>	<u>750</u>	<u>750</u>	<u>-</u>
Excess of revenues over expenditures	<u>273,958</u>	<u>273,958</u>	<u>274,021</u>	<u>63</u>
OTHER FINANCING USES				
Transfers out	(163,954)	(163,954)	(163,954)	-
Total Other Financing Uses	<u>(163,954)</u>	<u>(163,954)</u>	<u>(163,954)</u>	<u>-</u>
Net Change in Fund Balance	110,004	110,004	110,067	63
FUND BALANCE - Beginning of Year	<u>709,802</u>	<u>709,802</u>	<u>709,802</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 819,806</u>	<u>\$ 819,806</u>	<u>\$ 819,869</u>	<u>\$ 63</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, on a cost reimbursement basis.

Health Insurance Fund – This fund accounts for operations of the Village's self-funded health insurance plan.

Dental Insurance Fund – This fund accounts for operations of the Village's self-funded dental insurance plan.

VILLAGE OF GERMANTOWN

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2012**

	<u>Health Insurance Fund</u>	<u>Dental Insurance Fund</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 258,111	\$ 88,201	\$ 346,312
Receivables			
Accounts	43,759	-	43,759
Interest	225	305	530
Prepaid items	<u>36,253</u>	<u>-</u>	<u>36,253</u>
Total Assets	<u>338,348</u>	<u>88,506</u>	<u>426,854</u>
LIABILITIES			
Current liabilities			
Accounts payable	<u>-</u>	<u>703</u>	<u>703</u>
Total Current Liabilities	<u>-</u>	<u>703</u>	<u>703</u>
Total Liabilities	<u>-</u>	<u>703</u>	<u>703</u>
NET POSITION			
Unrestricted	<u>338,348</u>	<u>87,803</u>	<u>426,151</u>
TOTAL NET POSITION	<u>\$ 338,348</u>	<u>\$ 87,803</u>	<u>\$ 426,151</u>

VILLAGE OF GERMANTOWN

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2012

	Health Insurance Fund	Dental Insurance Fund	Totals
OPERATING REVENUES			
Premiums	\$ 1,586,225	\$ 91,500	\$ 1,677,725
Total Operating Revenues	<u>1,586,225</u>	<u>91,500</u>	<u>1,677,725</u>
OPERATING EXPENSES			
General government	<u>1,384,700</u>	<u>82,152</u>	<u>1,466,852</u>
Total Operating Expenses	<u>1,384,700</u>	<u>82,152</u>	<u>1,466,852</u>
Operating Income	<u>201,525</u>	<u>9,348</u>	<u>210,873</u>
NONOPERATING REVENUES			
Investment income	<u>362</u>	<u>152</u>	<u>514</u>
Total Nonoperating Revenues	<u>362</u>	<u>152</u>	<u>514</u>
Change in net position	201,887	9,500	211,387
NET POSITION - Beginning of Year	<u>136,461</u>	<u>78,303</u>	<u>214,764</u>
NET POSITION - END OF YEAR	<u>\$ 338,348</u>	<u>\$ 87,803</u>	<u>\$ 426,151</u>

VILLAGE OF GERMANTOWN

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012**

	Health Insurance Fund	Dental Insurance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,628,654	\$ 91,625	\$ 1,720,279
Paid to suppliers for goods and services	<u>(1,420,953)</u>	<u>(85,868)</u>	<u>(1,506,821)</u>
Net Cash Flows From Operating Activities	<u>207,701</u>	<u>5,757</u>	<u>213,458</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>364</u>	<u>137</u>	<u>501</u>
Net Cash Flows From Investing Activities	<u>364</u>	<u>137</u>	<u>501</u>
 Net Change in Cash and Cash Equivalents	 208,065	 5,894	 213,959
 CASH AND CASH EQUIVALENTS - Beginning of Year	 <u>50,046</u>	 <u>82,307</u>	 <u>132,353</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 258,111</u>	 <u>\$ 88,201</u>	 <u>\$ 346,312</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 201,525	\$ 9,348	\$ 210,873
Changes in assets and liabilities			
Accounts receivable	42,429	125	42,554
Prepaid items	(36,253)	-	(36,253)
Accounts payable	<u>-</u>	<u>(3,716)</u>	<u>(3,716)</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 207,701</u>	 <u>\$ 5,757</u>	 <u>\$ 213,458</u>
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			

FIDUCIARY FUND

Fiduciary funds are used to account for funds held by the Village in a trustee capacity.

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, other governments and/or other funds.

Tax Collection Agency Fund – This fund is used to account for property tax collections made by the Village on behalf of other governing bodies.

VILLAGE OF GERMANTOWN

**STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUND
For the Year Ended December 31, 2012**

	<u>Balance 1-1-12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-12</u>
TAX COLLECTION FUND				
Assets				
Cash and investments	\$ 22,988,632	\$ 23,340,020	\$ 22,988,632	\$ 23,340,020
Taxes receivable	<u>10,519,276</u>	<u>9,483,294</u>	<u>10,519,276</u>	<u>9,483,294</u>
TOTAL ASSETS	<u>\$ 33,507,908</u>	<u>\$ 32,823,314</u>	<u>\$ 33,507,908</u>	<u>\$ 32,823,314</u>
Liabilities				
Accounts payable	\$ 143,348	\$ 227,228	\$ 143,348	\$ 227,228
Due to other governments	<u>33,364,560</u>	<u>32,596,086</u>	<u>33,364,560</u>	<u>32,596,086</u>
TOTAL LIABILITIES	<u>\$ 33,507,908</u>	<u>\$ 32,823,314</u>	<u>\$ 33,507,908</u>	<u>\$ 32,823,314</u>

Statistical Section

This part of the Village of Germantown's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

FINANCIAL TRENDS – Tables 1-4

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

- Schedule 1 – Statement of Net Assets by Component
- Schedule 2 – Changes in Net Assets
- Schedule 3 – Fund Balances, Governmental Funds
- Schedule 4 – Changes in Fund Balances, Total Governmental Funds

REVENUE CAPACITY – Tables 5 - 13

These schedules contain information to help the reader assess the village's most significant local revenue source, the property tax, as well as other significant revenue sources which include the Water and Wastewater utilities.

- Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property
- Schedule 6 – Direct and Overlapping Property Tax Rates
- Schedule 7 – Principal Property Tax Payers, Current and Nine Years Ago
- Schedule 8 – Property Tax Levies and Collections
- Schedule 9 – Water and Wastewater Utility – Customer Count
- Schedule 10 – Water Utility Customer Summary
- Schedule 11 – Water Utility Customer Rates
- Schedule 12 – Wastewater Utility Customer Summary
- Schedule 13 – Wastewater Utility Customer Rates

DEBT CAPACITY – TABLES 14 - 18

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

- Schedule 14 – Ratio of Outstanding Debt
- Schedule 15 – Ratio of General Bonded Debt Outstanding
- Schedule 16 – Direct and Overlapping Governmental Activities Debt, as of December 31, 2011
- Schedule 17 – Legal Debt Margin
- Schedule 18 – Pledged, Revenue Coverage, Water Utility

DEMOGRAPHIC AND ECONOMIC INFORMATION – TABLES 19 - 20

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activity takes place.

- Schedule 19 – Demographic and Economic Indicators
- Schedule 20 – Principal Employers

OPERATING INFORMATION – TABLES 21 - 23

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

Schedule 21 – Full-time Equivalent Village Governmental Employees by Function/Program

Schedule 22 – Operating Indicators by Function/Program

Schedule 23 – Capital Asset Statistics

Sources: Unless otherwise noted, the information noted in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB 34 in 2003, Infrastructure reporting prior to 2003 was completed in 2007.

Village of Germantown, Wisconsin
Statement of Net Assets by Component
(Accrual Basis of Accounting)
Last Ten Fiscal Years

Table 1

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	11,361,401	11,346,524	15,215,878	18,315,569	59,170,101	60,629,681	60,703,733	60,262,007	59,220,933	60,028,464
Restricted	343,673	312,558	416,490	418,460	274,575	270,559	197,242	206,743	4,503,846	5,969,086
Unrestricted (deficit)	(13,197,394)	(10,082,677)	(11,561,493)	(10,645,920)	(6,989,638)	(6,601,150)	(5,002,450)	(2,677,990)	(3,764,048)	(3,104,646)
Total governmental activities net assets	(1,492,320)	1,576,405	4,070,875	8,088,109	52,455,038	54,299,090	55,898,525	57,790,760	59,960,731	62,892,904
Business-type activities										
Invested in capital assets, net of related debt	51,928,375	52,831,386	55,106,212	57,294,509	57,837,003	59,454,979	60,229,375	59,584,183	59,199,387	58,229,635
Restricted	249,373	252,358	331,934	912,566	980,003	791,539	809,221	686,986	624,121	625,311
Unrestricted	11,713,722	12,141,311	10,326,150	8,755,011	8,538,585	6,928,221	5,616,294	5,317,582	5,390,007	6,676,728
Total business-type activities net assets	63,891,470	65,225,055	65,764,296	66,962,086	67,355,591	67,174,739	66,654,890	65,588,751	65,213,515	65,531,674
Primary Government										
Invested in capital assets, net of related debt	63,289,776	64,177,910	70,322,090	75,610,078	115,535,791	120,084,660	119,825,570	118,990,035	117,692,446	117,942,715
Restricted	593,046	564,916	748,424	1,331,026	1,254,578	1,062,098	1,006,463	893,729	5,127,967	6,594,397
Unrestricted	(1,483,672)	2,058,634	(1,235,343)	(1,890,909)	3,020,260	327,071	1,721,382	3,495,747	2,353,833	3,887,466
Total primary government net assets	62,399,150	66,801,460	69,835,171	75,050,195	119,810,629	121,473,829	122,553,415	123,379,511	125,174,246	128,424,578

*Note: The village began to report accrual information when it implemented GASB Statement #34 in fiscal year 2003
2007 includes Governmental activities capitalized infrastructure assets prior to 2003*

Village of Germantown, Wisconsin
Changes in Net Assets
(Accrual Basis of Accounting)
Last Ten Fiscal Years

Table 2

Expenses	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
General government	1,443,650	1,555,242	1,515,389	1,578,821	1,586,703	2,442,247	1,971,196	1,899,476	1,716,352	1,740,499
Public safety	5,341,557	5,369,421	6,172,911	6,471,625	6,681,154	7,019,248	6,614,304	6,990,716	7,018,081	6,819,595
Public works	2,561,884	2,882,269	3,135,136	2,955,348	4,845,105	4,915,205	4,656,839	4,910,645	5,419,423	5,801,748
Culture and recreation	1,807,550	1,874,447	1,895,082	1,945,603	2,301,880	2,498,668	2,359,466	2,433,334	2,505,974	2,564,589
Conservation and development	927,754	211,065	274,927	341,906	414,328	689,757	343,793	308,014	269,046	254,211
Interest & Fiscal charges	1,917,781	1,720,602	1,710,309	1,737,875	1,515,214	1,512,404	1,392,104	1,235,140	1,113,907	941,011
Total governmental activities expense	14,000,176	13,613,046	14,703,754	15,031,178	17,344,384	19,077,529	17,337,702	17,577,325	18,042,783	18,121,653
Business-type activities										
Water	1,181,350	1,373,247	1,720,514	2,060,422	1,695,380	2,024,793	1,604,727	1,814,474	1,846,078	1,967,345
Wastewater	3,267,589	3,562,230	4,498,540	4,550,535	4,652,053	5,014,472	4,796,423	5,016,187	5,202,166	5,488,406
Total business-type activities expenses	4,448,939	4,935,477	6,219,054	6,610,957	6,347,433	7,039,265	6,401,150	6,830,661	7,048,244	7,455,751
Total primary government expenses	18,449,115	18,548,523	20,922,808	21,642,135	23,691,817	26,116,794	23,738,852	24,407,986	25,091,027	25,577,404
Program Revenues										
Governmental activities										
Charges for Services										
General government	168,035	192,411	211,804	233,533	204,502	263,333	265,483	279,204	266,974	310,657
Public safety	729,005	688,114	928,391	758,944	786,466	877,071	719,415	731,949	828,539	960,015
Public works	185,885	197,641	176,806	207,661	286,385	249,199	190,342	166,902	242,763	252,638
Culture and recreation	298,994	319,599	351,716	391,106	550,741	787,828	839,153	926,718	887,803	923,857
Conservation and development	19,552	24,884	19,145	10,788	16,619	14,638	8,562	7,973	8,487	14,578
Operating grants and contributions	1,359,219	1,403,007	1,542,257	1,562,009	1,406,230	1,463,307	1,430,906	1,466,068	1,590,826	1,427,396
Capital grants and contributions	3,145,386	1,407,101	811,953	2,283,484	262,821	2,468,296	617,381	370,030	65,370	536,093
Total governmental activities program revenues	5,906,076	4,232,757	4,042,072	5,447,525	3,513,784	6,123,672	4,071,242	3,948,844	3,890,762	4,425,234
Business-type activities										
Charges for services:										
Water and Wastewater	4,890,764	5,194,592	5,088,748	5,111,457	5,293,989	5,306,858	5,353,302	5,806,478	6,612,628	7,958,180
Capital Grants and contributions	3,297,441	1,124,030	1,777,058	1,840,802	1,429,684	1,721,377	958,876	432,757	579,958	381,262
Total business-type activities program revenues	8,188,205	6,318,622	6,865,806	6,952,259	6,723,673	7,028,235	6,310,178	6,239,235	7,192,586	8,339,442
Total primary government program revenues	14,094,281	10,551,379	10,907,878	12,399,784	10,237,457	13,151,907	10,381,420	10,188,079	11,083,348	12,764,676
Net (Expense) Revenue										
Governmental Activities	(8,094,100)	(9,380,289)	(10,661,682)	(9,583,653)	(13,830,600)	(12,953,857)	(13,266,460)	(13,628,481)	(14,152,021)	(13,696,419)
Business-type Activities	3,739,266	1,383,145	646,752	341,302	376,240	(11,030)	(90,972)	(591,426)	144,342	883,691
Total Primary government net expense	(4,354,834)	(7,997,144)	(10,014,930)	(9,242,351)	(13,454,360)	(12,964,887)	(13,357,432)	(14,219,907)	(14,007,679)	(12,812,728)
General Revenues and Other Changes in Net Assts										
Governmental Activities:										
Taxes										
Property Taxes	9,956,125	10,503,547	10,964,398	11,339,578	11,969,787	12,412,153	12,876,172	13,488,121	13,757,302	13,716,374
Intergovernmental revenues	992,227	816,601	815,600	764,356	745,847	721,801	1,006,788	987,881	971,494	1,027,432
Investment income	152,328	174,538	420,016	744,941	780,428	515,428	143,110	111,559	151,222	126,365
Other	746,475	732,503	535,523	313,916	549,603	701,768	355,390	399,508	893,020	1,178,751
Total Government Activities	11,847,155	12,227,189	12,735,537	13,162,791	14,045,665	14,351,150	14,381,460	14,987,069	15,773,038	16,048,922
Business-type Activities:										
Investment Income	163,904	142,265	313,104	477,402	439,874	276,937	55,558	58,934	29,376	14138
Other	-	-	-	7,194	4,246	-	-	-	-	-
Total Business-type Activities	163,904	142,265	313,104	484,596	444,120	276,937	55,558	58,934	29,376	14,138
Total Primary Government	12,011,059	12,369,454	13,048,641	13,647,387	14,489,785	14,628,087	14,437,018	15,046,003	15,802,414	16,063,060
Change in Net Assets										
Governmental Activities	3,753,055	2,846,900	2,073,855	3,579,138	641,920	1,844,052	1,599,435	1,892,235	2,169,971	2,932,173
Business-type Activities	3,903,170	1,525,410	959,856	825,898	393,505	(180,852)	(519,849)	(1,066,139)	(375,236)	318,159
Total Primary Government	7,656,225	4,372,310	3,033,711	4,405,036	1,035,425	1,663,200	1,079,586	826,096	1,794,735	3,250,332

Note: The village began to report accrual information when it implemented GASB Statement #34 in fiscal year 2003
Infrastructure reporting prior to 2003 was completed in 2007

Village of Germantown, Wisconsin
Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

Table 3

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved for:										
Non-current receivables	256,260	87,722	31,385	72,297	53,389	78,841	88,735	99,505	-	-
Payment in lieu of taxes	450,196	435,938	420,615	397,051	426,855	446,759	484,435	533,647	-	-
Designated for carryovers	-	-	-	-	-	-	-	91,263	-	-
Undesignated	1,647,683	1,651,294	1,499,601	1,351,728	1,274,521	919,250	1,277,719	1,817,020	-	-
Nonspendable	-	-	-	-	-	-	-	-	65,937	54,782
Assigned - payment in lieu of taxes	-	-	-	-	-	-	-	-	548,954	579,670
Assigned - carryovers	-	-	-	-	-	-	-	-	254,097	328,036
Unassigned	-	-	-	-	-	-	-	-	2,385,601	2,993,040
Total general fund	2,354,139	2,174,954	1,951,601	1,821,076	1,754,765	1,444,850	1,850,889	2,541,435	3,254,589	3,955,528
All Other Governmental Funds										
Reserved for:										
Debt Service Fund	1,066,934	456,158	270,456	96,166	91,956	(160,612)	40,002	233,960	-	-
Impact fees	354,413	312,558	318,562	317,792	170,204	164,883	89,031	97,765	-	-
Capital projects funds	79,055	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Subsequent year's budget	-	-	61,327	71,988	-	-	-	-	-	-
Special revenue funds	61,679	82,219	128,475	131,510	156,964	141,272	144,210	144,403	-	-
Capital projects funds	7,295,382	7,597,121	7,976,433	8,983,241	10,721,714	6,328,402	5,271,241	5,087,893	-	-
Nonspendable	-	-	-	-	-	-	-	-	613,074	-
Restricted	-	-	-	-	-	-	-	-	5,357,194	7,022,469
Committed	-	-	-	-	-	-	-	-	51,544	61,986
Assigned	-	-	-	-	-	-	-	-	1,079,892	795,282
Total all other governmental funds	8,857,463	8,448,056	8,755,253	9,600,697	11,140,838	6,473,945	5,544,484	5,564,021	7,101,704	7,879,737
Total fund balance, governmental funds	11,211,602	10,623,010	10,706,854	11,421,773	12,895,603	7,918,795	7,395,373	8,105,456	10,356,293	11,835,265

*Note: The village began to report accrual information when it implemented GASB Statement #34 in fiscal year 2003
2007 includes Governmental activities capitalized infrastructure assets prior to 2003
In 2011, the village implemented GASB #54, which resulted in new fund balance categories. Prior years have not been restated.*

Village of Germantown, Wisconsin
 Changes in Fund Balances, Total Governmental Funds
 (Modified Accrual Basis of Accounting)
 Last Ten Fiscal Years

Table 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	9,966,232	10,506,625	10,964,398	11,339,578	11,969,787	12,412,153	12,876,172	13,488,121	13,757,302	13,716,374
Special Assessments		121,386	58,423	42,981	41,197	360,183	314,115	263,451	294,381	288,768
Intergovernmental	2,379,851	2,154,831	2,452,568	2,241,776	2,066,985	2,130,360	2,392,593	2,607,078	2,535,027	2,415,344
Regulation and compliance	782,948	832,182	942,782	815,177	879,076	1,001,331	808,421	813,443	913,636	1,019,889
Public charges for services	932,458	665,898	1,060,822	839,198	1,015,107	1,189,955	1,206,923	1,285,042	1,334,581	1,484,777
Interdepartmental charges		15,166	55,527	47,879	47,507	49,819	61,995	53,000	95,000	-
Interest income	158,043	175,714	417,500	738,942	768,997	508,194	148,150	106,457	148,577	125,851
Miscellaneous	1,172,691	1,514,008	660,073	199,944	318,030	230,299	244,627	249,299	886,517	2,007,897
Total Revenues	<u>15,392,223</u>	<u>15,985,810</u>	<u>16,612,093</u>	<u>16,265,475</u>	<u>17,106,686</u>	<u>17,882,294</u>	<u>18,052,996</u>	<u>18,865,891</u>	<u>19,955,021</u>	<u>21,058,900</u>
Expenditures										
General Government	1,636,244	1,305,209	1,312,717	1,362,802	1,394,515	1,720,719	1,406,082	1,379,302	1,379,656	1,400,870
Public Safety	4,929,264	5,031,800	5,507,188	5,746,110	6,098,318	6,255,463	6,234,761	6,300,325	6,348,425	6,307,225
Public Works	2,340,229	2,450,913	2,668,468	2,661,380	2,869,919	3,185,020	2,895,063	3,019,435	3,449,314	3,357,717
Culture and recreation	1,620,078	1,603,563	1,780,942	1,732,756	1,947,208	2,155,065	2,142,035	2,198,980	2,267,406	2,279,802
Conservation and development	206,403	192,877	195,938	259,997	208,872	234,035	222,248	207,684	199,172	187,562
Capital Outlay	3,594,403	1,828,311	1,092,334	1,464,489	2,696,907	5,782,571	2,140,462	2,124,425	1,768,244	3,799,649
Debt Service										
Principal retirement	2,855,000	2,895,000	3,160,000	3,902,919	4,043,705	4,391,009	8,056,367	4,087,338	4,001,301	4,989,891
Interest and fiscal charges	1,867,400	1,871,891	1,580,597	1,484,269	1,465,533	1,435,035	1,348,891	1,056,393	1,079,467	930,029
Debt issuance costs	111,733	55,620	75,054	37,625	83,873	5,384	50,656	100,434	44,039	80,370
Total Expenditures	<u>19,160,754</u>	<u>17,235,184</u>	<u>17,373,238</u>	<u>18,652,347</u>	<u>20,808,850</u>	<u>25,164,301</u>	<u>24,496,565</u>	<u>20,474,316</u>	<u>20,537,024</u>	<u>23,333,115</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,768,531)</u>	<u>(1,249,374)</u>	<u>(761,145)</u>	<u>(2,386,872)</u>	<u>(3,702,164)</u>	<u>(7,282,007)</u>	<u>(6,443,569)</u>	<u>(1,608,425)</u>	<u>(582,003)</u>	<u>(2,274,215)</u>
Other Financing Sources (Uses):										
Proceeds from the sale of land	-	-	-	103,990	334,080	363,940	-	-	-	-
Long-term debt issued	10,744,000	5,995,000	445,000	2,520,000	4,410,000	1,480,000	1,695,172	1,795,000	2,200,000	2,370,000
Refunding debt issues	-	-	5,505,000	-	-	-	3,740,000	3,905,000	-	3,890,000
Premium on long-term debt	10,902	-	57,148	39,705	5,059	-	-	3,740	83,886	-
Discount on debt issuance	(26,891)	-	-	-	-	-	-	-	-	-
Payment to escrow agent	(4,609,838)	(5,762,180)	(5,582,774)	-	-	-	-	(3,918,339)	-	(3,086,483)
Transfers In	3,140,590	3,401,628	4,329,073	5,481,301	4,203,589	4,289,162	4,278,973	4,810,633	4,944,003	4,957,030
Transfers Out	(2,753,267)	(2,973,666)	(3,908,458)	(5,043,205)	(3,776,734)	(3,827,903)	(3,794,538)	(4,276,986)	(4,395,049)	(4,377,360)
Total Other Financing Sources (Uses)	<u>6,505,496</u>	<u>660,782</u>	<u>844,989</u>	<u>3,101,791</u>	<u>5,175,994</u>	<u>2,305,199</u>	<u>5,919,607</u>	<u>2,319,048</u>	<u>2,832,840</u>	<u>3,753,187</u>
Net Change In Fund Balances	<u>2,736,965</u>	<u>(588,592)</u>	<u>83,844</u>	<u>714,919</u>	<u>1,473,830</u>	<u>(4,976,808)</u>	<u>(523,962)</u>	<u>710,623</u>	<u>2,250,837</u>	<u>1,478,972</u>
Debt Service as a percentage of noncapital expenditures	30.34%	30.94%	29.12%	31.34%	30.42%	30.06%	42.07%	28.03%	27.07%	30.31%

Note: The village began to report accrual information when it implemented GASB Statement #34 in fiscal year 2003
 2007 includes Governmental activities capitalized infrastructure assets prior to 2003

Village of Germantown, Wisconsin
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Fiscal Year Ended Dec 31.	Real Property		Personal Property		Total		Village Total Direct Tax Rate	Ratio of Assessed to Equalized
	Assessed	Equalized Value	Assessed	Equalized Value	Assessed	Equalized Value		
2003	1,554,738,900	1,724,496,800	43,866,650	49,210,500	1,598,605,550	1,773,707,300	0.533	90.13%
2004	1,620,572,800	1,855,167,500	44,829,800	51,832,300	1,665,402,600	1,906,999,800	0.533	87.33%
2005	1,659,017,100	2,006,309,227	41,912,270	50,741,673	1,700,929,370	2,057,050,900	0.540	82.69%
2006	1,700,675,800	2,165,532,100	39,896,774	51,436,300	1,740,572,574	2,216,968,400	0.565	78.51%
2007	1,751,057,400	2,300,461,600	44,217,733	56,937,300	1,795,275,133	2,357,398,900	0.574	76.15%
2008	2,332,772,100	2,364,052,785	59,876,656	60,679,556	2,392,648,756	2,424,732,341	0.449	98.68%
2009	2,371,176,000	2,383,612,200	60,983,950	61,526,000	2,432,159,950	2,445,138,200	0.458	99.47%
2010	2,358,535,000	2,319,246,300	58,963,483	59,121,100	2,417,498,483	2,378,367,400	0.461	101.65%
2011	2,355,846,200	2,295,471,300	55,989,303	54,905,600	2,411,835,503	2,350,376,900	0.466	102.61%
2012	2,367,827,500	2,194,612,000	56,286,738	54,047,300	2,424,114,238	2,248,659,300	0.465	107.80%

All equalized valuations of property in the State of Wisconsin are determined by the State of WI, Department of Revenue, Supervisor of Assessment Office. Equalized valuations are the State's estimate of full market value.

The State determines assessed valuation of all manufacturing property in the State. Assessed valuations of residential and commercial property are determined by local assessors. New and improved residential and commercial property located within the Village are assessed annually by the local assessor. At hearings held each year a taxpayer may appeal the assessments of his property to the Board of Review of the local municipality.

The Board of Review consists of local assessors, local officials, and citizen appointees. The assessors do not have a vote on final determinations.

The State's full value law mandates that all assessable property in the State be valued by 100% of market value. Statutes, case law, and administrative rules require that each major class of property (except agricultural property) be kept within 10% of that full value at least once in the past four years. Village wide revaluations are then undertaken

Village of Germantown, Wisconsin

Table 6

*Direct and Overlapping Property Tax Rates (per \$1,000 of assessed value), before State School Credits
Last Ten Fiscal Years*

Fiscal Year Ended Dec 31.	Village Direct Rates			Total Tax Rate	Germantown School District	Overlapping Rates			Total Tax Levy
	Basic	Debt Service	Capital Projects			Washington County	Milwaukee Area Technical College	State of Wisconsin	
2003	4.09	1.24	0.00	5.33	12.33	3.82	2.19	0.22	23.89
2004	4.17	1.15	0.01	5.33	12.07	3.74	2.22	0.23	23.59
2005	4.28	1.12	0.00	5.40	11.92	3.71	2.28	0.23	23.54
2006	4.44	1.21	0.00	5.65	11.38	3.68	2.25	0.22	23.19
2007	4.60	1.14	0.00	5.74	11.42	3.69	2.33	0.22	23.40
2008	3.54	0.95	0.00	4.49	9.09	2.75	1.86	0.17	18.36
2009	3.73	0.85	0.00	4.58	9.64	2.79	1.92	0.17	19.10
2010	3.87	0.74	0.00	4.61	10.12	2.81	1.89	0.17	19.60
2011	3.86	0.80	0.00	4.66	9.87	2.78	1.90	0.17	19.38
2012	3.83	0.82	0.00	4.65	9.56	2.67	1.96	0.16	19.01

Source: Village of Germantown Finance Department, Assessors Department and Village records

Village of Germantown, Wisconsin
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 7

Taxpayer	2012		2003	
	Estimated Equalized Value	Percentage Village's Total Equalized Value	Taxable Equalized Value	Percentage Village's Total Equalized Value
The Gables of Germantown LLC	19,768,800	0.88%		
Meridian Germantown LLC	17,278,600	0.77%		
Cambridge Major Laboratories	15,360,800	0.68%		
Sentinel Germantown	15,353,800	0.68%		
Stonehedge Properties	13,292,800	0.59%	11,831,000	0.67%
Gehls Guernsey Farms	13,256,400	0.59%		
Phylmack LLC	13,105,200	0.58%		
Waste Management	12,972,000	0.58%		
Menard's	10,629,000	0.47%		
Compass Properties	9,900,400	0.44%		
Germantown Market Place			11,096,980	0.63%
Mequon Pilgrim LLC			10,549,450	0.59%
FRED-Ashbury Woods			8,380,470	0.47%
Ability One Corp			7,649,300	0.43%
American Real Estate			7,216,300	0.41%
Advanced Healthcare			6,735,350	0.38%
Moldmakers LSG			6,459,600	0.36%
RC Apartments			6,511,000	0.37%
Mills Properties			6,111,800	0.34%
Total	\$140,917,800	6.27%	\$82,541,250	4.65%

Source:

Village of Germantown Finance Department, Assessors Department and Village records

¹ Estimated by dividing the assessed values by the ratio of assessed to equalized value for the Village Comprehensive Financial Report 2003, Final Official Statements May 5, 2013

a) Total Equalized Value January 1, 2012 =

\$ 2,248,659,300

b) Total Equalized Value January 1, 2003 =

\$ 1,773,707,300

Village of Germantown, Wisconsin
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy ¹		Collection in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	36,324,892	28,003,010	77.09%	14,746	36,310,146	99.96%
2004	38,185,824	29,673,630	77.71%	10,204	38,175,620	99.97%
2005	39,291,496	30,541,604	77.73%	19,891	39,271,605	99.95%
2006	40,037,157	30,842,279	77.03%	16,941	40,020,216	99.96%
2007	40,367,810	30,653,899	75.94%	16,321	40,351,489	99.96%
2008	42,012,204	31,243,429	74.37%	19,891	41,992,313	99.95%
2009	46,443,430	34,109,304	73.44%	30,269	46,413,160	99.93%
2010	47,372,096	34,787,132	73.43%	19,965	47,352,132	99.96%
2011	47,124,290	35,643,828	75.64%	13,535	47,110,755	99.97%
2012	46,077,496	34,372,703	74.60%	**		

** Still in process

Source: Village Finance Department

Notes: Amounts collected include Village of Germantown and all other taxing bodies which make up the total levy.

¹ The amount shown is net of the State Tax Credit

² Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing authorities on or about August 20 of the collection year
 Personal Property is collected by municipality

Village of Germantown, Wisconsin
Water & Wastewater Utility - Customer Count
Last Ten Fiscal Years

Table 9

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
Water and Sewer										
Number of Water Customers	5,154	5,286	5,273	5,355	5,426	5,469	5,479	5,510	5,238	5,255
Average Daily Water Consumption (gallons)	1,414,326	1,550,942	1,456,616	1,404,005	1,468,088	1,431,337	1,437,277	1,384,222	1,424,038	1,516,312
Number of Wastewater Customers	5,354	5,468	5,542	5,619	5,685	5,727	5,744	5,770	5,497	5,511

Source: Village of Germantown Utility Records

Village of Germantown, Wisconsin
Water Utility Customer Summary
Last Ten Fiscal Years

Table 10

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
Number of customers										
Residential	4,322	4,467	4,468	4,537	4,595	4,628	4,636	4,663	4,670	4,685
Commercial	781	765	759	772	785	801	802	802	523	528
Industrial	26	26	27	27	27	21	21	21	21	22
Public	18	19	19	19	19	19	20	24	24	20
Total	5,147	5,277	5,273	5,355	5,426	5,469	5,479	5,510	5,238	5,255
Gallons (thousands)										
Residential	307,760	308,991	332,797	312,186	312,443	306,127	301,575	281,134	281,405	314,016
Commercial	128,848	145,271	48,562	147,232	167,068	168,601	177,733	170,811	180,989	176,460
Industrial	66,967	98,128	38,176	43,435	44,493	36,936	34,067	43,368	47,300	53,276
Public	11,247	11,847	11,016	8,910	10,248	10,774	11,231	9,928	10,080	9,702
Total	514,822	564,237	430,551	511,763	534,252	522,438	524,606	505,241	519,774	553,454

Source: Village of Germantown Utility Records

Village of Germantown, Wisconsin
Water Utility Customer Rates
Last Ten Fiscal Years

Table 11

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Metered Service										
Quarterly Service Charge										
5/8 inch meter	\$11.00	\$11.00	\$13.20	\$13.20	\$13.20	\$13.20	\$13.60	\$14.40	14.40	14.40
3/4 inch meter	\$11.00	\$11.00	\$13.20	\$13.20	\$13.20	\$13.20	\$13.60	\$14.40	14.40	14.40
1 inch meter	\$17.00	\$17.00	\$22.50	\$22.50	\$22.50	\$22.50	\$23.18	\$24.00	24.00	24.00
1 1/4 inch meter	\$20.00	\$20.00	\$30.75	\$30.75	\$30.75	\$30.75	\$31.67	\$33.00	33.00	33.00
1 1/2 inch meter	\$35.00	\$35.00	\$39.00	\$39.00	\$39.00	\$39.00	\$40.17	\$42.00	42.00	42.00
2 inch meter	\$50.00	\$50.00	\$60.00	\$60.00	\$60.00	\$60.00	\$61.80	\$63.00	63.00	63.00
3 inch meter	\$75.00	\$75.00	\$99.00	\$99.00	\$99.00	\$99.00	\$101.97	\$105.00	105.00	105.00
4 inch meter	\$130.00	\$130.00	\$156.00	\$156.00	\$156.00	\$156.00	\$160.68	\$162.00	162.00	162.00
6 inch meter	\$200.00	\$200.00	\$288.00	\$288.00	\$288.00	\$288.00	\$296.64	\$300.00	300.00	300.00
8 inch meter	\$220.00	\$220.00	\$444.00	\$444.00	\$444.00	\$444.00	\$457.32	\$462.00	462.00	462.00
10 inch meter	\$300.00	\$300.00	\$648.00	\$648.00	\$648.00	\$648.00	\$667.44	\$675.00	675.00	675.00
12 inch meter	\$400.00	\$400.00	\$855.00	\$855.00	\$855.00	\$855.00	\$880.65	\$891.00	891.00	891.00
Volume rate (per 1,000 gallons)										
First 100,000 gallons	\$1.69	\$1.69	\$1.94	\$1.94	\$1.94	\$1.94	\$2.00	\$2.16	\$2.16	\$2.16
Next 900,000 gallons	\$1.47	\$1.47	\$1.65	\$1.65	\$1.65	\$1.65	\$1.70	\$1.75	\$1.75	\$1.75
Over 1,000,000 gallons	\$1.29	\$1.29	\$1.42	\$1.42	\$1.42	\$1.42	\$1.46	\$1.57	\$1.57	\$1.57
Public Fire Protection										
Annual service charge to the Village of Germantown	\$460,105	\$478,204	\$489,825	\$491,824	\$491,824	\$491,824	\$506,579	\$506,579	\$506,579	\$506,579
Private Fire Protection										
Quarterly Service Charge										
2 inch or smaller connection	\$24.00	\$24.00	** \$24	\$24.00	\$24.00	\$24.00	\$24.00	\$24.00	\$24.00	\$24.00
3 inch connection	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
4 inch connection	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
6 inch connection	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00
8 inch connection	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00	\$220.00
10 inch connection	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
12 inch connection	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00

* 5/21/93 - 4/17/05

A credit will be given where private fire protection lines are connected to utility water mains with 4-inch or larger diameter connections and where the lines also supply metered general service. (No credit will be given where connections are less than 4" in diameter.) The general service will be billed at the regular metered rates (above). The demand charge for private fire protection shall be (X - .30Y). "X" equals the unmetered private fire protection quarterly demand charge applicable to the size of connection, and "Y" is the quarterly service charge for metered general service..

** Eff. 4/18/05

"Credit for Combined Service" is no longer a part of the Rate Schedule for the Village of Germantown Water Utility.

*** 3% Simplified Rate Increase effective 12/15/2009

****9% Rate Increase effective 9/15/2010

Source: Village of Germantown Utility Records

Village of Germantown, Wisconsin
Wastewater Utility Customer Summary
Last Ten Fiscal Years

Table 12

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
Number of customers										
Residential	4,032	4,157	4,227	4,294	4,348	4,380	4,389	4,412	4,419	4,432
Commercial	1,276	1,264	1,268	1,278	1,290	1,301	1,308	1,308	1,028	1,027
Industrial	26	27	27	27	27	26	27	29	29	31
Public	20	20	20	20	20	20	20	21	21	21
Total	5,354	5,468	5,542	5,619	5,685	5,727	5,744	5,770	5,497	5,511
Gallons (thousands)										
Residential	294,150	294,627	347,552	297,732	297,855	291,335	296,805	266,797	268,106	298,742
Commercial	135,758	154,331	153,683	150,343	159,093	160,627	168,260	165,434	174,766	171,901
Industrial	162,757	191,849	129,021	132,347	144,392	138,293	117,070	142,091	160,703	194,685
Public	10,257	10,880	9,115	8,130	9,095	9,237	9,666	7,953	7,893	7,368
Total	602,922	651,687	639,371	588,552	610,435	599,492	591,801	582,275	611,468	672,696

Source: Village of Germantown Utility Records

*2011 - A decrease in # of customers is due to a change in reporting directed by the Wisconsin Public Service Commission. A Condominium complex in the Village is currently individually billed even though the consumption of water is based off of a singular meter. The PSC directed us to change the prior (286) customer count to (1) customer, the Association, to match the meter count.

Village of Germantown, Wisconsin
Wastewater Utility Customer Rates
Last Ten Fiscal Years

Table 13

	Fiscal Year										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Metered Service											
Quarterly Service Charge											
5/8 inch meter	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$25.00	\$27.50	\$31.63	\$36.37
3/4 inch meter	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$25.00	\$27.50	\$31.63	\$36.37
1 inch meter	\$37.00	\$37.00	\$37.00	\$37.00	\$37.00	\$37.00	\$37.00	\$46.25	\$50.88	\$58.51	\$67.29
1 1/2 inch meter	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$63.75	\$70.13	\$80.65	\$92.75
2 inch meter	\$66.00	\$66.00	\$66.00	\$66.00	\$66.00	\$66.00	\$66.00	\$82.50	\$90.75	\$104.36	\$120.01
3 inch meter	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$101.00	\$126.25	\$138.88	\$159.71	\$183.67
4 inch meter	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$226.25	\$248.88	\$286.21	\$329.14
6 inch meter	\$296.00	\$296.00	\$296.00	\$296.00	\$296.00	\$296.00	\$296.00	\$370.00	\$407.00	\$468.05	\$538.26
Volume rate (per 1,000 gallons)											
All Classes	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32				
Residential Only								\$4.32	\$4.752	\$5.465	\$6.285
Commercial, Industrial, Public								\$5.40	\$5.940	\$6.831	\$7.856
General Unmetered Service											
Flat rate	\$99.92	\$99.92	\$96.68	\$96.68	\$96.68	\$96.68	\$96.68	\$101.68	\$111.85	\$128.63	\$147.93
based on avg. usage (gal.)/qtr.	18,500	18,500	17,750	17,750	17,750	17,750	17,750	17,750	17,750	17,750	17,750

* Rate Increase effective September 15, 2009

**10% Rate Increase effective 9/15/2010

***15% Rate Increase effective 6/15/11

**** 15% Rate Increase effective 12/15/11

Source: Village of Germantown Utility Records

Village of Germantown, Wisconsin
 Ratio of Outstanding Debt
 Last Ten Fiscal Years

Table 14

Fiscal Year Ended December 31,	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita Personal Income (thousands)
	General Obligation Bonds	General Obligation Notes	Refunding Bonds	Other Obligations	Water Utility Revenue Bonds	Water & Sewer Utility Notes			
2003	23,200,000	13,000,000	8,015,000	589,000	-	-	44,804,000	9.23%	\$1,723
2004	19,980,000	7,775,000	13,790,000	764,000	-	-	42,309,000	8.67%	\$1,627
2005	16,675,000	5,255,000	17,135,000	175,000	1,130,000	-	40,370,000	8.19%	\$1,541
2006	14,315,000	5,350,000	18,085,000	135,081	1,130,000	-	39,015,081	6.01%	\$1,182
2007	14,000,000	8,285,000	15,905,000	91,376	1,090,000	-	39,371,376	6.06%	\$1,193
2008	12,540,000	8,960,000	14,115,000	46,367	1,045,000	-	36,706,367	5.38%	\$1,049
2009	9,540,000	7,880,000	13,925,000	1,695,172	1,048,574	-	34,088,746	5.00%	\$974
2010	5,135,000	8,525,000	15,885,000	1,467,834	1,666,067	-	32,678,901	4.77%	\$934
2011	4,345,000	9,435,000	14,170,000	1,261,533	1,649,069	-	30,860,602	4.50%	\$882
2012	735,000	10,410,000	16,115,000	251,642	1,566,328	-	29,077,970	4.10%	\$831

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements. Section F. Long Term Obligations
 Personal income data and population data can be found on Table 19

Village of Germantown, Wisconsin
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal years

Table 15

Fiscal Year Ended December 31,	General Bonded Debt Outstanding				Percentage of Long-Term Debt to Equalized Value	Equalized Valuation	Net Long-term Debt per Population	Population
	General Obligation Bonds	General Obligation Notes	Refunding Bonds	Total				
2003	23,200,000	13,000,000	8,015,000	44,215,000	2.49%	1,773,707,300	2,341	18,890
2004	19,980,000	7,775,000	13,790,000	41,545,000	2.18%	1,906,999,800	2,186	19,001
2005	16,675,000	5,255,000	17,135,000	39,065,000	1.90%	2,057,050,900	2,036	19,189
2006	14,315,000	5,350,000	18,085,000	37,750,000	1.70%	2,216,968,400	1,925	19,607
2007	14,000,000	8,285,000	15,905,000	38,190,000	1.62%	2,357,398,900	1,944	19,650
2008	12,540,000	8,960,000	14,115,000	35,615,000	1.47%	2,424,848,300	1,812	19,650
2009	9,540,000	7,880,000	13,925,000	31,345,000	1.28%	2,445,138,200	1,595	19,650
2010	5,135,000	8,525,000	15,885,000	29,545,000	1.24%	2,378,367,400	1,496	19,749
2011	4,345,000	9,435,000	14,170,000	27,950,000	1.19%	2,350,376,900	1,414	19,772
2012	735,000	10,410,000	16,115,000	27,260,000	1.21%	2,248,659,300	1,377	19,803

*Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.
 Population 2011 as current 2010 census, 2003 - 2009 population figure is an estimate, year 2002 as 2000 Census U.S. Census Bureau, factfinder, Germantown village, Wisconsin and Washington County Workforce Profile, 2011 2012 estimate as per Official Statement April 5, 2013*

Village of Germantown, Wisconsin
Direct and Overlapping Governmental Activities Debt
As of December 31, 2012

Table 16

<u>Governmental Unit</u>	<u>2012 Equalized Value</u>	<u>Debt Outstanding</u>	<u>Village EV Percentage of District</u>	<u>Village Proportionate Share</u>
Milwaukee Area Technical College	71,045,921,328	123,060,000	3.1651% ¹	3,894,972
Germantown School District	3,004,157,677	7,790,575	74.8516%	5,831,370
Washington County	<u>12,990,905,200</u>	<u>17,120,000</u>	17.3095%	<u>2,963,386</u>
Subtotal, overlapping debt	87,040,984,205	147,970,575	0.56% ²	12,689,728
Village Direct Debt	2,248,659,300	<u>27,511,642</u>	100.000%	<u>27,511,642</u>
Village Debt to Equalized Value		175,482,217	1.22% ³	
Total Direct and overlapping debt				40,201,370
Debt Per Capita Village General Obligation Debt				1,389.27 ⁴
Debt Per Capita Village Share of Overlapping Debt				<u>640.80</u>
				2,030.06

Source: *Financial Officers of the overlapping School Districts and Counties, Official Statement dated April 5, 2013*

Milwaukee Area Technical College

¹ Percentage of village equalized value to district equalized value.

² Percentage of village overlapping debt outstanding to village equalized value

³ Percentage of village outstanding debt to village equalized

⁴ Population 2012 estimate 19,803, debt per capita, April 5, 2013 Official Stateme

Village of Germantown, Wisconsin
 Legal Debt Margin Information
 Last Ten Fiscal Years

Table 17

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Legal Debt Margin calculations for Fiscal Year 2012										
2012 Equalized Valuation										\$2,248,659,300
Debt Limit (5% of current equalized value)										\$112,432,965
Debt applicable to limit - General obligation bonds										
Legal Debt margin										\$27,511,642
										\$84,921,323
<u>Statutory Debt Limit</u>	\$88,685,365	\$95,349,990	\$102,852,545	\$110,848,420	\$117,869,945	\$121,242,415	\$122,256,910	\$118,918,370	\$117,518,845	\$112,432,965
<u>Total Net Debt Applicable to limit</u>	\$44,215,000	\$41,720,000	\$39,240,000	\$37,885,081	\$38,281,376	\$35,661,367	\$33,040,172	\$31,012,834	\$29,211,533	\$27,511,642
<u>Unused Debt Limit</u>	\$44,470,365	\$53,629,990	\$63,612,545	\$72,963,339	\$79,588,569	\$85,581,048	\$89,216,738	\$87,905,536	\$88,307,312	\$84,921,323
Total Net Debt Applicable to the limit as a percentage of debt limit	49.86%	43.75%	38.15%	34.18%	32.48%	29.41%	27.03%	26.08%	24.86%	24.47%

Village of Germantown, Wisconsin
Pledged - Revenue Coverage - Utility
Last Ten Fiscal Years

Table 18

Fiscal Year Ended December 31,	Utility Service Charge	Less Operating Expenses	Net Available Revenue	Water and Sewer Revenue Bonds			Accreted Value	Coverage
				Debt Service				
				Principal	Interest	Total		
2003	5,054,668	3,541,603	1,513,065	-	-	-	\$ -	0.00
2004	5,336,857	3,910,646	1,426,211	-	-	-	\$ -	0.00
2005	1,997,810	1,262,660	735,150	-	-	-	\$ -	1.25
2006	2,111,350	1,520,113	591,237	-	65,246	65,246	\$ 81,558	1.25
2007	2,127,442	1,124,983	1,002,459	40,000	44,655	84,655	\$ 105,819	1.25
2008	2,118,557	1,466,180	652,377	45,000	43,415	88,415	\$ 110,519	1.25
2009	2,078,944	1,067,973	1,010,971	45,000	41,998	86,998	\$ 108,748	1.25
2010	2,043,895	1,080,606	963,289	45,000	52,104	97,104	\$ 121,380	1.25
2011	2,144,659	1,057,880	1,086,779	79,224	57,672	136,895	\$ 171,119	1.25
2012	2,215,199	1,172,581	1,042,618	82,741	56,356	139,098	\$ 173,872	1.25

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements, F, Long Term Debt, Revenue Debt. Operating expenses do not include interest, depreciation or amortization expense

Debt service is for the Water Utility Revenue Bonds Only, Sewer Utility is debt free

Village of Germantown, Wisconsin
 Demographic and Economic Indicators
 Last Ten Fiscal Years

Table 19

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income (thous)	Median Age	School Enrollment	Unemployment Rate
2003	18,890	\$485,360	\$25,694	36.4	3,697	5.20%
2004	19,001	\$488,212	\$25,694	37.3	3,676	4.50%
2005	19,189	\$493,042	\$25,694	39.5	3,775	4.00%
2006	19,607	\$648,678	\$33,084	39.5	3,862	4.10%
2007	19,650	\$650,101	\$33,084	39.5	3,902	4.10%
2008	19,650	\$681,757	\$34,695	39.5	3,939	4.30%
2009	19,650	\$681,757	\$34,695	39.5	3,985	8.60%
2010	19,749	\$685,192	\$34,695	41.7	4,013	8.20%
2011	19,772	\$686,049	\$34,698	41.7	4,013	6.10%
2012	19,803	\$708,571	\$35,781	40.2	4,013	6.40%

Note:

Population - Wisconsin Department of Administration, Demographic Services Center estimates, 2010 census

US Bureau of Economic Analysis, per capita income, 2005 - 2009 (in 2009 inflation adjusted dollar)

(2000 - 2004 in 1999 dollars) 2000 and 2010 Census of Population & Housing, quick facts, census

Wisconsin Department of Workforce Development, Office of Economic Advisors, per capita income

School Enrollment - Germantown School District, includes parts of Richfield and Hubertus

Unemployment - Wisconsin Department of Workforce Development, Division of Workforce Excellence (Washington

County) Rates not compiled for individual communities with populations under 25,000, AVG Washington County

Moody's Investors Service, Global Credit Research, March 1, 2012

Median age - Factfinder.census.gov 2005 - 2010

www.factfinder2.census.gov

Village of Germantown, Wisconsin

Table 20

Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees ²	Rank	Percentage of Total Village Population	Employees ¹	Rank	Percentage of Total Village Population
Germantown School District	600	1	3.03%	505	1	2.67%
Walmart Supercenter	500	2	2.52%			
David Frank Landscape	300	4	1.51%			
GKN Sintered Metals	300	5	1.51%	400	2	2.12%
Village of Germantown	319	3	1.61%			
Rock - Tenn (prev. Smurfit)	209	8	1.06%	200	4	1.06%
J.W. Speaker Company				170	8	0.90%
Airgas Corporation				200	5	1.06%
Gehl's Guernsey Farms	225	6	1.14%			
Great Lakes Packaging	101	9	0.51%			
Pick n Save				150	10	0.79%
Banner Welder	100	10	0.50%			
Milwaukee Seasoning				160	9	0.85%
Moldmakers						
Techstar Mfg				300	3	1.59%
MGS Mfg				200	6	1.06%
Ellsworth Adhesives	225	7	1.14%	187	7	0.99%
Total	2,879		14.54%	2472		13.09%

Source:

¹ Taken from Final Official Statement for General Obligation Promissory Notes and Bonds, Dated August 2, 2004

² Taken from Final Official Statement for General Obligation Notes, Dated April 5, 2013
Infogroup (www.salesgenie.com), written and telephone survey (March 2013), WI Mfg. Register, & WI Dept Workforce Development

³ Includes full-time, part-time and seasonal employment

⁴ Village of Germantown 2010 US Census population 19,749 and a current estimated population of 19,803
Census 2000, demographic profile 18,260, estimate 2003 18,890

Village of Germantown, Wisconsin

Table 21

*Full-time Equivalent Village Government Employees by Function/Program
Last Ten Fiscal Years*

Function/Program	2003	2004	2005	2006	2007 -	2008	2009	2010	2011	2012
General Government	7.30	7.30	7.30	7.30	7.20	7.20	5.70	5.70	5.70	5.70
Public Safety	60.10	60.10	59.35	59.35	59.35	59.35	57.35	57.35	57.35	57.35
Public Works	17.15	18.96	16.96	17.01	17.16	17.16	17.16	17.16	17.16	17.16
Culture & Recreation	19.61	19.95	20.62	20.62	22.12	24.12	23.12	23.12	23.12	23.12
Conservation & Development	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Water	8.10	8.10	8.10	8.10	8.10	8.10	7.30	7.30	7.30	7.30
Sewer	<u>7.84</u>	<u>7.84</u>	<u>7.84</u>	<u>7.84</u>	<u>7.84</u>	<u>7.84</u>	<u>7.04</u>	<u>7.04</u>	<u>7.04</u>	<u>7.04</u>
Total	122.00	124.15	122.07	122.12	123.67	125.67	119.57	119.57	119.57	119.57

Source: Village of Germantown Department Directors, count equals regular full time and part time, does not include seasonal, recreational or Volunteer Fire & Rescue

Village of Germantown, Wisconsin
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 22

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Number of Sworn Officers	30	30	30	31	31	31	31	31	31	31
Number of Citations	2,352	2,479	2,537	2,441	2,122	2,539	2,453	2,823	2,682	3,207
Fire										
Number of Employees - Full Time	3	4	4	4	4	4	4	4	4	4
Number of Employees - Part Time	4	4	4	4	4	4	4	4	4	4
Number of Employees - Paid on Call	38	40	36	35	35	35	35	35	35	35
Public Works										
Street Surfacing (miles)	0	0	7.81	4.41	6.00	3.65	3.27	2.34	3.89	5.39
Asphalt Repairs (miles)	5.61	0.33	3.29	2.79	0.75	0.25	0.00	0.25	0.45	0.95
Culture & Recreation										
Parks										
Acerage	514.5	514.5	514.5	514.5	514.5	514.5	514.5	514.5	514.5	514.5
Library										
Volumes in Collection	97,925	109,499	114,225	122,979	129,442	139,314	146,685	159,589	176,121	174,269
Water and Sewer										
Number of Water Customers	5,154	5,286	5,273	5,355	5,426	5,469	5,479	5,510	5,238	5,255
Average Daily Water Consumption (gallons)	1,414,326	1,550,942	1,456,616	1,404,005	1,468,088	1,431,337	1,437,277	1,384,222	1,425,405	1,516,312
Number of Sewer Customers	5,354	5,468	5,542	5,619	5,685	5,727	5,744	5,770	5,497	5,511

Village of Germantown, Wisconsin
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 23

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Miles of Road (miles)	121.43	124.49	124.92	129.75	129.75	129.96	129.96	129.96	129.30	129.58
Sidewalks (miles)				18.00	19.00	19.45	19.45	19.66	19.76	19.76
Culture & Recreation										
Parks	12	12	12	12	12	12	12	12	12	12
Playgrounds	6	6	6	6	6	6	7	7	7	7
Tennis Courts	13	13	13	13	13	13	13	13	13	13
Spraygrounds	0	0	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	82.49	83.90	85.08	86.95	88.20	88.20	88.55	88.38	88.99	89.152
Fire Hydrants	1,054	1,073	1,086	1,107	1,125	1,125	1,130	1,133	1,142	1,301
Sewer										
Sanitary Sewer (miles)	84.00	84.69	84.69	87.02	88.41	89.05	89.05	89.34	89.50	90.09

Source: Village of Germantown Department Directors and capital asset inventory records

2012 Fire Hydrant count increase due to the reconciliation of hydrants reported to the GIS System