

This Preliminary Official Statement and the information contained herein is deemed by the issuer to be final as of the date hereof for purposes of SEC Rule 15c2-12(b)(1), except for the omission of certain information described in the rule, but is subject to revision, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

New Issue

Rating Application Made: Moody's Investors Service

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 7, 2017

**CITY OF WAUSAU, WISCONSIN
(Marathon County)**

\$5,185,000* WATER SYSTEM REVENUE BONDS, SERIES 2017C

BID OPENING: November 14, 2017, 09:30 A.M., C.T. **CONSIDERATION:** November 14, 2017, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$5,185,000* Water System Revenue Bonds, Series 2017C (the "Bonds") of the City of Wausau, Wisconsin (the "City") are being issued pursuant to Section 66.0621, Wisconsin Statutes, to provide funds for the public purpose of financing improvements to the City's Water System (the "Water System") and to refund certain outstanding obligations of the City. The Bonds are not general obligations of the City but are payable only from and secured by a pledge of Net Revenues (defined herein) to be derived from the operation of the Water System. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: December 5, 2017

MATURITY: May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2018	\$405,000	2025	\$455,000	2032	\$130,000
2019	400,000	2026	355,000	2033	135,000
2020	410,000	2027	110,000	2034	140,000
2021	415,000	2028	115,000	2035	145,000
2022	425,000	2029	120,000	2036	150,000
2023	435,000	2030	120,000	2037	155,000
2024	440,000	2031	125,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the amount of any individual maturity of the Bonds in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: May 1, 2018 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on May 1, 2028 and thereafter are subject to call for prior optional redemption on May 1, 2027 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$5,120,187.

MAXIMUM BID: \$5,496,100.

GOOD FAITH DEPOSIT: A cashier's check in the amount of \$103,700 may be submitted contemporaneously with the bid or, alternatively, a good faith deposit shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: To be determined by City.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).



REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. *This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles and Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers & Associates, Inc., payable entirely by the City, is contingent upon the sale of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers & Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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COMMON COUNCIL

		<u>Term Expires</u>
Robert Mielke	Mayor	April 2020
Patrick Peckham	Aldersperson	April 2018
Romey Wagner	Aldersperson	April 2018
David E. Nutting	Aldersperson	April 2018
Tom Neal	Aldersperson	April 2018
Gary Gisselman	Aldersperson	April 2018
Becky McElhaney	Aldersperson	April 2018
Lisa Rasmussen	Aldersperson	April 2018
Karen Kellbach	Aldersperson	April 2018
Joe Gehin	Aldersperson	April 2018
Sherry Abitz	Aldersperson	April 2018
Dennis Smith	Aldersperson	April 2018

ADMINISTRATION

Maryanne Groat, City Finance Director / Treasurer

Toni Rayala, City Clerk

PROFESSIONAL SERVICES

Anne Jacobson, City Attorney, Wausau, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers & Associates, Inc., Municipal Advisors, Pewaukee, Wisconsin
(Other offices located in Roseville, Minnesota, Chicago, Illinois and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Wausau, Wisconsin (the "City") and the issuance of its \$5,185,000* Water System Revenue Bonds, Series 2017C (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds (the "Authorizing Resolution") to be adopted by the Common Council on November 14, 2017.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Pewaukee, Wisconsin, (262) 785-1520, the City's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 5, 2017. The Bonds will mature on May 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Authorizing Resolution.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after May 1, 2028 shall be subject to optional redemption prior to maturity on May 1, 2027 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

*Preliminary, subject to change.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, to provide funds for the public purpose of financing improvements to the City’s Water System (the "Water System") and refunding certain outstanding obligations of the City that were issued to finance improvements to the Water System as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rate	Principal to be Refunded¹
2015 State Trust Fund Loan	9/29/15	1/2/18	100%	2018-2025	3.25%	<u>\$835,971*</u>
2016 State Trust Fund Loan	11/10/16	1/2/18	100%	2018-2026	3.00%	<u>\$2,000,000</u>
TOTAL PRINCIPAL						\$2,835,971

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$5,185,000	
Transfers from Prior Issue Debt Service Funds	379,810	
Estimated Interest Earnings	<u>1,051</u>	
Total Sources		\$5,565,861

Uses

Project Costs	\$2,102,900	
Deposit to Current Refunding Fund	2,926,493	
Contingency	4,417	
Estimated Underwriter’s Discount	64,813	
Finance Related Expenses	59,725	
Deposit to Debt Service Reserve Fund	<u>407,513</u>	
Total Uses		\$5,565,861

*Preliminary, subject to change.

¹ Represents a portion of the principal outstanding. An additional portion of the principal amount outstanding will be paid from proceeds of the City’s Sewer System Revenue Bonds, Series 2017D expected to be issued concurrently with the Bonds.

SECURITY

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the Authorizing Resolution, which is available upon request from Ehlers.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY but are payable only out of "Net Revenues" that are pledged to the Special Redemption Fund provided for in the Authorizing Resolution (the "Special Redemption Fund"). Net Revenues are defined as all revenues of the Water System derived from any source less current expenses, excluding depreciation, debt service, tax equivalents, and capital expenditures. In the Authorizing Resolution, the City covenants to deposit Net Revenues in an amount sufficient to pay principal of and interest on the Bonds in the Special Redemption Fund and to use the funds in the Special Redemption Fund only for the purpose of paying principal of and interest on the Bonds.

Rate Covenant: In the Authorizing Resolution, the City covenants to maintain the Water System in reasonably good condition and operate the Water System, and to establish, charge and collect such lawfully established rates and charges for the service rendered by the Water System, so that in each fiscal year Net Revenues shall not be less than 125% of the debt service due on all outstanding bonds payable from the revenues of the Water System, including the Bonds and to meet the Reserve Requirement (defined below).

Additional Bonds Test: The City reserves the right to issue additional bonds payable from the Net Revenues of the Water System on a parity with the outstanding bonds payable from the Net Revenues of the Water System ("Parity Bonds"), including the Bonds. No bonds or obligations payable from the Net Revenues of the Water System may be issued in such a manner as to enjoy priority over the Bonds. Before issuing Parity Bonds, the City must meet the conditions provided for in the Authorizing Resolution including meeting one of the following tests with respect to Net Revenues of the Water System:

(a) The Net Revenues for the last completed fiscal year preceding the issuance of such additional obligations must have been at least equal to one and one quarter (1.25) times the average combined annual interest and principal requirements on all Bonds and any Parity Bonds then outstanding payable from the revenues of the Water System (other than Bonds and any Parity Bonds being refunded), and the obligations so proposed to be issued, for any succeeding fiscal year in which there shall be a principal maturity on such outstanding bonds; provided, however, that if prior to the authorization of such additional obligations the City shall have adopted and put into effect a revised schedule of rates, then the Net Revenues of the Water System for the last completed fiscal year which would, in the written opinion of an independent consulting engineer or independent certified public accountant employed for that purpose, have resulted from such rates had they been in effect for such period may be used in lieu of the actual Net Revenues for the last completed fiscal year; or

(b) An independent certified public accountant or consulting professional engineer provides a certificate setting forth for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by such additional obligations are to be completed, the projected Net Revenues and the maximum annual interest and principal requirements on all bonds outstanding payable from the Gross Revenues of the System and on the obligations then to be issued (the "Maximum Annual Debt Service Requirement"); and demonstrating that for each such fiscal year the projected Net Revenues will be in an amount not less than 125% of such Maximum Annual Debt Service Requirement;

Service to the City: The reasonable cost and value of any service rendered to the City by the Water System by furnishing water services for public purposes, including reasonable health protection charges, shall be charged against the City and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the revenues, and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the City in each year shall be in an amount which, together with revenues of the Water System, will produce Net Revenues equivalent

to not less than 1.25 times the annual debt service due on all bonds payable from the Net Revenues. Such compensation for such service rendered to the City shall, in the manner provided hereinabove, be paid into the separate and special funds described in the Authorizing Resolution. However, such payment is subject to (a) annual appropriations by the Common Council therefor, (b) approval of the Wisconsin Public Service Commission, or successors to its function, if necessary, and (c) applicable levy limits, if any; and neither this covenant nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Bond Reserve Account: In the Authorizing Resolution, the City covenants and agrees that upon the issuance of the Bonds an amount equal to the "Reserve Requirement" will be on deposit in the Reserve Account and will be maintained therein as additional security for the payment of principal of and interest on the Bonds. Reserve Requirement is defined as an amount, determined as of the date of issuance of the Bonds, equal to the least of (a) 10% of the stated principal amount of the Bonds (to the extent permitted pursuant to Section 148(d)(1) of the Code and Regulations); (b) the maximum annual debt service on the Bonds in a bond year; or (c) 125% of average annual debt service on the Bonds.

The Reserve Requirement may be satisfied through the deposit of cash or a "Credit Facility." Credit Facility means any letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of the Bonds.

WATER SYSTEM REVENUE DEBT OUTSTANDING

All outstanding Water System revenue debt of the City is listed on the following page. The debt service coverage ratios included on this page are calculated using audited 2016 Net Revenues. No guarantee can be given that the Net Revenues in the future years will be the same as the Net Revenues in 2016, and future Net Revenues may be materially different.

HISTORIC WATER SYSTEM NET REVENUES

The exhibit on the Page 6 presents the three-year historic Net Revenues of the Water System.

CITY OF WAUSAU, WISCONSIN
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water System Revenues
(As of December 5, 2017)

Water System
Revenue Bonds
Series 2017C

Dated Amount	12/5/2017		Maturity	Fiscal Year Ending	Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding ¹	Principal %Paid*	Year	Coverage**	Net Revenue Available for Debt Service
	\$5,185,000*	5/1										
2018	405,000	114,784		405,000	114,784	519,784	4,780,000	7.81%	2018	5.26		
2019	400,000	120,791		400,000	120,791	520,791	4,380,000	15.53%	2019	5.25		
2020	410,000	113,841		410,000	113,841	523,841	3,970,000	23.43%	2020	5.22		
2021	415,000	106,125		415,000	106,125	521,125	3,555,000	31.44%	2021	5.25		
2022	425,000	97,553		425,000	97,553	522,553	3,130,000	39.63%	2022	5.23		
2023	435,000	88,046		435,000	88,046	523,046	2,695,000	48.02%	2023	5.23		
2024	440,000	77,653		440,000	77,653	517,653	2,255,000	56.51%	2024	5.28		
2025	455,000	66,099		455,000	66,099	521,099	1,800,000	65.28%	2025	5.25		
2026	355,000	54,880		355,000	54,880	409,880	1,445,000	72.13%	2026	6.67		
2027	110,000	48,170		110,000	48,170	158,170	1,335,000	74.25%	2027	17.29		
2028	115,000	44,759		115,000	44,759	159,759	1,220,000	76.47%	2028	17.12		
2029	120,000	41,063		120,000	41,063	161,063	1,100,000	78.78%	2029	16.98		
2030	120,000	37,163		120,000	37,163	157,163	980,000	81.10%	2030	17.40		
2031	125,000	33,070		125,000	33,070	158,070	855,000	83.51%	2031	17.30		
2032	130,000	28,709		130,000	28,709	158,709	725,000	86.02%	2032	17.23		
2033	135,000	24,077		135,000	24,077	159,077	590,000	88.62%	2033	17.19		
2034	140,000	19,174		140,000	19,174	159,174	450,000	91.32%	2034	17.18		
2035	145,000	14,001		145,000	14,001	159,001	305,000	94.12%	2035	17.20		
2036	150,000	8,572		150,000	8,572	158,572	155,000	97.01%	2036	17.25		
2037	155,000	2,899		155,000	2,899	157,899	0	100.00%	2037	17.32		
	5,185,000	1,141,424		5,185,000	1,141,424	6,326,424						

*Preliminary, subject to change.

**The debt service coverage ratios included in this column are calculated using audited 2016 Net Revenues. No guarantee can be given that the Net Revenues in the future years will be the same as the Net Revenues in 2016, and future Net Revenues may be materially different.

HISTORIC STATEMENT OF REVENUES AND EXPENSES

The following table shows the historic Net Revenues of the Water System for the three year period ending December 31, 2016.

	Audited		Audited		Audited
	2014		2015		2016
Operating Revenues					
Water	\$ 4,462,666	\$	5,198,018	\$	5,409,380
Other Operating Revenues	51,289		38,566		35,716
Total Operating Revenues	4,513,955		5,236,584		5,445,096
Operating Expenses					
Operation and Maintenance	2,562,127		2,594,898		2,710,126
Depreciation and Amortization	1,134,041		1,137,508		1,151,651
Total Operating Expenses	3,696,168		3,732,406		3,861,777
Operating Income	817,787		1,504,178		1,583,319
Plus:					
Depreciation and Amortization	1,134,041		1,137,508		1,151,651
Interest Income	91		-		82
Net Revenues Available for Debt Service	\$ 1,951,919	\$	2,641,686	\$	2,735,052

DESCRIPTION OF WATER SYSTEM

The City's Water System is a separate enterprise fund. It operates under service rules established by the Wisconsin Public Service Commission which regulates the rates charged. The City owns, operates and maintains the Water System and related appurtenances serving customers located within the City and the Village of Brokaw. The Water System, established in 1885, is governed by the Common Council of the City. The Common Council is the policy making body of the Water System, overseeing all projects and programs, reviewing and approving the budget, and determining Water System projects. Water System operations are directed by the Public Works Department of the City.

The source of the water supply for the Water System consists of six wells, four clean water reservoirs with a combined capacity of approximately 4.8 million gallons (MG), and two elevated water tanks, with a total capacity of 750,000 gallons. The maximum water used in a single day in 2016 was 7,263,000 gallons and the minimum was 2,075,000 gallons. The average daily water pumped in 2016 was 3,943,583 gallons.

The Water System includes other related appurtenances including 1,231,902 feet of various types of 2"- 30" water mains; 15,730 feet of various types of 5/8"- 10" water laterals, 16,025 utility-owned meters; and 1,627 hydrants.

History of Water Customers

Year	Residential	Commercial	Industrial	Other Customers ¹	Multi Family	Total
2012	13,999	1,505	74	108	0	15,686
2013	14,065	1,337	75	440	130	16,047
2014	14,126	1,273	84	431	135	16,049
2015	14,155	1,409	90	452	138	16,244
2016	14,189	1,372	90	448	141	16,240

History of Water Billings by Customer Type

Year	Residential	Commercial	Industrial	Other Services ²	Multi Family	Total Billings
2012	\$2,287,999	\$896,531	\$311,848	\$1,045,795	\$0	\$4,542,173
2013	2,143,888	737,809	312,514	1,155,546	56,652	4,406,409
2014	2,107,222	695,302	312,768	1,143,844	74,740	4,333,876
2015	2,326,743	825,881	419,909	1,391,509	96,107	5,060,149
2016	2,379,151	866,609	502,471	1,332,642	127,902	5,208,775

¹ Includes other sales to public authorities, sales to irrigation customers, sales for resale, and interdepartmental sale, etc. but *not* private or public fire protection services.

² Includes all charges, including private fire protection services.

History of Water Sales

Year	No. of Customers ¹	Gallons Sold (in 000's)	Total Billings
2012	31,376	1,310,203	\$4,542,173
2013	31,758	1,214,963	4,406,409
2014	31,810	1,166,402	4,333,876
2015	32,037	1,182,904	5,060,149
2016	29,444	1,212,063	5,208,775

2016 Larger Water Customers

Total 2016 Gallons Sold: 1,212,063,000

Total 2016 Billings: \$5,208,775

Customer	Gallons Sold	Billings ²	% of Total Billings
LineTec - Line 1	49,779,400	\$111,248	2.14%
Minnesota Mining	31,594,772	71,722	1.38%
Kraft	29,621,548	67,370	1.29%
Graphic Packaging Co	25,038,552	57,260	1.10%
Wausau Hospital	23,936,000	54,828	1.05%
Linetec - Line 3	22,044,308	49,857	0.96%
Wausau Coated Products	12,252,240	28,047	0.54%
Marathon County Library	12,053,272	27,845	0.53%
North Central Heal Care	10,920,800	26,790	0.51%
Island Place	10,697,148	30,716	0.59%

¹ Includes all charges, including private fire protection services.

² Does not include charges for private fire protection services.

Water Rates and Charges

Rates and charges for the Water System are subject to approval by the Wisconsin Public Service Commission. The following quarterly water rates have been in effect since August 1, 2017:

General Service - Metered

<u>Quarterly Volume Charge</u>		<u>Minimum Quarterly Charge</u>	
	<u>Charge per 100 cubic feet</u>	<u>Meter Size</u>	<u>Charge</u>
First 6,000 cubic feet	\$2.16	5/8" & 3/4"	\$16.08
Next 54,000 cubic feet	2.01	1"	26.28
Over 60,000 cubic feet	1.70	1 1/4"	38.31
		1-1/2"	46.35
		2"	67.98
		3"	122.07
		4"	176.13
		6"	327.54
		8"	500.58
		10"	732.33
		12"	964.08

Bills for water service are rendered monthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1% per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to any unpaid balance including unpaid late payment charges. Customers may be given written notice that a bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the ten days after written notice is given, service may be disconnected pursuant to Chapter PSC 185, Wisconsin Adm. Code. Under the Wisconsin Statutes, delinquent charges may be placed on the tax roll and levied as a special charge against the property.

RATING

General obligation debt of the City is currently rated "Aa2" by Moody’s Investors Service, Inc. (“Moody’s”). The City currently has no outstanding rated Water System revenue debt.

The City has requested a rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the City shall covenant to take certain actions pursuant to the Authorizing Resolution adopted by the Common Council by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for the Bonds are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

The City failed to file notice of certain bond insurer rating changes during the previous five years. Except to the extent the preceding is deemed to be material, in the previous five years the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure dissemination agent for the City.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on

corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a Municipal Advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2016, have been audited by Schenck SC, Green Bay, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Water System Revenues: Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the Water System to be inoperable, a shortfall of revenues could result in a delay of or inability to make debt payments.

Larger Users: Should larger users increase or decrease usage of the water service currently provided, the revenues of the Water System will be affected proportionately.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the first Monday in May. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in May.

CURRENT PROPERTY VALUATIONS

2017 Equalized Value	\$2,764,682,800
2017 Equalized Value Reduced by Tax Increment Valuation	\$2,508,732,700
2017 Assessed Value	\$2,716,638,000

2017 EQUALIZED VALUE BY CLASSIFICATION

	2017 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 1,524,026,100	55.125%
Commercial	1,009,228,600	36.504%
Manufacturing	105,246,400	3.807%
Agricultural	40,000	0.001%
Undeveloped	448,100	0.016%
Ag Forest	216,200	0.008%
Forest	1,514,400	0.055%
Other	620,400	0.022%
Personal Property	123,342,600	4.461%
Total	<u>\$ 2,764,682,800</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2013	\$2,738,223,500	\$2,520,917,800	-1.31%
2014	2,748,578,600	2,655,928,800	5.36%
2015	2,647,764,700	2,633,849,300	-0.83%
2016	2,696,195,000	2,608,454,600	-0.96%
2017	2,716,638,000	2,764,682,800	5.99%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2016 Equalized Value ¹	Percent of City's Total Equalized Value
Ghidorzi	Office/Real Estate	\$ 76,381,478	2.93%
Employers Ins./Liberty	Insurance	30,637,868	1.17%
Apogee	Manufacturing	28,661,157	1.10%
Eastbay	Retail/Distribution	27,826,268	1.07%
Marshfield Clinic	Medical	26,970,970	1.03%
Wausau Benefits/Fiserv	Insurance	25,098,352	0.96%
Aspirus/Wausau Hospital ²	Medical	22,979,641	0.88%
First Wausau Tower	Office	20,527,752	0.79%
L&L Properties LLC	Apartments	18,012,591	0.69%
Menards	Retail	13,875,472	0.53%
Total		\$ 290,971,549	11.15%

City's Total 2016 Equalized Value³ \$2,608,454,600

Source: The City.

¹ Calculated by dividing the 2016 Assessed Values by the 2016 Aggregate Ratio of assessment for the City. 2017 taxpayer information is not yet available.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation.

DEBT

DIRECT DEBT¹ (includes the Bonds and the Concurrent Obligations, as defined herein)

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u>\$ 69,561,779</u>
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Revenue Debt (see schedules following)

Total Water Revenue Debt* - see schedule on page 5	<u>\$5,185,000</u>
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Total Sewer Revenue Debt*	<u>\$6,715,000</u>
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Other Obligations

Name of Issue	Issue Date	Final Maturity	Amount Outstanding
Taxable Note Anticipation Notes, Series 2017E ² *	12/5/17	4/1/2022	\$ 6,600,000

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

² The Taxable Note Anticipation Notes, Series 2017E are not general obligations of the City but are secured by a pledge of the proceeds from the issuance of long term general obligation debt. The City has reserved general obligation debt capacity for the long term debt.

CITY OF WAUSAU, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 5, 2017)

Dated Amount	GO Prom Notes Series 2009		GO Prom Notes Series 2010A		GO Prom Notes Series 2011A		Tax GO Prom Notes Series 2012A		GO Prom Notes Series 2012B		GO Prom Notes Series 2013A		Tax GO Prom Notes Series 2013B	
	8/18/2009 \$9,560,000	4/1	6/24/2010 \$5,145,000	4/1	8/2/2011 \$7,685,000	4/1	4/5/2012 \$2,725,000	4/1	4/5/2012 \$13,400,000	4/1	7/2/2013 \$5,365,000	4/1	7/2/2013 \$630,000	4/1
Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017														
2018	410,000	18,088	530,000	38,870	770,000	62,194	270,000	29,913	1,615,000	123,963	525,000	62,300	65,000	7,935
2019	415,000	6,225	535,000	23,958	770,000	45,831	280,000	24,413	1,575,000	92,063	525,000	51,800	65,000	6,798
2020			540,000	8,100	765,000	28,084	285,000	18,406	1,595,000	58,369	520,000	41,350	60,000	5,520
2021					760,000	9,500	290,000	11,575	1,005,000	27,863	520,000	30,950	60,000	4,125
2022							300,000	3,975	510,000	7,650	515,000	20,600	60,000	2,580
2023											515,000	7,725	60,000	885
2024														
2025														
2026														
2027														
2028														
2029														
2030														
2031														
2032														
2033														
2034														
2035														
2036														
TOTAL	825,000	24,313	1,605,000	70,928	3,065,000	145,609	1,425,000	88,281	6,300,000	309,906	3,120,000	214,725	370,000	27,843

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CITY OF WAUSAU, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 5, 2017)

Dated Amount	Note-Foundation		GO Swimming Pool Bonds Series 2013C		Note-Foundation		GO Prom Notes Series 2014A		GO Comm Dev Bonds Series 2014B		GO Prom Notes Series 2015A		GO Corp Purp Series 2015B	
	8/16/2013 \$750,000	6/30	12/3/2013 \$3,410,000	4/1	3/17/2014 \$190,000	6/30	9/25/2014 \$6,405,000	4/1	9/25/2014 \$1,495,000	4/1	8/6/2015 \$3,930,000	4/1	8/6/2015 \$5,705,000	4/1
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017														
2018	750,000	23,224	170,000	88,400			605,000	60,150	100,000	33,175	380,000	54,430	305,000	144,673
2019			170,000	85,000	190,000	5,225	620,000	47,900	105,000	31,125	385,000	50,029	310,000	138,523
2020			170,000	80,750		3,722	400,000	37,700	105,000	29,025	385,000	44,831	315,000	132,273
2021			170,000	75,650			410,000	29,600	110,000	26,875	390,000	38,920	315,000	125,185
2022			170,000	70,550			415,000	21,350	115,000 (1)	24,625	400,000	32,100	330,000	117,123
2023			170,000	65,450			425,000	12,950	115,000 (1)	22,325	410,000	24,300	330,000	109,079
2024			170,000 (1)	60,350			435,000	4,350	115,000 (1)	19,738	420,000	15,475	345,000	100,848
2025			170,000 (1)	55,250					120,000 (1)	16,800	430,000	5,375	350,000	92,160
2026			170,000 (1)	49,725					120,000 (1)	13,500			360,000	82,385
2027			170,000 (1)	43,775					125,000 (1)	9,825			370,000	71,435
2028			170,000 (1)	37,400					130,000 (1)	6,000			385,000	60,110
2029			170,000 (1)	30,600					135,000 (1)	2,025			390,000	48,485
2030			170,000 (1)	23,800									405,000 (1)	36,358
2031			170,000 (1)	17,000									170,000 (1)	27,445
2032			170,000 (1)	10,200									180,000 (1)	22,020
2033			170,000 (1)	3,400									180,000 (1)	16,440
2034													190,000 (1)	10,325
2035													200,000 (1)	3,500
2036														
TOTAL	750,000	23,224	2,720,000	797,300	190,000	8,947	3,310,000	214,000	1,395,000	235,038	3,200,000	265,460	5,430,000	1,338,364

(1) Mandatory redemption amounts.

continued on next page

CITY OF WAUSAU, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 5, 2017)

Fiscal Year Ending	Tax GO Comm Dev Bonds Series 2015C		Note-Foundation		GO Prom Notes Series 2016A		GO Corp Purp Bonds Series 2016B		Tax GO Comm Dev Bonds Series 2016C		STF Loan		Note Foundation	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017														
2018	170,000	8/6/2015	170,000	85,605	44,269	1,275,000	40,000	186,000	325,000	75,196	98,906	4,826		
2019	175,000	80,430	175,000	80,430	44,269	745,000	340,000	182,200	515,000	70,983	81,889	21,843		
2020	180,000	75,105	180,000	75,105	44,269	760,000	350,000	173,550	525,000	64,738	84,292	19,439		
2021	185,000	69,630	185,000	69,630	44,269	775,000	360,000	162,900	525,000	57,256	86,874	16,857		
2022	190,000	64,005	190,000	64,005	44,269	795,000	370,000	151,950	525,000	48,594	89,481	14,251		
2023	195,000	58,230	195,000	58,230	44,269	815,000	385,000	140,625	525,000	39,013	92,165	11,567		
2024	200,000	52,305	200,000	52,305	44,269	845,000	395,000	128,925	550,000	28,388	94,906	8,826		
2025	205,000	46,025	205,000	46,025	44,269	865,000	405,000	116,925	550,000	16,563	97,777	5,955		
2026	215,000	39,090	215,000	39,090	1,609,779	335,000	415,000	104,625	50,000 (1)	9,675	100,710	3,021		
2027	220,000	31,530	220,000	31,530			430,000	91,950	50,000 (1)	8,275				
2028	230,000	23,370	230,000	23,370			440,000	78,900	50,000 (1)	6,875				
2029	240,000	14,495	240,000	14,495			455,000	65,475	50,000 (1)	5,363				
2030	250,000	4,938	250,000	4,938			470,000	51,600	50,000 (1)	3,738				
2031							485,000	37,275	50,000 (1)	2,113				
2032							190,000	27,150	40,000 (1)	650				
2033							195,000	21,375						
2034							200,000	15,450						
2035							205,000	9,375						
2036							210,000	3,150						
TOTAL	2,655,000	644,758	1,609,779	398,420	7,210,000	720,625	6,340,000	1,749,400	4,380,000	437,416	827,000	106,585	200,000	16,500

(1) Mandatory redemption amounts.

continued on next page

CITY OF WAUSAU, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 5, 2017)

Fiscal Year Ending	GO Prom Notes Series 2017A		GO Comm Dev Bonds Series 2017B		Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
	7/12/2017 \$6,230,000	7/12/2017 \$6,405,000	Principal	Interest						
2017					0	0	0	69,561,779	0.00%	2017
2018	760,000	207,616	100,000	225,512	9,263,906	1,743,062	11,006,968	60,297,873	13.32%	2018
2019	755,000	157,100	100,000	182,750	8,656,889	1,488,259	10,145,148	51,640,984	25.76%	2019
2020	640,000	143,150	440,000	177,350	8,319,292	1,308,259	9,627,551	43,321,692	37.72%	2020
2021	650,000	130,250	450,000	166,200	7,061,874	1,133,005	8,194,879	36,259,818	47.87%	2021
2022	670,000	110,350	465,000	152,475	5,919,481	972,171	6,891,652	30,340,337	56.38%	2022
2023	700,000	82,950	475,000	138,375	5,212,165	819,317	6,031,482	25,128,172	63.88%	2023
2024	730,000	54,350	490,000	123,900	4,789,906	678,397	5,468,303	20,338,266	70.76%	2024
2025	760,000	28,350	505,000	108,975	4,175,489	551,996	4,727,485	15,880,489	77.17%	2025
2026	280,000	12,750	520,000	93,600	4,175,489	455,990	4,631,479	11,705,000	83.17%	2026
2027	285,000	4,275	540,000	77,700	2,190,000	338,765	2,528,765	9,515,000	86.32%	2027
2028			555,000	61,275	1,960,000	273,930	2,233,930	7,555,000	89.14%	2028
2029			570,000 (1)	44,400	2,010,000	210,843	2,220,843	5,545,000	92.03%	2029
2030			590,000 (1)	27,000	1,935,000	147,433	2,082,433	3,610,000	94.81%	2030
2031			605,000	9,075	1,480,000	92,908	1,572,908	2,130,000	96.94%	2031
2032					580,000	60,020	640,020	1,550,000	97.77%	2032
2033					545,000	41,215	586,215	1,005,000	98.56%	2033
2034					390,000	25,775	415,775	615,000	99.12%	2034
2035					405,000	12,875	417,875	210,000	99.70%	2035
2036					210,000	3,150	213,150	0	100.00%	2036
TOTAL	6,230,000	931,141	6,405,000	1,588,587	69,561,779	10,357,369	79,919,147			

(1) Mandatory redemption amounts.

CITY OF WAUSAU, WISCONSIN
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer System Revenues
(As of December 5, 2017)

Sewer System
Revenue Bonds
Series 2017D

Dated Amount	12/5/2017		Maturity	Fiscal Year Ending	Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid*	Year
	\$6,715,000*	5/1								
2018	620,000	138,750		620,000	138,750	758,750	6,095,000	9.23%	2018	
2019	610,000	144,110		610,000	144,110	754,110	5,485,000	18.32%	2019	
2020	630,000	133,469		630,000	133,469	763,469	4,855,000	27.70%	2020	
2021	635,000	121,639		635,000	121,639	756,639	4,220,000	37.16%	2021	
2022	645,000	108,579		645,000	108,579	753,579	3,575,000	46.76%	2022	
2023	665,000	94,095		665,000	94,095	759,095	2,910,000	56.66%	2023	
2024	680,000	78,117		680,000	78,117	758,117	2,230,000	66.79%	2024	
2025	690,000	60,438		690,000	60,438	750,438	1,540,000	77.07%	2025	
2026	335,000	46,333		335,000	46,333	381,333	1,205,000	82.06%	2026	
2027	90,000	40,206		90,000	40,206	130,206	1,115,000	83.40%	2027	
2028	95,000	37,401		95,000	37,401	132,401	1,020,000	84.81%	2028	
2029	100,000	34,334		100,000	34,334	134,334	920,000	86.30%	2029	
2030	100,000	31,084		100,000	31,084	131,084	820,000	87.79%	2030	
2031	105,000	27,659		105,000	27,659	132,659	715,000	89.35%	2031	
2032	110,000	23,982		110,000	23,982	133,982	605,000	90.99%	2032	
2033	115,000	20,049		115,000	20,049	135,049	490,000	92.70%	2033	
2034	115,000	15,949		115,000	15,949	130,949	375,000	94.42%	2034	
2035	120,000	11,683		120,000	11,683	131,683	255,000	96.20%	2035	
2036	125,000	7,175		125,000	7,175	132,175	130,000	98.06%	2036	
2037	130,000	2,431		130,000	2,431	132,431	0	100.00%	2037	
	6,715,000	1,177,480		6,715,000	1,177,480	7,892,480				

*Preliminary, subject to change.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$2,764,682,800
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 138,234,140
Less: General Obligation Debt	<u>(69,561,779)</u>
Unused Debt Limit	<u><u>\$ 68,672,361</u></u>

OVERLAPPING DEBT¹

Taxing District	2017 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Marathon County	\$ 10,590,161,600	26.1061%	\$ 7,865,000	\$ 2,053,245
North Central Technical College	16,871,008,212	16.3872%	38,475,000	6,304,975
Wausau School District	4,235,278,322	62.3130%	75,910,000	47,301,798
DC Everest School District	2,704,298,591	4.6427%	21,015,500	<u>975,687</u>
City's Share of Total Overlapping Debt				<u><u>\$56,635,705</u></u>

¹ Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax incremental valuation.

³ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$2,764,682,800	Debt/ Per Capita 38,652¹
Total General Obligation Debt	\$ 69,561,779	2.52%	\$ 1,799.69
City's Share of Total Overlapping Debt	<u>56,635,705</u>	<u>2.05%</u>	<u>1,465.27</u>
Total	\$ 126,197,484	4.56%	\$ 3,264.97

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City expects to issue its \$6,715,000* Sewer System Revenue Bonds, Series 2017D and its \$6,600,000* Taxable Note Anticipation Notes, Series 2017E (together, the "Concurrent Obligations") concurrently with the Bonds. The City's 2018 budget anticipates the issuance of approximately \$10,780,000 of Taxable Note Anticipation Notes; \$2,400,000 of General Obligation Promissory Notes for the Capital Improvement Program and \$3,400,000 of General Obligation Promissory Notes for TID No. 6 infrastructure improvements. Aside from the preceding, the City has no plans for additional financing during the next 12 months.

*Preliminary, subject to change.

¹ Estimated 2017 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2012/13	\$21,517,379	100%	\$9.07
2013/14	21,824,002	100%	9.35
2014/15	22,312,375	100%	9.08
2015/16	22,927,098	100%	9.48
2016/17	23,879,534	100%	10.00

Property tax statements are distributed to taxpayers by the town, village, and city clerks in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total Full Value Effective Rate³
2012/13	\$13.06	\$5.19	\$9.07	\$0.18	\$27.78
2013/14	13.18	5.19	9.35	0.18	28.29
2014/15	12.34	5.18	9.08	0.18	27.20
2015/16	12.70	5.15	9.48	0.18	27.97
2016/17	12.37	5.06	10.00	0.19	28.14

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, 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 either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included.

³ Property tax less state property tax credit (not including lottery credit).

majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1872 and is governed by a Mayor and Common Council comprised of 11 aldermen. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. Financial operations are the responsibility of the Finance Director.

EMPLOYEES; PENSIONS

The City employs a staff of 293 full-time, 69 part-time, and four seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. The total retirement plan contributions (including both the City's and the employees' contributions) for the fiscal years ended December 31, 2014 were \$2,965,842. During the fiscal years year ended December 31, 2015 ("Fiscal Year 2015"), and December 31, 2016 ("Fiscal Year 2016"), the employer's portion of contributions to WRS (not including any employee contributions) totaled \$1,692,183 and \$1,627,588, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position of the WRS was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2016, the City reported a liability of \$2,779,050 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2015 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.17102149% of the aggregate WRS net pension liability as of December 31, 2015.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see "Note 5.A APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Wausau Firefighters Association Local 415 LAFF, AFL-CIO and CLC	December 31, 2017
Wausau Professional Police Association	December 31, 2017
Local 1168 Amalgamated Transit Union	December 31, 2019

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the City and have satisfied specified eligibility standards. Any City employee retiring after December 31, 2012 is no longer eligible to remain on the City's group medical plan beyond COBRA eligibility. Membership in the plan consisted of 18 retirees receiving benefits and 238 active eligible plan members as of January 1, 2016, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every three years and prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board regarding retiree health and life insurance benefits, and related standards. An actuarial study was last completed by Key Benefit Concepts, LLC, in April, 2017 with an actuarial valuation date of January 1, 2016 (the "Actuarial Report").

The City is required to expense the estimated yearly cost of providing post-retirement benefits representing a level of funding that, if paid on an ongoing basis, is projected to cover costs and amortize unfunded actuarial liabilities over a given period not to exceed 30 years. Such annual accrual expense is referred to as the "annual required contribution." As shown in the City's financial statements for Fiscal Year 2016, the City's annual required contribution was \$122,010. For Fiscal Year 2016, contributions to the plan totaled \$242,121, which was 198.4% of the annual required contribution. The City's current funding practice is to make annual contributions to the plan in the amounts at least equal to the benefits paid to retirees in a particular year on a "pay-as-you-go" basis.

As of January 1, 2016, the actuarial accrued liability for the benefits was \$721,537 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$721,537 and a funded ratio of actuarial value of assets to actuarial accrued liability of 0%. For more information, see Note 5.D. in "Appendix A - Financial Statements."

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

FUNDS ON HAND (as of October 31, 2017)

Fund	Total Cash and Investments
General	\$ 9,985,479
Special Revenue	5,401,463
Debt Service	1,623,869
Capital Projects	15,119,750
Enterprise Funds	1,124,598
Internal Service Funds	4,488,055
Trust and Agency Funds	2,249,304
Total Funds on Hand	<u><u>\$ 39,992,518</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2014	2015	2016
Water			
Total Operating Revenues	\$ 4,513,955	\$ 5,236,584	\$ 5,445,096
Less: Operating Expenses	<u>(3,696,168)</u>	<u>(3,732,406)</u>	<u>(3,861,777)</u>
Operating Income	\$ 817,787	\$ 1,504,178	\$ 1,583,319
Plus: Depreciation	1,134,041	1,137,508	1,151,651
Interest Income	<u>91</u>	<u>0</u>	<u>82</u>
Revenues Available for Debt Service	<u><u>\$ 1,951,919</u></u>	<u><u>\$ 2,641,686</u></u>	<u><u>\$ 2,735,052</u></u>
Sewer			
Total Operating Revenues	\$ 5,365,411	\$ 5,290,542	\$ 5,321,043
Less: Operating Expenses	<u>(3,976,377)</u>	<u>(3,620,004)</u>	<u>(4,007,890)</u>
Operating Income	\$ 1,389,034	\$ 1,670,538	\$ 1,313,153
Plus: Depreciation	1,193,943	1,157,212	1,133,177
Interest Income	<u>3,438</u>	<u>1,613</u>	<u>1,235</u>
Revenues Available for Debt Service	<u><u>\$ 2,586,415</u></u>	<u><u>\$ 2,829,363</u></u>	<u><u>\$ 2,447,565</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2013 Audited	2014 Audited	2015 Audited	2016 Audited	2017 Adopted Budget ¹
Revenues					
Taxes and special assessments	\$ 15,823,688	\$ 16,066,125	\$ 16,422,947	\$ 17,072,739	\$ 17,579,529
Intergovernmental	8,019,450	8,097,414	8,107,748	7,929,706	8,001,910
Licenses and permits	715,251	716,037	799,876	856,103	776,822
Penalties and forfeitures	353,662	355,105	337,841	379,671	359,000
Public charges for services	1,807,857	1,879,793	1,928,922	2,048,807	2,094,489
Intergovernmental charges for services	1,393,301	1,422,142	1,457,809	1,600,706	817,333
Commercial revenues	(124,187)	531,589	369,673	335,556	201,185
Miscellaneous general revenues	369,925	440,875	350,072	340,490	466,320
Total Revenues	\$ 28,358,947	\$ 29,509,080	\$ 29,774,888	\$ 30,563,778	\$ 30,296,588
Expenditures					
Current:					
General government	\$ 3,868,595	\$ 4,067,801	\$ 4,159,669	\$ 4,313,529	\$ 4,241,685
Public safety	15,651,720	15,604,592	15,832,631	16,145,321	16,735,478
Transportation and streets	7,675,360	8,104,483	7,129,835	7,263,021	7,660,718
Sanitation, health and welfare	1,447,936	1,490,395	1,539,308	969,091	918,000
Natural resources and recreation	2,249,653	2,331,613	2,271,947	2,489,383	2,644,607
Capital outlay	0	0	0	0	0
Total Expenditures	\$ 30,893,264	\$ 31,598,884	\$ 30,933,390	\$ 31,180,345	\$ 32,200,488
Excess of revenues over (under) expenditures	\$ (2,534,317)	\$ (2,089,804)	\$ (1,158,502)	\$ (616,567)	\$ (1,903,900)
Other Financing Sources (Uses)					
Proceeds from capital lease	0	0	0	0	0
Proceeds of long-term debt	0	0	0	0	0
Operating transfers in	1,931,792	1,955,253	1,883,444	1,895,060	1,897,400
Operating transfers out	0	(63,500)	(144,288)	(275,473)	0
Total Other Financing Sources (Uses)	\$ 1,931,792	\$ 1,891,753	\$ 1,739,156	\$ 1,619,587	\$ 1,897,400
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ (602,525)	\$ (198,051)	\$ 580,654	\$ 1,003,020	\$ (6,500)
General Fund Balance January 1	9,981,845	9,641,545	9,443,494	10,024,148	11,027,168
Prior Period Adjustment	262,225	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	\$ 9,641,545	\$ 9,443,494	\$ 10,024,148	\$ 11,027,168	\$ 11,020,668
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	2,733,039	4,314,931	4,271,934	4,110,246	
Restricted	0	0	0	0	
Committed	861,900	766,250	720,137	1,128,159	
Assigned	209,424	0	0	0	
Unassigned	5,837,182	4,362,313	5,032,077	5,788,763	
Total	\$ 9,641,545	\$ 9,443,494	\$ 10,024,148	\$ 11,027,168	\$ 0

¹ The 2017 budget was adopted on November 22, 2016.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 39,106 and a current estimated population of 38,652 comprises an area of 19.56 square miles and is located in the heart of Wisconsin; about 99 miles east of Eau Claire, Wisconsin. The City is the county seat of Marathon County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Aspirus Wausau Hospital	Hospital	1,948
Eastbay Inc.	Mail Order House	1,500
Kolbe & Kolbe Millwork	Window manufacturer	1,400
Wausau School District	Elementary and secondary education	1,300
UMR	Insurance Company	1,200
Wausau Insurance/Liberty Mutual	Insurance Company	1,200
Marathon Electric Motors	Electric motor manufacturer	1,000
Marathon County	County government and services	738
North Central Health Care	Mental health services	696
Wisconsin Physicians Service	Insurance company	630

Source: *ReferenceUSA, written and telephone survey (June 2017), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

BUILDING PERMITS

	2013	2014	2015	2016	2017 ¹
<u>New Single Family Homes</u>					
No. of building permits	17	21	19	23	34
Valuation	\$3,375,500	\$5,122,000	\$4,757,500	\$4,956,800	\$7,147,000
 <u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	1,116	1,375	1,391	1,683	1,917
Valuation	\$61,382,000	\$56,821,000	\$85,333,890	\$85,560,936	\$66,631,658

Source: The City.

¹ As of October 31, 2017.

U.S. CENSUS DATA

Population Trend: City

2000 U.S. Census	38,426
2010 U.S. Census	39,106
2017 Estimated Population	38,652
Percent of Change 2000 - 2010	1.77%

Income and Age Statistics

	City	Marathon County	State of Wisconsin	United States
2015 per capita income	\$25,679	\$28,457	\$28,340	\$28,930
2015 median household income	\$41,575	\$54,083	\$53,357	\$53,889
2015 median family income	\$55,672	\$66,112	\$68,064	\$66,011
2015 median gross rent	\$654	\$697	\$776	\$928
2015 median value owner occupied units	\$114,300	\$144,500	\$165,800	\$178,600
2015 median age	38.6 yrs.	40.6 yrs.	39.0 yrs.	37.6 yrs.

	State of Wisconsin	United States
City % of 2015 per capita income	90.61%	88.76%
City % of 2015 median family income	81.79%	84.34%

Housing Statistics

	<u>City</u>		Percent of Change
	2000	2015	
All Housing Units	16,668	18,330	9.97%

Source: 2000 and 2010 Census of Population and Housing, and 2015 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>		
	City	Marathon County	City	Marathon County	State of Wisconsin
2013	18,236	67,364	8.8%	6.7%	6.7%
2014	18,771	69,535	5.5%	5.0%	5.4%
2015	18,931	70,549	4.3%	4.0%	4.6%
2016	19,111	71,220	3.9%	3.7%	4.1%
2017, August	19,698	73,407	3.7%	3.1%	3.4%

Source: Wisconsin Department of Workforce Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



CITY OF WAUSAU
Wausau, Wisconsin

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For the Year Ended
December 31, 2016**

Finance Department
Maryanne Groat, Finance Director / Treasurer
Robert Splinter, Assistant Finance Director



August 4, 2017

To the Honorable Mayor, Members of the Common Council, and Citizens of the City of Wausau:

The Comprehensive Annual Financial Report of the City of Wausau for the fiscal year ended December 31, 2016 is hereby submitted.

Management Representations

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. In addition, we are not aware of any financial policies that had a significant impact on the current year's financial statements. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Reporting Entity

The City of Wausau provides a full range of municipal services, including police, fire protection, paramedic, sanitation, water and wastewater, recreation, public works, and administrative support services. In addition, the City facilitates economic and neighborhood development. These services are funded from various sources which include: property taxes, room tax, cable franchise fee, grants, user fees, and revenues from municipally owned utilities. These activities are under the direct oversight responsibility of the Mayor and constitute the primary governmental functions of the City of Wausau. In addition, the City of Wausau is also financially accountable for a legally separate Community Development Authority, which is reported separately as a discretely presented component unit, within the City of Wausau's financial statements.

Profile of the Government

The City of Wausau was incorporated as a city on April 2, 1872. The City is located in north central Wisconsin, approximately 181 miles northwest of Milwaukee, Wisconsin and 175 miles east of Minneapolis/St. Paul, Minnesota. Wausau is the county seat of Marathon County, which is Wisconsin's largest county, covering 1,584 square miles. The City of Wausau covers 18.27 square miles, with approximately 259.6 miles of streets. County population per the 2010 census was 134,063 which includes the City's census population of 39,106. The City operates under the mayoral form of government. Policy making and legislative authority are vested in a governing council consisting of eleven alderpersons, elected by district, who serve two-year terms. The elected mayor serves a four-year term.

Financial Information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with General Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The annual budget serves as the foundation for the City of Wausau's financial planning and control. Activities of the general fund, certain special revenue funds, debt service fund, capital projects funds and proprietary funds (exclusive of the discretely presented component unit) are included in the City's annual budget. City departments submit their annual budget requests for the ensuing year to the Mayor.

After all requests have been reviewed, services prioritized and available resources evaluated, the Mayor submits the budget to the Finance Committee for review and recommendation to the Common Council. After conducting a public hearing of the budget, the Common Council adopts the budget no later than the fourth Tuesday in November.

The budget as adopted includes total expenditures at the cost center level. A cost center can be a fund, department, program or other activity for which control of expenditures is considered desirable. Cost centers are defined as follows: General Fund at department level, Special Revenue and Capital Projects at program level and Debt Service at total fund level. The City's Finance Director and Mayor may authorize new appropriations or transfers of budgeted amounts within expenditures of a cost center up to \$5,000. Amounts up to \$15,000 require Finance Committee approval and transfers or new appropriations over \$15,000 require two-thirds (2/3) Common Council approval to amend the budget.

Economic Condition and Outlook/Major Initiatives

Wausau is the city of northern Wisconsin and a significant regional center - home to largest hospital, performing arts theater, banking and shopping facilities within a 100 mile radius. Wausau has a diverse economic base including manufacturing (with a very strong 2.51 Location Quotient), construction, retailing, finance and insurance (with a strong 1.52 Location Quotient), health care, legal and a variety of other professional services.

Wausau's 5 year economic indicators have continued to strengthen including: the City's average educational attainment level which improved by 1.5%, job creation increased by 6.5%, and average annual earnings for city residents was up 6% (which beat the state average). Private investment has increased significantly with over \$150,000,000 in new development under construction. Housing construction permits also continue to rise with 2017 up 44% over the first quarter of 2016 and up 29% over the first quarter of 2015. Wausau is the employment center of the region, with over 50% of the region's workforce working within the City's limits. Unemployment remains low at 3.2% as of December 31, 2016, compared to 4.1% for the State of Wisconsin, and workforce participation rates in the City match pre-recession records. Traveler tourism continues to rise as both a summer and winter sports destination with total tourism spending exceeding \$230,000,000 in 2015 and \$234,600,000 in 2016.

Wausau's economic success continued to receive a variety of recent superlatives and rankings including: *New Geography* rated Wausau #1 among small cities nationally for business services job growth. The 2017 annual *Leading Locations* report by *Area Development* had Wausau rise to #3 among small cities and remain #1 in Wisconsin. Wausau garnered the title "the Middle-Class Paradise" from *Time Magazine*; Safest Metro Area in the Midwest according to the FBI; the Highest Average Credit Score by *USA Today*; #23 Best Place to Work in Manufacturing ranked by *Smart Asset*; "10 Best Cities for Return on Salary" by *Career Cast*; and "10 Cities That Give You The Best Bang For Your Buck" from *Forbes*.

Redevelopment and city growth efforts continue with the expected completion of public amenities along the 17 acre Riverview/East Riverfront urban waterfront this year and the start of new mixed use and housing projects with a first phase of \$25,000,000 starting this fall. The City is also in the process of acquiring another adjacent 10+ acres of riverfront property for future redevelopment. The City purchased an additional 205 acres of expansion land for the Wausau Business Campus last year and the first facility to locate there (an \$84,000,000 cheese packaging plant) recently broke ground.

Independent Audit

City policy is in accordance with state and federal requirements to provide for an annual audit by independent certified public accountants. The accounting firm of Schenck SC was selected by the City. The independent auditors' report is included in the Financial Section of this report. As part of the examination, the independent auditor is also issuing an internal control letter covering their review of the City's system of internal control.

Management's Discussion and Analysis

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wausau for its comprehensive annual financial report (CAFR) submitted for the fiscal year ended on December 31, 2015. The Certificate of Achievement is a prestigious national award recognizing the conformance with the highest standards for preparation of the state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the fifteenth year the City has received a Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements and will submit this report to the GFOA.

Robert Splinter, Assistant Finance Director, deserves recognition for his efforts in preparing this year's report. The preparation of this high quality report would not have been possible without his dedication and skills. Credit must also be given to the mayor and council for their interest and support in planning and conducting the fiscal affairs of the City.

Respectfully Submitted,
CITY OF WAUSAU



Maryanne Groat, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Wausau
Wisconsin**

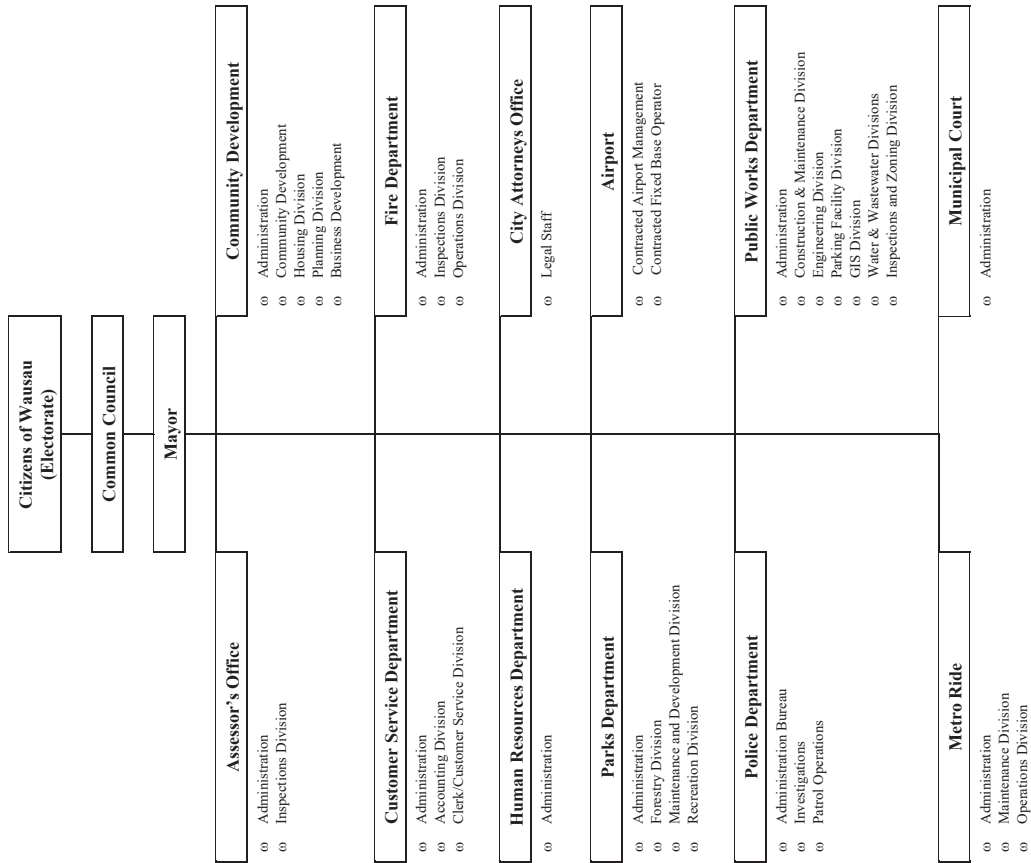
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015


Executive Director/CEO

CITY OF WAUSAU

Organizational Chart



CITY OF WAUSAU List of Principal Officials on December 31, 2016 ELECTED

Mayor Robert Mielke
 Municipal Judge Mark Sauer
 Common Council President Lisa Rasmussen

Alderman District

First..... Patrick Peckham
 Second..... Ronney Wagner
 Third..... David Nutting
 Fourth..... Tom Neal
 Fifth..... Gary Gisse Inan
 Sixth..... Becky McElhaney
 Seventh..... Lisa Rasmussen
 Eighth..... Karen Kelbach
 Ninth..... Joe Grehn
 Tenth..... Sherry Abitz
 Eleventh..... Dennis Smith

APPOINTED

Finance Director / City Treasurer Maryanne Groat
 City Clerk Toni Rayala
 City Attorney Anne Jacobson
 Police Chief Jeff Hardele
 Fire Chief Tracey Kujawa
 City Assessor Nan Giese
 Director of Administration-Public Works & Utilities..... Eric Lindman
 City Engineering Project Manager..... Allen Wesolowski
 Chief Inspector & Zoning Administrator..... William Hebert
 Community Development Director - Interim..... Christian Schock
 Human Resources Director Vacant
 Parks Director..... Bill Duncanson
 Airport Manager John Chmiel
 Transit Lines Manager..... Greg Seubert

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Wausau, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wausau, Wisconsin (the "City") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, 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.

Change in Accounting Principle

As discussed in Note 1.B to the financial statements, in 2016 the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. As discussed in Note 1.B to the financial statements, the City also adopted new accounting guidance, Statement No. 77, *Tax Abatement Disclosures*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the budgetary comparison schedules on page 80, and the schedules relating to pensions and other post-employment benefits on pages 81 through 84 be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the financial information listed in the table of contents as supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Schuch SC

Certified Public Accountants
Wausau, Wisconsin
August 10, 2017

CITY OF WAUSAU, WISCONSIN MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Wausau (City) presents the following discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2016. This discussion and analysis is intended to assist readers in focusing on significant financial issues, changes in the City's financial position, and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$232,522,883.
- The City's total change in net position for 2016 was \$1,985,723.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,829,032, an increase of \$6,689,099 from the prior year. The total unrestricted fund balance of \$5,919,971 is available for spending at the City's discretion.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$6,916,922, or 22.18% of expenditures. Of this amount, \$1,128,159 is committed or assigned and \$5,788,763 is unassigned.
- The City of Wausau's total general obligation debt increased \$18,706,029, or 33.18%. The major reasons for this increase is due to issuance of general obligation debt for community and economic development projects, improvement of streets, sidewalks, and other infrastructure, swimming pool renovations, and a \$4,000,000 State Trust Fund loan issued for Water and Wastewater capital expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 City is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure.

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (examples include: uncollected taxes and earned but unused compensated absences.) An important purpose of the design of the Statement of Activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation and streets, sanitation health and welfare, natural resources and recreation, and economic development. Business-type activities include: water, wastewater, parking utility, Metro Ride transit, airport and animal control funds.

The City's financial reporting includes funds of the City (primary government) but also a legally separate Community Development Authority for which the City of Wausau is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are presented on pages 12-15 of this report.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund accounting is also used to ensure and demonstrate compliance with finance related legal requirements placed on resources.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are reported separately, while all others are combined into a single, aggregate presentation. Individual fund data for non-major funds is provided in the form of combining statements in the supplementary statements.

The City has three kinds of funds:

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statement, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating annual financing requirements of government programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

The City of Wausau maintains twenty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, TID #3 Downtown Development Fund and the Capital Improvements Fund, all of which are considered to be major funds. Data for the other twenty-three governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the supplementary statements.

Budgetary comparison information for the general fund is included in the required supplementary information. This statement demonstrates compliance with the City's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 16-19 of this report.

Proprietary Funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the functions presented in business-type activities in the government-wide financial statements. Services are provided to customers external to the City organization and include the water, wastewater, parking, Metro Ride, airport and animal control funds. The City's *internal service funds*, the Motor Pool, Insurance, Employee Benefits and Employee HRA/Wellness funds, accumulate and allocate costs internally among the City's various functions. Because the City's internal service funds primarily serve governmental functions, they have been included within the governmental activities of the government-wide financial statements.

Proprietary fund financial statements provide separate and more detailed information for the water, wastewater, parking and Metro Ride enterprise funds, which are considered to be major funds, and the four internal service funds. Individual fund data for the two nonmajor enterprise funds and for each of the internal service funds is provided in combining statements elsewhere in the supplementary statements.

The basic proprietary fund financial statements can be found on pages 20-25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the City's programs and operations.

The basic fiduciary fund financial statements are presented on pages 26-27 of this report.

Notes to the Financial Statements provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other information is provided in addition to the basic financial statements and accompanying notes. This supplementary information consists of combining and individual fund schedules which can be found on pages 80-120 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the City of Wausau's net position at fiscal year-end is \$232,332,883.

By far, the largest portion of the City of Wausau's net position (82.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City of Wausau used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Wausau's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total
	2016	2015	2016	2015	
Current and other assets	\$ 116,745,841	\$ 112,296,411	\$ 14,815,055	\$ 131,560,806	\$ 124,309,177
Capital assets	155,076,888	143,177,085	97,517,443	252,832,661	240,694,528
Total assets	271,822,729	255,473,496	112,332,500	384,393,467	365,003,705
Deferred outflows of resources	13,731,579	4,186,653	2,092,848	583,387	15,824,427
Non-current liabilities	70,771,108	52,333,972	11,096,012	7,491,407	81,867,120
Other liabilities	48,995,007	50,042,554	1,248,898	746,338	50,788,592
Total liabilities	119,766,115	102,376,526	12,344,910	8,237,745	132,111,025
Deferred inflows of resources	34,255,363	27,948,550	1,528,713	875,764	35,784,076
Net position:					
Net investment in capital assets	99,450,028	98,825,542	91,153,104	92,670,116	191,495,658
Restricted	14,156,534	16,311,881	2,384,534	2,911,504	16,541,068
Unrestricted	17,926,268	14,199,650	7,252,415	5,418,467	25,178,683
Total net position	\$ 131,532,830	\$ 129,337,073	\$ 100,790,053	\$ 101,000,087	\$ 230,337,160

An additional portion of the City's net position (7.1%) represents resources that are subject to restrictions on how they may be used. The remaining balance represents unrestricted net position of \$25,178,683 which may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Wausau is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's total net position increased by \$1,985,723 for the current fiscal year.

The changes by net position category are as follows:

Net investment in capital assets	\$ (892,526)
Restricted	(2,682,317)
Unrestricted	5,560,566
Total	\$ 1,985,723

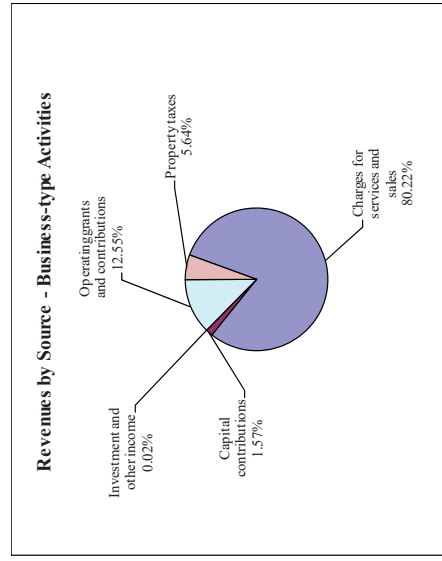
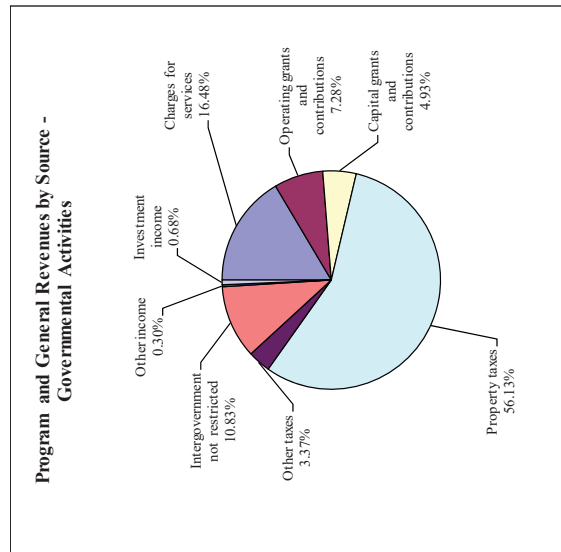
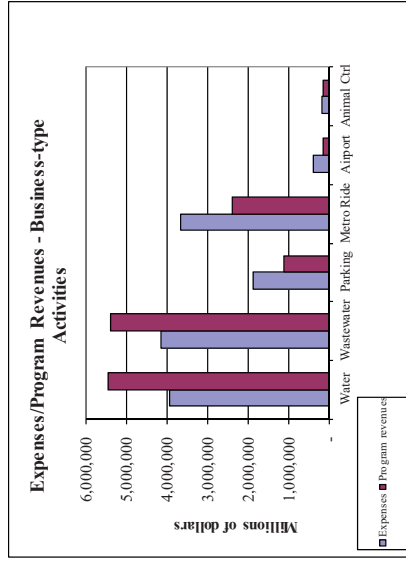
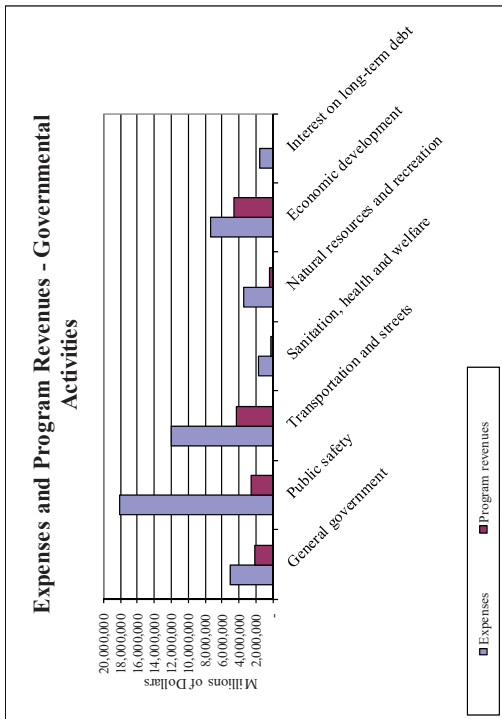
The following table provides a summary of the City's operations for the year ended December 31, 2016 and a comparison to the year ended December 31, 2015.

	Governmental Activities		Business-type Activities		Total
	2016	2015	2016	2015	
Revenues:					
Program Revenues					
Charges for services	\$ 8,165,399	\$ 6,354,901	\$ 12,461,926	\$ 12,185,464	\$ 20,627,325
Operating grants and contributions	3,605,696	4,294,633	1,950,219	1,880,409	5,555,915
Capital grants and contributions	2,444,731	2,451,032	245,243	1,220,530	2,687,974
General Revenues	27,817,518	26,556,543	875,499	1,016,883	28,693,017
Property taxes	1,670,665	1,461,604	-	-	1,670,665
Other taxes	5,367,413	5,346,313	-	-	5,367,413
Grants and contributions not restricted to specific purposes	339,521	369,673	1,317	1,613	340,838
Investment income	150,749	150,558	2,657	2,560	153,406
Other	49,561,692	46,985,257	15,534,861	16,407,459	65,096,553
Total Revenues	49,561,692	46,985,257	15,534,861	16,407,459	63,392,716
Expenses:					
General government	4,998,030	4,804,089	-	-	4,998,030
Public safety	18,094,777	16,478,842	189,136	170,038	18,283,913
Transportation and streets	11,928,609	11,845,960	5,927,207	5,793,388	17,855,816
Sanitation, health and welfare	1,677,239	2,218,162	-	-	1,677,239
Natural resources and recreation	3,268,724	3,160,068	-	-	3,268,724
Economic development	7,287,952	7,852,129	-	-	7,287,952
Interest on long term debt	1,568,164	1,209,574	-	-	1,568,164
Water	-	-	3,919,480	3,775,876	3,919,480
Wastewater	-	-	4,151,512	3,686,067	4,151,512
Total Expenses	48,923,495	47,298,824	14,187,335	13,425,369	63,108,300
Increase (decrease) in net position before transfers	638,197	(313,567)	1,347,526	2,982,090	1,985,723
Transfers	1,557,560	1,565,639	(1,557,560)	(1,565,639)	-
Increase (decrease) in net position	2,195,757	1,252,072	(210,034)	1,416,451	1,985,723
Net position - January 1	129,337,073	120,708,004	101,000,087	98,452,892	230,337,160
Cumulative effect of changes in accounting principle	-	-	-	-	-
Net position - December 31	\$ 131,532,830	\$ 129,337,073	\$ 100,790,053	\$ 101,000,087	\$ 232,332,883

Governmental activities increased the City's net position by \$2,195,757. Business-type activities decreased the City's net position by \$210,034. Capital contributions in the business-type activities for the year ended December 31, 2016 were \$243,243.

Business-type activities decreased the City of Wausau's net position by \$210,034. Key elements of the decrease are as follows:

Operating revenues for business-type activities increased by \$246,272 while total operating expenses increased by \$670,174 for a net decrease in operating income for the year of \$423,902 over the prior year. Total operating income for the year ended December 31, 2016 was \$426,135 while net nonoperating revenues were \$678,148. Additional capital contributions of \$11,584, \$54,839, \$171,210 and \$5,610 in the Water, Wastewater, Parking and Airport funds, respectively, along with transfers out of \$1,107,560 in the Water utility and \$450,000 in the Wastewater utility contributed to the overall decrease in net position for the year ended December 31, 2016.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, the City of Wausau's governmental funds reported combined ending fund balance of \$24,829,032, an increase of \$6,689,099 from the prior year. The total unrestricted fund balance of \$5,919,971 is available for spending at the City's discretion. A portion of the unrestricted fund balance is committed to special purposes for \$2,557,097. The remaining portion of fund balance in the amount of 3,362,874 is unassigned, comprised of the General Fund balance of \$5,788,763 and tax incremental finance district deficit balances of \$2,425,889.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund increased \$1,003,020 to \$11,027,168. The City reported expenditures and other financing uses less than anticipated budget for 2016 in the amount of \$446,096 while total revenues and other financing sources exceeded budget by \$677,203. The main reason for the positive result in total expenditures compared to budget was savings in several areas including fuel costs and a mild winter season which reduced winter maintenance expenses. General operations have not had a significant negative impact on the unassigned fund balance, which was \$5,788,763 at year-end. Unassigned fund balance increased by \$756,686 from 2015 due to positive operating results as explained above. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 22.18 percent of general fund expenditures, while total fund balance represents 35.37 percent of the same amount.

The Debt Service fund balance of \$1,898,330 at year end represents a \$1,017,884 increase in fund balance from the previous year due to significant premiums on debt issued. This available balance will be utilized in subsequent years' budgets.

The TID #3 Downtown Development fund balance deficit of \$75,636 at the end of 2016 represents an increase in fund balance of \$2,467,112 over the prior year due mainly to grant proceeds received for the riverfront development. It is anticipated that the remaining fund balance deficit will be reduced as projects are completed and development occurs.

Capital Improvements fund balance of \$4,699,527 represents unexpended capital projects in process. These projects will be completed in subsequent years.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Factors concerning the finances of these funds have already been addressed in the discussion of the City of Wausau's business-type activities.

General Fund Budgetary Highlights

- General Fund expenditures and other financing uses were less than budget by \$446,096 for the current fiscal year. Cost savings occurred in all functional activities except sanitation, health and welfare which exceeded budget by \$11,091.
- General Fund revenues and other financing sources exceeded budget expectations by \$677,203. The most significant positive budget variances occurred in taxes of \$119,295; licenses and permits of \$82,196; public charges for services of \$99,713, and intergovernmental charges for services of \$202,738. Revenues above budgeted amounts were realized by all functional activities.

Capital Asset and Debt Administration

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2016 was \$252,832,661. This investment in capital assets includes land, buildings and improvements, machinery, equipment, infrastructure and construction in progress. The total increase in net capital assets for the current fiscal year was \$12,138,133 or approximately 5.0%.

Major capital events during the current fiscal year included the following:

- Governmental Activities
 - Land purchased for street and economic development projects of \$1,616,548.
 - Motor Pool additions of \$746,548.
 - Various street and infrastructure additions totaling \$3,547,270.
- Business-type Activities
 - Water Utility installed water mains and other system support totaling \$1,349,283.
 - The Wastewater Utility installed mains and other system support totaling \$850,821.

	City of Wausau Capital Assets (net of accumulated depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015		
Land	\$ 391,415,563	\$ 37,525,015	\$ 3,867,711	\$ 3,867,711	\$ 43,009,274	\$ 41,392,726
Buildings & improvements	17,056,698	15,329,798	20,818,905	21,968,550	37,875,603	37,298,348
Machinery & equipment	8,024,356	7,518,809	8,164,093	9,011,300	16,188,449	16,530,109
Infrastructure	79,603,366	79,224,337	61,894,651	60,913,674	141,498,017	140,138,011
Construction in progress	11,250,905	3,579,126	3,010,413	1,756,208	14,261,318	5,335,334
Total	<u>\$155,076,888</u>	<u>\$143,177,085</u>	<u>\$97,755,773</u>	<u>\$97,517,443</u>	<u>\$252,832,661</u>	<u>\$240,694,528</u>

Additional information on the City of Wausau's capital assets can be found in Note 4.C. on pages 50-51 of this report.

Long Term Debt

At the end of the current fiscal year, the City of Wausau had total debt outstanding of \$75,079,604. This total amount comprises debt backed by the full faith and credit of the City of Wausau.

City of Wausau Outstanding Debt

	City of Wausau Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015		
General obligation	\$ 64,906,284	\$ 49,378,033	\$ 10,173,320	\$ 6,995,542	\$75,079,604	\$ 56,373,575

In 2016 the City issued debt as follows:

- 2016 General Obligation Promissory Notes, Series A \$8,705,000; this debt financed capital improvements as outlined by the Capital Improvement Plan adopted by the common council as well as costs within the City's Tax Incremental Financing District #6.
- 2016 General Obligation Corporate Bonds, Series B \$6,530,000; this debt financed capital improvements as outlined by the Capital Improvement Plan adopted by the common council as well as costs within the City's Tax Incremental Financing Districts #3.
- 2016 Taxable General Obligation Community Development Bonds, Series C \$4,695,000; this debt financed costs within the City's Tax Incremental Financing District #3 and #8.
- 2016 State Trust Fund loan \$4,827,000; this debt financed capital improvements as outlined by the Capital Improvement Plan adopted by the common council as well as capital costs in the Water and Wastewater Utility funds.
- Other promissory notes in the amount of \$2,629,029; this debt financed capital improvements as outlined by the Capital Improvement Plan adopted by common council.

The City received an Aa2 rating from Moody's Investors Service for the Series A, Series B and Series C general obligation issues shown above.

Additional information regarding the City of Wausau's long-term debt can be found in Note 4.E. on pages 54-57 of this report.

Economic Factors and the Next Year's Budgets and Rates

Wausau is characterized by a broad economic base of diverse industrial and commercial businesses. The area is a significant regional center for the insurance industry, paper manufacturing, medical facilities and home construction industry. The City actively uses tax increment financing to forward its development goals. Inflationary trends in the region compare favorably to national indices and equalized values have remained relatively stable.

These factors were considered in preparing the 2017 budget for the City of Wausau.

Requests for Information

This financial report is designed to provide a general overview of the City of Wausau's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department, at 407 Grant Street, Wausau, Wisconsin 54403 or by calling 715-261-6640.

CITY OF WAUSAU, WISCONSIN
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 30,929,323	\$ 6,501,733	\$ 37,431,056	\$ 4,531,427
Investments	23,484,217	-	23,484,217	-
Receivables (net of allowance for uncollectible accounts)	60,760,212	4,550,864	65,311,076	488,901
Internal balances	624,088	(624,088)	-	-
Inventories and prepayments	680,191	313,492	993,683	10,071
Restricted assets:				
Cash and investments	-	4,014,484	4,014,484	1,081,825
Investment in joint venture	225,090	-	225,090	-
Other assets	-	58,570	58,570	33,765
Net OPEB asset	42,720	-	42,720	-
Capital assets (net of accumulated depreciation):				
Land	39,141,563	3,867,711	43,009,274	981,317
Buildings and improvements	17,056,698	20,818,905	37,875,603	13,878,826
Machinery and equipment	8,024,356	8,164,093	16,188,449	262,462
Infrastructure	79,603,366	61,894,651	141,498,017	-
Construction in progress	11,250,905	3,010,413	14,261,318	86,283
 TOTAL ASSETS	 <u>271,822,729</u>	 <u>112,570,828</u>	 <u>384,393,557</u>	 <u>21,354,877</u>
 DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	309,837	-	309,837	-
Proportionate share of WRS pension plan	11,969,708	1,861,082	13,830,790	-
Pension contributions for subsequent year	1,452,034	231,766	1,683,800	-
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>13,731,579</u>	 <u>2,092,848</u>	 <u>15,824,427</u>	 <u>-</u>

(Continued on next page)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable and other current liabilities	5,514,075	903,857	6,417,932	219,033
Accrued interest payable	642,281	192,602	834,883	-
Accrued liability - claims payable	223,759	-	223,759	-
Due to other governments	42,102,350	24,944	42,127,294	-
Unearned revenues	512,542	127,495	640,037	10,645
Noncurrent liabilities:				
Due within one year	9,575,014	1,030,733	10,605,747	17,719
Due in more than one year (net of unamortized costs)	58,790,995	9,691,328	68,482,323	764,242
Net pension liability	2,405,099	373,951	2,779,050	-
TOTAL LIABILITIES	119,766,115	12,344,910	132,111,025	1,011,639
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	29,193,874	741,739	29,935,613	-
Wisconsin retirement system pension related	5,061,489	786,974	5,848,463	-
Operating subsidy received in advance	-	-	-	95,931
Housing Assistance payments subsidy received in advance	-	-	-	89,999
TOTAL DEFERRED INFLOWS OF RESOURCES	34,255,363	1,528,713	35,784,076	185,930
NET POSITION				
Net investment in capital assets	99,450,028	91,153,104	190,603,132	14,458,888
Restricted for:				
Debt service	1,256,049	-	1,256,049	-
Capital improvements	6,863,857	2,384,534	9,248,391	-
Community development programs	3,364,396	-	3,364,396	-
Holtz-Krause clean up	1,752,827	-	1,752,827	-
Grants and special purpose accounts	919,405	-	919,405	-
Unrestricted	17,926,268	7,252,415	25,178,683	5,698,420
TOTAL NET POSITION	\$ 131,532,830	\$ 100,790,053	\$ 232,322,883	\$ 20,157,308

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 4,998,030	\$ 2,189,574	\$ 10,450	\$ -
Public safety	18,094,777	2,190,635	336,310	-
Transportation and streets	11,928,609	1,124,819	2,445,221	767,162
Sanitation, health and welfare	1,677,239	66,020	210,062	-
Natural resources and recreation	3,368,724	312,770	-	1,300
Economic development	7,287,952	2,281,581	603,653	1,676,269
Interest on long-term debt	1,568,164	-	-	-
Total governmental activities	<u>48,923,495</u>	<u>8,165,399</u>	<u>3,605,696</u>	<u>2,444,731</u>
Business-type activities:				
Water	3,919,480	5,445,096	-	11,584
Wastewater	4,151,512	5,321,043	-	54,839
Parking	1,880,606	955,977	-	171,210
Metro Ride	3,648,953	462,027	1,923,359	-
Airport	397,648	143,425	-	5,610
Animal Control	189,136	134,358	26,860	-
Total business-type activities	<u>14,187,335</u>	<u>12,461,926</u>	<u>1,950,219</u>	<u>243,243</u>
Total primary government	<u>\$ 63,110,830</u>	<u>\$ 20,627,325</u>	<u>\$ 5,555,915</u>	<u>\$ 2,687,974</u>
Component unit:				
Community Development Authority	<u>\$ 3,303,772</u>	<u>\$ 1,194,906</u>	<u>\$ 1,415,628</u>	<u>\$ 186,751</u>

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for capital purposes
- Property taxes, levied for TIF
- Other taxes
- Grants and contributions not restricted to specific purposes
- Investment income
- Miscellaneous
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

(Continued on next page)

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (2,798,006)	\$ -	\$ (2,798,006)	\$ -
(15,567,832)	-	(15,567,832)	-
(7,591,407)	-	(7,591,407)	-
(1,401,157)	-	(1,401,157)	-
(3,054,654)	-	(3,054,654)	-
(2,726,449)	-	(2,726,449)	-
(1,568,164)	-	(1,568,164)	-
<u>(34,707,669)</u>	<u>-</u>	<u>(34,707,669)</u>	<u>-</u>
-	1,537,200	1,537,200	-
-	1,224,370	1,224,370	-
-	(753,419)	(753,419)	-
-	(1,263,567)	(1,263,567)	-
-	(248,613)	(248,613)	-
-	(27,918)	(27,918)	-
-	<u>468,053</u>	<u>468,053</u>	-
<u>(34,707,669)</u>	<u>468,053</u>	<u>(34,239,616)</u>	<u>-</u>
-	-	-	(506,487)
17,367,799	875,499	18,243,298	-
4,123,000	-	4,123,000	-
560,800	-	560,800	-
5,765,919	-	5,765,919	-
1,670,665	-	1,670,665	-
5,367,413	-	5,367,413	-
339,521	1,317	340,838	22,894
81,556	-	81,556	-
69,193	2,657	71,850	-
<u>1,557,560</u>	<u>(1,557,560)</u>	<u>-</u>	<u>-</u>
<u>36,903,426</u>	<u>(678,087)</u>	<u>36,225,339</u>	<u>22,894</u>
2,195,757	(210,034)	1,985,723	(483,593)
<u>129,337,073</u>	<u>101,000,087</u>	<u>230,337,160</u>	<u>20,640,901</u>
<u>\$ 131,532,830</u>	<u>\$ 100,790,053</u>	<u>\$ 232,322,883</u>	<u>\$ 20,157,308</u>

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

CITY OF WAUSAU, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Debt Service	TID #3 Downtown Development	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,985,775	\$ 1,898,330	\$ 3,837,088	\$ 5,248,623	\$ 8,444,018	\$ 27,413,834
Investments	23,429,542	-	-	-	54,675	23,484,217
Receivables (net of allowance for uncollectible accounts):						
Taxes	36,481,724	4,123,000	2,214,368	505,828	4,771,149	48,096,069
Delinquent personal property tax	6,092	-	-	-	-	6,092
Accounts	1,217,123	-	-	4,777	150,834	1,372,734
Notes	-	-	1,321,292	-	8,734,829	10,056,121
Federal, state and local governments	86,691	-	139,658	332,475	120,777	679,601
Special assessments	-	-	-	374,602	-	374,602
Interest	83,677	-	-	-	-	83,677
Due from other funds	631,354	-	-	-	-	631,354
Advances to other funds	3,718,150	-	-	-	1,239,432	4,957,582
Inventories and prepayments	392,096	-	-	-	-	392,096
TOTAL ASSETS	\$ 74,032,224	\$ 6,021,330	\$ 7,512,406	\$ 6,466,305	\$ 23,515,714	\$ 117,547,979
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 859,529	\$ -	\$ 1,437,787	\$ 886,154	\$ 292,059	\$ 3,475,529
Accrued payroll and benefits	2,026,732	-	-	-	18,566	2,045,298
Due to other governments	42,102,350	-	-	-	-	42,102,350
Due to other funds	-	-	7,266	-	-	7,266
Unearned revenues	599	-	-	1,781	69,215	71,595
Advances from other funds	-	-	2,607,329	-	2,350,253	4,957,582
Total Liabilities	44,989,210	-	4,052,382	887,935	2,730,093	52,659,620
Deferred Inflows of Resources:						
Unavailable revenue	436,317	-	1,321,292	373,015	8,734,829	10,865,453
Property taxes levied for subsequent year	17,579,529	4,123,000	2,214,368	505,828	4,771,149	29,193,874
Total Deferred Inflows of Resources	18,015,846	4,123,000	3,535,660	878,843	13,505,978	40,059,327
Fund balances:						
Nonspendable	4,110,246	-	-	-	-	4,110,246
Restricted	-	1,898,330	-	4,699,527	8,200,958	14,798,815
Committed	1,128,159	-	-	-	1,428,938	2,557,097
Unassigned	5,788,763	-	(75,636)	-	(2,350,253)	3,362,874
Total Fund Balances (Deficit)	11,027,168	1,898,330	(75,636)	4,699,527	7,279,643	24,829,032
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 74,032,224	\$ 6,021,330	\$ 7,512,406	\$ 6,466,305	\$ 23,515,714	

(Continued on next page)

Total
Governmental
Funds

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.	150,457,088
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	10,872,229
Net pension amounts in governmental funds are not financial resources and, therefore, are not reported in the funds.	5,852,483
Investment in joint venture is not a financial resource and, therefore, is not reported in the funds.	225,090
Internal service funds are used to charge the costs of motor pool, insurance and employee benefits to individual funds. Assets and liabilities of these funds are included in governmental activities in the statement of net position.	7,045,612
Long-term liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(67,748,704)</u>

Net position of governmental activities	<u><u>\$ 131,532,830</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF WAUSAU, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	General	Debt Service	TID #3 Downtown Development	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 17,072,739	\$ 4,123,000	\$ 2,108,433	\$ 450,000	\$ 5,334,184	\$ 29,088,356
Special assessments	-	-	-	218,505	59,587	278,092
Intergovernmental	7,929,706	-	73,868	446,361	1,200,946	9,650,881
Licenses and permits	856,103	-	-	-	41,320	897,423
Fines, forfeitures and penalties	379,671	-	-	-	-	379,671
Public charges for services	2,048,807	-	-	-	-	2,048,807
Intergovernmental charges for services	1,600,706	-	-	-	-	1,600,706
Commercial revenues	335,556	-	5,254	-	662,785	1,003,595
Miscellaneous revenues	340,490	53,723	1,161,450	194,180	859,335	2,609,178
Total Revenues	<u>30,563,778</u>	<u>4,176,723</u>	<u>3,349,005</u>	<u>1,309,046</u>	<u>8,158,157</u>	<u>47,556,709</u>
EXPENDITURES						
Current:						
General government	4,313,529	-	-	-	80,126	4,393,655
Public safety	16,145,321	-	-	-	263,253	16,408,574
Transportation and streets	7,263,021	-	-	-	-	7,263,021
Sanitation, health and welfare	969,091	-	-	-	741,785	1,710,876
Natural resources and recreation	2,489,383	-	-	-	48,333	2,537,716
Economic development	-	-	1,639,194	-	4,270,374	5,909,568
Capital outlay	-	-	7,049,794	6,246,417	5,240,405	18,536,616
Debt service:						
Principal retirement	-	7,857,778	-	-	-	7,857,778
Interest and debt service charges	-	1,162,230	-	70,114	36,082	1,268,426
Total Expenditures	<u>31,180,345</u>	<u>9,020,008</u>	<u>8,688,988</u>	<u>6,316,531</u>	<u>10,680,358</u>	<u>65,886,230</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(616,567)</u>	<u>(4,843,285)</u>	<u>(5,339,983)</u>	<u>(5,007,485)</u>	<u>(2,522,201)</u>	<u>(18,329,521)</u>
OTHER FINANCING						
SOURCES (USES)						
Issuance of debt	-	1,300,000	8,414,779	6,105,000	6,747,000	22,566,779
Premium on debt issued	-	744,281	-	-	-	744,281
Transfers in	1,895,060	3,816,888	1,434,277	123,000	386,066	7,655,291
Transfers out	<u>(275,473)</u>	<u>-</u>	<u>(2,041,961)</u>	<u>-</u>	<u>(3,630,297)</u>	<u>(5,947,731)</u>
Total Other Financing Sources (Uses)	<u>1,619,587</u>	<u>5,861,169</u>	<u>7,807,095</u>	<u>6,228,000</u>	<u>3,502,769</u>	<u>25,018,620</u>
Net Change in Fund Balance	1,003,020	1,017,884	2,467,112	1,220,515	980,568	6,689,099
Beginning fund balances (deficit)	<u>10,024,148</u>	<u>880,446</u>	<u>(2,542,748)</u>	<u>3,479,012</u>	<u>6,299,075</u>	<u>18,139,933</u>
Ending fund balances (deficit)	<u>\$ 11,027,168</u>	<u>\$ 1,898,330</u>	<u>\$ (75,636)</u>	<u>\$ 4,699,527</u>	<u>\$ 7,279,643</u>	<u>\$ 24,829,032</u>

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

CITY OF WAUSAU, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Net change in fund balances - total governmental funds \$ 6,689,099

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, net of disposals, exceeded depreciation in the current period. 11,563,333

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 939,888

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (16,272,532)

Decrease in investment in joint venture reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the funds. (32,265)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,581,316)

Internal service funds are used to charge the costs of motor pool operations, insurance costs and employee benefits to individual funds. The net revenue of internal service fund activities is reported with the governmental activities. 889,550

Change in net position of governmental activities \$ 2,195,757

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business Type Activities-					Governmental Activities-	
	Enterprise Funds						
	Water Utility	Wastewater Utility	Parking Utility	Metro Ride	Nonmajor Funds	Totals	Internal Service Funds
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 2,491,970	\$ 3,065,195	\$ 778,160	\$ 64,634	\$ 101,774	\$ 6,501,733	\$ 3,515,489
Taxes receivable	-	-	-	601,600	140,139	741,739	-
Accounts receivable	1,314,785	1,337,408	22,972	12,876	20,268	2,708,309	84,541
Due from other funds	-	140,000	-	-	-	140,000	-
Due from other governments	-	-	-	1,100,816	-	1,100,816	-
Inventories and prepayments	177,021	-	-	136,471	-	313,492	288,095
Total Current Assets	3,983,776	4,542,603	801,132	1,916,397	262,181	11,506,089	3,888,125
Noncurrent Assets:							
Restricted cash and cash equivalents:							
Replacement fund investments	420,000	3,594,484	-	-	-	4,014,484	-
Property, Plant and Equipment:							
Property and equipment	54,122,033	62,820,142	31,681,519	9,024,825	4,140,152	161,788,671	12,610,844
Accumulated depreciation	(18,585,661)	(24,690,303)	(13,232,571)	(5,486,422)	(2,037,941)	(64,032,898)	(7,991,044)
Advance to other funds	-	1,120,000	-	-	-	1,120,000	-
Other assets	58,570	-	-	-	-	58,570	-
Total Noncurrent Assets	36,014,942	42,844,323	18,448,948	3,538,403	2,102,211	102,948,827	4,619,800
TOTAL ASSETS	39,998,718	47,386,926	19,250,080	5,454,800	2,364,392	114,454,916	8,507,925
DEFERRED OUTFLOWS OF RESOURCES							
Proportionate share of WRS pension plan	521,045	390,631	96,446	839,138	13,822	1,861,082	203,436
Pension contributions for subsequent year	64,106	48,031	15,387	102,135	2,107	231,766	26,137
TOTAL DEFERRED OUTFLOWS OF RESOURCES	585,151	438,662	111,833	941,273	15,929	2,092,848	229,573

	Business Type Activities- Enterprise Funds					Totals	Governmental Activities- Service Funds
	Water Utility	Wastewater Utility	Parking Utility	Metro Ride	Nonmajor Funds		
LIABILITIES							
Current Liabilities:							
Accounts payable	\$ 60,823	\$ 633,460	\$ 21,105	\$ 50,427	\$ 3,103	\$ 768,918	\$ 103,093
Accrued payroll and benefits	86,839	65,577	20,908	125,896	2,137	301,357	18,645
Claims payable	-	-	-	-	-	-	760,310
Due to other funds	140,000	-	-	624,088	-	764,088	-
Due to other governments	-	-	-	-	24,944	24,944	-
Unearned revenues	-	-	66,124	43,260	18,111	127,495	440,947
General obligation debt - current portion	302,029	562,286	-	-	-	864,315	-
Accrued interest payable	50,484	142,118	-	-	-	192,602	-
Total Current Liabilities	<u>640,175</u>	<u>1,403,441</u>	<u>108,137</u>	<u>843,671</u>	<u>48,295</u>	<u>3,043,719</u>	<u>1,322,995</u>
Noncurrent Liabilities:							
General obligation debt	3,280,972	6,028,033	-	-	-	9,309,005	-
Advance from other funds	1,120,000	-	-	-	-	1,120,000	-
Accrued liability - claims payable	-	-	-	-	-	-	223,759
Compensated absences	95,458	82,731	41,121	163,013	-	382,323	18,230
Net pension liability	104,695	78,490	19,379	168,610	2,777	373,951	40,877
Total Noncurrent Liabilities	<u>4,601,125</u>	<u>6,189,254</u>	<u>60,500</u>	<u>331,623</u>	<u>2,777</u>	<u>11,185,279</u>	<u>282,866</u>
TOTAL LIABILITIES	<u>5,241,300</u>	<u>7,592,695</u>	<u>168,637</u>	<u>1,175,294</u>	<u>51,072</u>	<u>14,228,998</u>	<u>1,605,861</u>
DEFERRED INFLOWS OF RESOURCES							
Wisconsin retirement system pension related	220,328	165,182	40,783	354,836	5,845	786,974	86,025
Property taxes levied for subsequent year	-	-	-	601,600	140,139	741,739	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>220,328</u>	<u>165,182</u>	<u>40,783</u>	<u>956,436</u>	<u>145,984</u>	<u>1,528,713</u>	<u>86,025</u>
NET POSITION							
Net investment in capital assets	32,623,371	34,440,171	18,448,948	3,538,403	2,102,211	91,153,104	4,619,800
Restricted for capital improvements	420,000	1,964,534	-	-	-	2,384,534	-
Unrestricted	2,078,870	3,663,006	703,545	725,940	81,054	7,252,415	2,425,812
TOTAL NET POSITION	<u>\$ 35,122,241</u>	<u>\$ 40,067,711</u>	<u>\$ 19,152,493</u>	<u>\$ 4,264,343</u>	<u>\$ 2,183,265</u>	<u>\$ 100,790,053</u>	<u>\$ 7,045,612</u>

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year ended December 31, 2016

	Business Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Parking Utility	Metro Ride	Nonmajor Funds	Totals	Internal Service Funds
OPERATING REVENUES							
Charges for services and sales	\$ 5,409,380	\$ 5,320,894	\$ 942,729	\$ 462,027	\$ 277,783	\$ 12,412,813	\$ 9,566,132
Intergovernmental	-	-	-	1,923,359	26,860	1,950,219	-
Other operating revenues	35,716	149	13,248	-	-	49,113	236,454
Total Operating Revenues	<u>5,445,096</u>	<u>5,321,043</u>	<u>955,977</u>	<u>2,385,386</u>	<u>304,643</u>	<u>14,412,145</u>	<u>9,802,586</u>
OPERATING EXPENSES							
Operating and maintenance	2,710,126	2,874,713	1,222,699	3,066,352	429,766	10,303,656	1,767,570
Depreciation	1,151,651	1,133,177	657,907	582,601	157,018	3,682,354	859,702
Insurance and claims	-	-	-	-	-	-	6,179,411
Total Operating Expenses	<u>3,861,777</u>	<u>4,007,890</u>	<u>1,880,606</u>	<u>3,648,953</u>	<u>586,784</u>	<u>13,986,010</u>	<u>8,806,683</u>
Operating income (loss)	<u>1,583,319</u>	<u>1,313,153</u>	<u>(924,629)</u>	<u>(1,263,567)</u>	<u>(282,141)</u>	<u>426,135</u>	<u>995,903</u>
NONOPERATING REVENUES (EXPENSES)							
Property taxes	-	-	211,052	547,342	117,105	875,499	-
Investment income	82	1,235	-	-	-	1,317	-
Interest expense	(56,837)	(143,622)	-	-	-	(200,459)	-
Amortization	(866)	-	-	-	-	(866)	-
Gain on disposal of capital assets	2,657	-	-	-	-	2,657	43,647
Total Nonoperating Revenues (Expenses)	<u>(54,964)</u>	<u>(142,387)</u>	<u>211,052</u>	<u>547,342</u>	<u>117,105</u>	<u>678,148</u>	<u>43,647</u>
Income (loss) before Capital Contributions and Transfers	1,528,355	1,170,766	(713,577)	(716,225)	(165,036)	1,104,283	1,039,550

Capital contributions	11,584	54,839	171,210	-	5,610	243,243	-
Transfers out	(1,107,560)	(450,000)	-	-	-	(1,557,560)	(150,000)
Change in Net Position	432,379	775,605	(542,367)	(716,225)	(159,426)	(210,034)	889,550
Net Position - beginning of year	34,689,862	39,292,106	19,694,860	4,980,568	2,342,691	101,000,087	6,156,062
Net position - end of year	\$ 35,122,241	\$ 40,067,711	\$ 19,152,493	\$ 4,264,343	\$ 2,183,265	\$ 100,790,053	\$ 7,045,612

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2016

	Business Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Parking Utility	Metro Ride	Nonmajor Funds	Totals	Internal Service Funds
\$ 5,507,460	\$ 5,386,457	\$ 972,865	\$ 1,815,814	\$ 301,237	\$ 13,983,833	\$ 9,889,515	
(1,822,121)	(1,797,639)	(937,606)	(1,457,830)	(344,205)	(6,359,401)	(7,528,747)	
<u>(800,573)</u>	<u>(706,123)</u>	<u>(251,940)</u>	<u>(1,498,368)</u>	<u>(58,682)</u>	<u>(3,315,686)</u>	<u>(394,738)</u>	
<u>2,884,766</u>	<u>2,882,695</u>	<u>(216,681)</u>	<u>(1,140,384)</u>	<u>(101,650)</u>	<u>4,308,746</u>	<u>1,966,030</u>	
-	-	211,052	547,342	117,105	875,499	-	
(140,000)	-	-	624,088	-	484,088	-	
-	140,000	-	-	-	140,000	-	
<u>(1,107,560)</u>	<u>(450,000)</u>	-	-	-	<u>(1,557,560)</u>	<u>(150,000)</u>	
<u>(1,247,560)</u>	<u>(310,000)</u>	<u>211,052</u>	<u>1,171,430</u>	<u>117,105</u>	<u>(57,973)</u>	<u>(150,000)</u>	
2,000,000	2,000,000	-	-	-	4,000,000	-	
11,584	54,839	171,210	-	5,610	243,243	-	
(1,510,945)	(2,183,218)	(172,710)	(20,048)	(5,610)	(3,892,531)	(1,196,173)	
(520,382)	(301,840)	-	-	-	(822,222)	-	
(20,848)	(36,454)	-	-	-	(57,302)	-	
<u>2,657</u>	-	-	-	-	<u>2,657</u>	<u>43,647</u>	
<u>(37,934)</u>	<u>(466,673)</u>	<u>(1,500)</u>	<u>(20,048)</u>	-	<u>(526,155)</u>	<u>(1,152,526)</u>	

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers, users and others
Payments to suppliers
Payments to employees
Net Cash Provided (Used) by Operating
Activities

CASH FLOWS FROM NONCAPITAL

FINANCING ACTIVITIES

Property taxes received
Due to other funds
Due from other funds
Transfers out
Net Cash Provided (Used) by Noncapital
Financing Activities

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Proceeds from capital debt
Capital contributions
Acquisition and construction of capital assets
Principal paid on capital debt
Interest paid on capital debt
Proceeds from sale of capital assets
Net Cash Provided (Used) by Capital and
Related Financing Activities

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	82	1,235	-	-	1,317	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,599,354	2,107,257	(7,129)	10,998	15,455	3,725,935
Cash and cash equivalents - beginning of year	1,312,616	4,552,422	785,289	53,636	86,319	6,790,282
Cash and cash equivalents - end of year	<u>\$ 2,911,970</u>	<u>\$ 6,659,679</u>	<u>\$ 778,160</u>	<u>\$ 64,634</u>	<u>\$ 101,774</u>	<u>\$ 10,516,217</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ 1,583,319	\$ 1,313,153	\$ (924,629)	\$ (1,263,567)	\$ (282,141)	\$ 426,135	\$ 995,903
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	1,151,651	1,133,177	657,907	582,601	157,018	3,682,354	859,702
Changes in assets and liabilities:							
Accounts receivable	62,364	65,414	10,797	(592,780)	(6,027)	(460,232)	75,771
Inventories and prepayments	(9,463)	-	-	33,008	-	23,545	17,070
Accounts payable	(13,017)	270,867	7,865	(95,034)	(679)	170,002	(62,230)
Due to other governments	-	-	-	-	22,542	22,542	-
Accrued payroll and compensated absences	47,135	46,870	18,966	72,707	2,137	187,815	15,321
Pension related liabilities and deferred amounts	62,777	53,214	6,322	99,473	2,879	224,665	24,699
Claims payable	-	-	-	-	-	-	28,636
Unearned revenues	-	-	6,091	23,208	2,621	31,920	11,158
Net cash provided (used) by operating activities	<u>\$ 2,884,766</u>	<u>\$ 2,882,695</u>	<u>\$ (216,681)</u>	<u>\$ (1,140,384)</u>	<u>\$ (101,650)</u>	<u>\$ 4,308,746</u>	<u>\$ 1,966,030</u>

Reconciliation of Cash and Cash Equivalents to Statement of Net Position

Unrestricted	\$ 2,491,970	\$ 3,065,195	\$ 778,160	\$ 64,634	\$ 101,774	\$ 6,501,733	\$ 3,515,489
Restricted (noncurrent)	420,000	3,594,484	-	-	-	4,014,484	-
Total cash and cash equivalents	<u>\$ 2,911,970</u>	<u>\$ 6,659,679</u>	<u>\$ 778,160</u>	<u>\$ 64,634</u>	<u>\$ 101,774</u>	<u>\$ 10,516,217</u>	<u>\$ 3,515,489</u>

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2016

	Cemetery Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 570,093	\$ 617,707
Accounts receivable	-	12,609
TOTAL ASSETS	570,093	\$ 630,316
LIABILITIES		
Accounts payable	-	\$ 630,316
NET POSITION		
Held in trust for private purpose	\$ 570,093	

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2016

	<u>Cemetery Private Purpose Trust Fund</u>
ADDITIONS	
Net increase in fair value of investments	\$ 43,907
Interest and dividends	<u>8,466</u>
Total additions	<u>52,373</u>
DEDUCTIONS	
Distributions to beneficiary	6,394
Administrative expenses	<u>4,984</u>
Total deductions	<u>11,378</u>
Change in net position	40,995
Net position - beginning of year	<u>529,098</u>
Net position - end of year	<u><u>\$ 570,093</u></u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Authority Commission approves the annual budget, is fiscally separate from the City and possesses independent authority to acquire property and issue debt. As a component unit, the Authority's financial statements have been presented as a discrete column in the City's financial statements. Complete financial statements can be obtained from:

Community Development Authority
City of Wausau City Hall
407 Grant Street
Wausau, WI 54403-4783

Joint venture. The City of Wausau, in conjunction with Marathon County, has created the City-County Information Technology Commission. The commission provides for the implementation and operation of a cooperative data and management information system under the direction of the governing Board of Commissioners. Effective April 1, 2009, North Central Health Care also became a member of the Commission. The joint venture arrangement provides that net operating costs were subsidized 30% by the City prior to April 1, 2009 and are currently at 21%, with the remainder funded by the other members. All capital assets, unless otherwise shown to benefit only one owner, are paid for on a percentage basis.

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. This statement addresses accounting and financial reporting issues related to tax abatements. This standard was implemented January 1, 2016.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on 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. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely presented component unit. The Community Development Authority of the City of Wausau was created under Section 66.4325 of the Wisconsin Statutes for the purpose of carrying out blight elimination, slum clearance, urban renewal programs and housing projects. The board of the Authority is appointed by the Mayor and two commissioners are members of the City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Authority, and also create a potential financial benefit to or burden on the City. The Community Development

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

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

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – This fund is used to account for all financial resources that are restricted, committed or assigned to expenditure for principal and interest costs. Sources of revenue are property taxes, interest earnings and reimbursements from departments for debt payments.

TID #3 Downtown Development Fund – This fund is used to account for all financial resources that are restricted, committed or assigned to expenditure for capital outlay within the downtown.

Capital Improvements Fund – This fund is used to account for all financial resources that are restricted, committed or assigned to expenditure for capital outlay related to the City's annual capital improvements plan.

The City reports the following major enterprise funds:

Water Utility – This fund accounts for the financing of the construction, operation and maintenance of the City-owned water facilities.

Wastewater Utility – This fund accounts for the financing of the construction, operation and maintenance of the City-owned wastewater facilities.

Parking Utility – This fund accounts for the financing of the operation and maintenance of the City-owned parking facilities.

Metro Ride – This fund accounts for the financing of the operation and maintenance of the City transit system.

The City reports the following non-major governmental funds:

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Grants	Holtz-Krause Clean Up	Recycling
HUD Mortgage	Hazardous Materials Emergency	EMS Grant
DLAD Mortgage Program	Response	Rental Licensing
Economic Development	Housing Stock Improvement	400 Block
Federal Rent Rehabilitation	Room Tax	Other Grants/Special Purposes
WRRP Rehabilitation	Public Access Cable	

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Capital Project Funds – These funds are used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlays.

Central Capital Purchasing
TID #5 Industrial Park Fund
TID #6 West Side Development Fund
TID #7 West Side Development Fund
TID #8 Near West Side Fund
TID #9 Big Bull Falls Fund
TID #10 Industrial Park Fund

The City reports the Airport Fund and Animal Control Fund as non-major enterprise funds. Additionally, the City reports the following fund types:

Internal Service Funds - The Motor Pool Internal Service Fund is used to account for Motor Pool services provided by one department to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The Insurance Fund is used to account for accumulation of charges for and allocation of costs associated with insurance premiums and claims paid. The Employee Benefits and the Employee HRA/Wellness Funds are used to account for the accumulation of charges for and allocation of costs associated with employee health and dental premiums and claims paid.

The Private-purpose Trust Fund is used to account for resources legally held in trust for use by a non-profit organization to provide for cemetery perpetual care. All resources of the fund, including any earnings on invested resources, are used to support the organization's activities.

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for Wausau Events, Inc., Main Street Wausau, Inc. and the Business Improvement District generated to provide for area-wide events and local promotion, and for the Entrepreneurial & Education Center generated through industrial development.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, only report assets and liabilities and, consequently, do not have a measurement focus. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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

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

Long-term receivables, such as special assessments, notes and mortgages, are recorded as receivables and deferred inflows of resources. In subsequent periods, when revenue recognition criteria are met or when the City has a legal claim to the resources, revenues are recorded.

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

The City reports deferred inflows of resources on its governmental funds balance sheet. For governmental fund financial statements, deferred inflows arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or the City has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Wastewater, Parking, Metro Ride, Airport and Animal Control enterprise funds are charges to customers for sales and services and intergovernmental operating revenues. Operating expenses for enterprise funds and internal service 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.

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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits and Investments

The City maintains separate and distinct accounts for the Cemetery Private-purpose Trust Fund, Community Development Department and Community Development Authority (a discretely presented component unit). All other funds share common accounts to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable.

The City is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11 (2). These statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, obligations of Wisconsin governmental units; time deposits, repurchase agreements; certain qualities of commercial paper; the State of Wisconsin Local Government Investment Pool; and certain money market mutual funds.

Investments are stated at fair value consistent with the provisions of GASB Statement No. 31. Fair values are based on quoted market prices. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (Continued)

1. Deposits and Investments (Continued)

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, 2016, the fair value of the LGIP's assets was substantially equal to the City's share as reported in these statements.

2. Receivable and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as either "due from/due to other funds" (current portion) or "advances to/from other funds" (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable in the governmental activities are shown net of an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided for the Water and Wastewater Utilities since they are able to place delinquent bills on the tax roll.

Estimated unbilled revenues from the Water and Wastewater Utility Funds are recognized at the end of the year based on billings during the month following the close of the fiscal year.

Property taxes consist of taxes on real estate and personal property. Property taxes are levied in December of each year based on assessed value as of January 1 of that year and become an enforceable lien on the property the following January 1. The amount levied is applicable to the budget of the ensuing calendar year and become due as of January 1 of that year. Collections are made by the City through July 31. In addition to property taxes for the City, taxes are also collected for and remitted to the state and county governments as well as local school and technical college districts. The City settles with all entities on the 15th of January, February, May and August based on the taxes collected through the end of each preceding month. Payment due dates are full payment by January 31 or partial payments by January 31, April 30 and July 31 of each year.

At year end, property taxes levied for each fund are recorded as taxes receivable and deferred inflows of resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (Continued)

3. Inventories and Prepayments

Inventories consist of expendable supplies held for consumption. Inventories are stated at cost with value being determined on the "first-in, first-out" basis of accounting. The cost is recorded as an expenditure or an expense at the time the individual inventory items are consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond the end of the current year are recorded as prepayments in both government-wide and fund financial statements.

Inventories and prepayments of governmental fund types are offset by a nonspendable fund balance account which indicated that assets do not represent spendable available financial resources.

4. Restricted Assets

Restricted assets consist of cash and investments restricted for the Water and Wastewater Fund plant replacement. In addition, designated funds have also been restricted in the discretely presented component unit. Current liabilities payable from these restricted assets are so classified.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. In accordance with GASB 34, the City has reported its major networks of infrastructure assets as of January 1, 2007.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Total interest expense incurred by the Water and Wastewater Utilities during the current fiscal year was \$200,459, none of which was capitalized.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (Continued)

5. Capital Assets (Continued)

Buildings	25-50 Years
Improvements other than buildings	15-150 Years
Machinery and equipment	3-25 Years
Infrastructure	20-50 Years

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.

6. Other Assets

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacation. Varying amounts of the unused accumulated sick pay vests upon meeting specific requirements and is convertible into health insurance upon retirement. The City's policy is to allow employees to vest any unused vacation credits. 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 terminations and/or retirements or are payable with expendable available resources.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category in the government-wide statement of net position and on the proprietary fund statement of net position. These items are deferred charges on refunding of debt, which is deferred over the remaining term of the debt, the City's proportionate share of the Wisconsin Retirement System pension plan which is deferred and amortized over the expected remaining service lives of the pension plan participants and the City's pension contributions for subsequent year which are charged to subsequent year's operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (Continued)

8. Deferred Outflows/Inflows or Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the City's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The City also has an additional type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three source, special assessments, loans receivable, and unearned revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued (plus any premiums) is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (Continued)

11. Net Position or Fund Equity

Governmental Fund Financial Statements

Governmental fund equity is classified as fund balance. In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," the City classifies governmental fund balance as follows:

- **Nonspendable fund balance** – amounts that are not in spendable form (such as inventory or long-term loans receivable) or are required to be maintained in fact;
- **Restricted fund balance** – amounts constrained to specific purposes by the providers (such as grantors, bondholders and higher levels of government) through constitutional provisions, or by enabling legislation;
- **Committed fund balance** – amounts constrained to 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); changes to the constraints imposed require the same formal action of the City that originally created the commitment;
- **Assigned fund balance** – amounts a government intends to use for specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority;
- **Unassigned fund balance** – amounts that are available for any purpose; these amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through carryover resolutions. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

Government-wide and Proprietary Fund Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (Continued)

11. Net Position or Fund Equity (Continued)
- Net investment in capital assets – amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets and any capital related deferred inflows of resources.
 - Restricted net position – amount of net position that is subject to restrictions that are imposed 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.
 - Unrestricted net position – net position that is neither classified as restricted nor as net investment in capital assets.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds". The details of this \$10,872,229 difference are as follows:

Loans and mortgages receivable	\$ 10,062,897
Unpaid fines and forfeitures	436,317
Special assessments receivable	373,015
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 10,872,229</u>

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION (Continued)

Another element of that reconciliation states that "long-term liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds". The details of this \$67,748,704 difference are as follows:

Bonds and notes payable	\$ 64,906,284
Less: Deferred charges for discounts, premiums and deferred interest from refunding (to be amortized over life of debt)	1,088,057
Accrued interest payable	642,281
Compensated absences	1,154,802
Postemployment benefits	(42,720)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 67,748,704</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$11,563,333 difference are as follows:

Capital outlay	\$ 16,369,620
Loss on disposal of capital assets	(99,174)
Depreciation expense	(4,707,113)
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 11,563,333</u>

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued)

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$939,888 difference are as follows:

Net change in loan and mortgage notes receivable	\$ 1,214,258
Net change in fines and forfeitures receivable	51,746
Net change in special assessments receivable	<u>(326,116)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 939,888</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” Also, governmental funds report the effect to premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(16,272,532) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds and notes	\$(23,386,029)
Premiums on debt issued	(744,281)
Principal repayments on general obligation debt	<u>7,857,778</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$(16,272,532)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$1,581,316 difference are as follows:

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued)

Net pension benefits	\$ (1,404,521)
Compensated absences/postemployment benefits	122,945
Accrued interest	(252,083)
Amortization of discount and premium costs	<u>(47,657)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (1,581,316)</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgeting is an essential element of the financial planning, control and evaluation process of the City. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, the following Special Revenue Funds: Grants, HUD Mortgage, Economic Development, WRRP Rehabilitation, Holtz-Krause Clean Up, Hazardous Materials Emergency Response, Room Tax, Public Access Cable, Recycling, EMS Grant, Rental Licensing and 400 Block; and the following Capital Project Funds: TID #3 Downtown Development, TID #5 Industrial Park, TID #6 West Side Development, TID #7 West Side Development, TID #8 Near West Side, TID #9 Big Bull Falls, TID #10 Industrial Park and Capital Improvements. All appropriations lapse at year end.

On or before the last day of August, all departments of the government submit requests for appropriations to the City’s Finance Director so that a budget may be prepared. The budget is prepared by fund, department or program, and includes information on the prior year, year-to-date current year activity, current year estimates and requested appropriations for the next year.

The City’s Finance Committee holds several budgetary review meetings to consider the departmental budgets. On or before the first Tuesday of November, the proposed budget is presented to the City Council for review. The Council holds public hearings to obtain taxpayer comments. The final adoption of the budget is by way of an annual budget resolution and must be passed by the Council no later than the fourth Tuesday in November.

The budget as adopted includes total expenditures at the cost center level. A cost center can be a fund, department, program or other activity for which control of expenditures is considered desirable. Cost centers are defined as follows for the governmental fund types with annual budgets: General Fund at department level, Special Revenue and Capital Projects at program level and Debt Service at total fund level.

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. BUDGETARY INFORMATION (Continued)

The City's Finance Director and Mayor may authorize new appropriations or transfers of budgeted amounts within expenditures of a cost center up to \$5,000. Amounts up to \$15,000 require Finance Committee approval and transfers or new appropriations over \$15,000 require two-thirds (2/3) Council approval to amend the budget. Supplemental appropriations were necessary during the year but were not material in relation to the original appropriation. All such supplemental appropriations were properly authorized by the Common Council. Budget data presented in the financial statements reflect any adjustments made.

The Council may amend the budget resolution in two respects: (a) it may transfer appropriations from one particular fund to another fund or it may add new objects within a fund. The Council may do this by means of a resolution; (b) it may increase the aggregate total of appropriations in order to reflect changes in financial circumstances either not contemplated in the annual budget resolution or due to financial circumstances which by their very nature are difficult to estimate with exactness at the time of the enactment of the annual budget resolution. The Council may do this by means of a resolution adopted by a two-thirds vote of the members. The Council may, by resolution, appropriate money from its contingent fund for any lawful purpose.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated during the ensuing year.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2016, expenditures exceeded appropriations for the following departmental cost centers in the General Fund: City council by \$438, City promotions by \$10,367, City clerk/customer service by \$4,914. Unclassified by \$63,860, Fire department by \$136,013 and Garbage and refuse collection by \$11,091. Transfers out in the General Fund, an other financing use, also exceeded appropriations by \$275,473. The HUD Mortgage, Economic Development, WRRP Rehabilitation, Room Tax, Public Access, Recycling, and 400 Block special revenue funds incurred expenditures over appropriations by \$48,801, \$590,285, \$169,220, \$61,343, \$240, \$96,152, and \$130 respectively; and in the Debt Service Fund by \$1,323,995. Excess expenditures in the general fund, special revenue funds and debt service fund were funded by excess revenues, other cost savings or by available fund balance. Those incurred in the capital project funds were funded with debt proceeds and advances from the General Fund.

C. DEFICIT FUNDEQUITY

The TID #3 Downtown Development, TID #7 West Side Development, TID #9 Big Bull Falls and TID #10 Industrial Park capital project funds had deficit fund equity of \$75,636, \$1,999,763, \$83,397 and \$267,093 respectively, as of December 31, 2016. In addition, the Employee Benefits internal service fund had a deficit fund equity of \$271,741 at December 31, 2016. The City intends to fund the above fund balance deficits from future operation of these funds.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

Statement of net position -	
Cash and cash equivalents	\$ 37,431,056
Investments	23,484,217
Restricted assets - cash and cash equivalents	4,014,484
Statement of net position - fiduciary funds	
Cash and cash equivalents	570,093
Cemetery Private Purpose Trust Fund	617,707
Agency Funds	<u> </u>
Total	<u>\$ 66,117,557</u>
Cash on hand	\$ 12,599
Deposits with financial institutions	20,471,211
Investments	<u>45,633,747</u>
Total	<u>\$ 66,117,557</u>

Investments Authorized by the State of Wisconsin and the City's Investment Policy

The City's investment policy as governed by Wisconsin State Statutes authorizes the following types of investments:

- U.S. Government agency bonds or securities;
- Certificates of deposit and repurchase agreements;
- Bonds or securities of any county, city, drainage district, vocational, technical and adult education district, village, town or school district in the state;
- Bankers acceptances issued by domestic banks which are eligible for purchase by the Federal Reserve System;
- Commercial paper rated in the highest short-term rating categories by rating agencies;
- Medium term corporate notes issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating in the U.S.;
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of U.S. Treasury or government obligations; and,
- State of Wisconsin Local Government Investment Pool.

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City will minimize credit risk by limiting the type of investments to U.S. treasury obligations, U.S. government agency obligations, money market mutual funds, certificates of deposit and local government investment pools. The City will also diversify its investment portfolio so as to minimize losses from any one type of security or from any one individual issuer.

The City had investments in the Local Government Investment Pool and Wells Fargo Treasury Money Market Fund which were not rated.

In addition, the City held investments in U.S. agency securities that were rated AAA, municipal bonds rated AA1 – AA2, and negotiable CD's that were not rated.

Concentration of Credit Risk

Concentration of credit risk refers to risk of loss attributed to the City's investment in a single issuer. The City's investment policy addresses this risk by requiring diversification of investments by security type and institution. With the exception of U.S. Treasury securities, no more than 50% of the City's total investment portfolio will be invested in a single type of security.

At December 31, 2016, concentrations making up over 5% of the City's investment portfolio were as follows:

Investment type	Issuer	Percentage of Portfolio
U.S. Agencies	Federal National Mortgage Association	6.6%
U.S. Agencies	Federal Home Loan Mortgage Corporation	15.8%
U.S. Agencies	Federal Farm Credit Bank	10.8%

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
U.S. Agencies	\$ -	\$ 17,353,297	\$ -
Negotiable CD's	-	748,088	-
Municipal Bonds	-	4,156,655	-
External Investment Pools	-	837,129	-
Total Investments	\$ -	\$ 23,095,169	\$ -

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's policy for managing its exposure to interest rate risk is to purchase a combination of shorter term and longer term investments and to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to fluctuating interest rates is provided by the following table that shows distribution of the City's investments by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than One	1-2	3-4
U.S. Agencies	\$ 17,353,297	\$ 3,504,715	\$ 13,848,582	\$ -
Negotiable CD's	748,088	-	748,088	-
Municipal Bonds	4,156,655	3,660,730	-	495,925
Local Government Investment Pool	22,538,578	22,538,578	-	-
External investment pools	837,129	837,129	-	-
	\$ 45,633,747	\$ 30,541,152	\$ 14,596,670	\$ 495,925

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The City's investment policy requires collateralization on certificates of deposit and repurchase agreements at a level of 105% of the market value less amounts covered by the FDIC; and, the City Council approves and designates a list of authorized depository institutions based on evaluation and recommendation of the Finance Committee and City Finance Director.

At December 31, 2016, the carrying amount of the City's deposits was \$20,471,211 and the financial institution balance was \$19,467,147. Of the financial institution balance, \$2,690,901 was covered by federal depository insurance, \$500,000 was covered by the national credit union share insurance fund, \$3,350,388 was covered by the State Deposit Guarantee Fund, \$11,298,045 was covered by a collateral agreement, and \$1,627,813 was uninsured and uncollateralized.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the above-mentioned State Deposit Guarantee Fund through the State of Wisconsin provides additional coverage of up to a maximum of \$400,000 per public depository above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositories for losses until the appropriation is exhausted at which time the fund is abolished.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

B. RECEIVABLES

Receivables for the year ended December 31, 2016 for the City's general fund have been shown net of allowances for uncollectible accounts and uncollectible delinquent personal property taxes of \$2,895,965 and \$117,059, respectively.

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available 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 breakdown of unavailable and unearned revenues reported as *deferred inflows of resources* in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable	\$ -	\$ 29,193,874
Loans and mortgages receivable	10,056,121	-
Unpaid fines and forfeitures	436,317	-
Special assessments not yet due	373,015	-
Total deferred/unearned revenue for governmental funds	\$ 10,865,453	\$ 29,193,874

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 37,525,015	\$ 1,616,548	\$ -	\$ 39,141,563
Construction in progress	3,579,126	12,245,683	(4,573,904)	11,250,905
Total capital assets not being depreciated	41,104,141	13,862,231	(4,573,904)	50,392,468
Capital assets being depreciated:				
Buildings and improvements	26,291,746	2,636,577	-	28,928,323
Machinery and equipment	22,700,265	2,173,662	(607,099)	24,266,828
Infrastructure	129,279,473	3,547,270	(463,293)	132,363,450
Total capital assets being depreciated	178,271,484	8,357,509	(1,070,392)	185,558,601
Less accumulated depreciation for:				
Buildings and improvements	(10,961,948)	(909,677)	-	(11,871,625)
Machinery and equipment	(15,181,456)	(1,587,835)	526,819	(16,242,472)
Infrastructure	(50,055,136)	(3,069,303)	364,355	(52,760,084)
Total accumulated depreciation	(76,198,540)	(5,566,815)	891,174	(80,874,181)
Total capital assets being depreciated, net	102,072,944	2,790,694	(179,218)	104,684,420
Governmental activities capital assets, net	\$ 143,177,085	\$ 16,652,925	\$ (4,753,122)	\$ 155,076,888
Less: Capital related general obligation debt				
Less: Unamortized debt premiums				(54,612,064)
Add: Deferred loss on debt refunding				(1,324,633)
Net investment in capital assets				\$ 309,837
				\$ 99,450,028

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 3,867,711	\$ -	\$ -	\$ 3,867,711
Construction in progress	1,756,208	3,727,076	(2,472,871)	3,010,413
Total capital assets not being depreciated	5,623,919	3,727,076	(2,472,871)	6,878,124
Capital assets being depreciated:				
Buildings and improvements	45,029,428	31,796	-	45,061,224
Machinery and equipment	27,648,243	434,579	(118,806)	27,964,016
Water infrastructure	40,898,100	1,349,283	(403,954)	41,843,429
Wastewater infrastructure	39,363,947	850,821	(172,890)	40,041,878
Total capital assets being depreciated	152,939,718	2,666,479	(695,650)	154,910,547
Less accumulated depreciation for:				
Buildings and improvements	(23,060,878)	(1,181,441)	-	(24,242,319)
Machinery and equipment	(18,636,943)	(1,281,786)	118,806	(19,799,923)
Water infrastructure	(10,364,720)	(762,243)	403,954	(10,723,009)
Wastewater infrastructure	(8,983,653)	(456,884)	172,890	(9,267,647)
Total accumulated depreciation	(61,046,194)	(3,682,354)	695,650	(64,032,898)
Total capital assets being depreciated, net	91,893,524	(1,015,875)	-	90,877,649
Business-type activities capital assets, net	\$ 97,517,443	\$ 2,711,201	\$ (2,472,871)	\$ 97,755,773
Less: Capital related general obligation debt				(6,602,669)
Net investment in capital assets				\$ 91,153,104
Depreciation expense was charged to functions/programs of the City as follows:				
Governmental activities:				
General government			\$ 327,702	
Public safety			480,912	
Transportation and streets			3,182,341	
Natural resources and recreation			711,367	
Economic development			4,791	
Capital assets held by internal service funds			859,702	
Total depreciation expense - governmental activities			\$ 5,566,815	
Business-type activities:				
Water			\$ 1,151,651	
Wastewater			1,133,177	
Parking			657,907	
Metro Ride			582,601	
Airport			157,018	
Total depreciation expense - business-type activities			\$ 3,682,354	

CITY OF WAUSAU, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

CITY OF WAUSAU, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund receivables and payables represent short-term loans from one fund to another to cover cash overdrafts or represent current portion of advances for specific funds. Interfund receivables and payables at December 31, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	TID #3 Downtown Development Fund	\$ 7,266
	Metro Ride	624,088
Wastewater Utility	Water Utility	140,000
Total - fund financial statements		771,354
Elimination for government-wide financial statements		(147,266)
Total - Government-wide financial statements		\$ 624,088

Advances between funds represent long-term loans principally for capital purposes. The composition of interfund advances as of December 31, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	TID #3 Downtown Development Fund	\$ 1,367,897
	TID #7 West Side Development Fund	1,999,763
	TID #9 Big Bull Falls Fund	83,397
	TID #10 Industrial Park Fund	267,093
Holtz-Krause Clean Up Fund	TID #3 Downtown Development Fund	1,239,432
Wastewater Utility	Water Utility	1,120,000
Total - fund financial statements		6,077,582
Elimination for government-wide financial statements		(6,077,582)
Total - Government-wide financial statements		\$ -

For the statement of net position, interfund balances owed within the governmental activities or business-type activities are netted and eliminated. Interfund transfers for the year ended December 31, 2016 are as follows:

	Transfers to	Transfers from
General Fund	\$ -	\$ 187,500
Room Tax Fund	-	-
Recycling Fund	95,000	-
Rental Licensing Fund	135,375	-
Central Capital Purchasing	45,098	-
Water Utility Fund	-	1,107,560
Wastewater Utility Fund	-	450,000
Motor Pool Fund	-	150,000
Special Revenue Funds	-	-
General Fund	187,500	230,375
Debt Service Fund	143,032	-
Grants Fund	39,393	-
HUD Mortgage Fund	-	39,393
400 Block Fund	31,200	-
Capital Improvements Fund	123,000	-
Central Capital Purchasing	40,000	-
Room Tax Fund	-	31,200
Debt Service Fund	-	-
TID #3 Downtown Development Fund	-	2,041,961
Economic Development Fund	-	143,032
TID #5 Industrial Park Fund	-	283,598
TID #6 West Side Development Fund	-	497,031
TID #7 West Side Development Fund	-	613,851
TID #8 Near West Side Fund	-	118,441
TID #9 Big Bull Falls Fund	-	74,674
TID #10 Industrial Park Fund	-	44,300
Capital Projects Funds	-	-
General Fund	-	45,098
Grants Fund	-	123,000
Economic Development Fund	-	-
TID #3 Downtown Development Fund	1,434,277	-
TID #5 Industrial Park Fund	-	1,434,277
Room Tax Fund	-	40,000
Debt Service Fund	3,673,856	-
Enterprise Funds	-	-
General Fund	1,557,560	-
Internal Service Funds	-	-
General Fund	150,000	-
Totals	\$ 7,655,291	\$ 7,655,291

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

The principal purpose of these transfers are to (1) move revenues from the fund that collects them to the fund required to expend them, (2) move receipts restricted to debt service from funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. LONG-TERM DEBT

General Obligation Bonds

General obligation debt outstanding at December 31, 2016 is detailed as follows:

	Original Amount	Interest Rates	Final Maturity	Balance 12/31/2016
2004 Promissory note	\$ 600,000	Negotiable	On demand	\$ 600,000
2009 Promissory note Series A	9,560,000	0.7-3.0%	4/1/19	1,235,000
2010 Promissory note Series A	5,145,000	1.0-3.0%	4/1/20	2,125,000
2010 Promissory note Series B	3,145,000	0.75-3.35%	4/1/17	285,000
2011 Promissory note Series A	7,685,000	2.0-2.5%	4/1/21	3,835,000
2012 Promissory note Series A	2,725,000	2.0-2.65%	4/1/22	1,690,000
2012 Promissory note Series B	13,400,000	2.0-3.0%	4/1/22	7,900,000
2012 Promissory note	135,575	2.75%	9/5/17	135,575
2013 Promissory note	358,000	2.75%	1/25/21	358,000
2013 Promissory note	750,000	2.75%	8/16/18	750,000
2013 Promissory note Series A	5,365,000	2.0-3.0%	4/1/23	3,645,000
2013 Promissory note Series B	630,000	1.0-2.95%	4/1/23	435,000
2013 GO Bonds Series C	3,410,000	2.0-4.0%	4/1/33	2,890,000
2014 Promissory note	190,000	2.75%	3/17/19	190,000
2014 GO Bonds Series A	6,405,000	2.0-3.0%	4/1/24	4,350,000
2014 GO Bonds Series B	1,495,000	2.0-3.0%	4/1/29	1,495,000
2015 Promissory note Series A	3,930,000	0.7-2.5%	4/1/25	3,570,000
2015 GO Bonds Series B	5,705,000	2.0-3.5%	4/1/35	5,550,000
2015 GO Com Dev Bonds Series C	2,655,000	3.0-3.95%	4/1/30	2,655,000
2015 State Trust Fund Loan	4,000,000	3.25%	3/15/25	4,000,000
2016 Promissory note Series A	8,705,000	2.0-3.0%	4/1/26	8,705,000
2016 Promissory note Series B	6,530,000	2.0-3.0%	4/1/36	6,530,000
2016 Promissory note Series C	4,695,000	0.7-3.25%	4/1/32	4,695,000
2016 Promissory note	1,609,779	2.75%	4/18/26	1,609,779
2016 Promissory note	200,000	2.75%	11/15/17	200,000
2016 Promissory note	819,250	5.00%	6/1/17	819,250
2016 State Trust Fund Loan	4,827,000	3.25%	3/15/25	4,827,000
Total general obligation debt				\$ 75,079,604

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

A summary of the long-term liability activity for the year ended December 31, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
General obligation debt:					
Bonds payable	\$ 12,915,000	\$ 11,225,000	\$ (325,000)	\$ 23,815,000	\$ 895,000
Notes payable	36,463,033	12,161,029	(7,532,778)	41,091,284	7,772,985
Unamortized costs	745,249	744,281	(91,636)	1,397,894	-
Compensated absences	2,125,903	123,372	(187,444)	2,061,831	907,029
Governmental activities long-term liabilities	\$ 52,249,185	\$ 24,253,682	\$ (8,136,858)	\$ 68,366,009	\$ 9,575,014
Business-type activities					
General obligation debt:					
Notes payable	\$ 2,995,542	\$ -	\$ (822,222)	\$ 2,173,320	\$ 526,840
State trust fund loan	4,000,000	4,000,000	-	8,000,000	337,475
Compensated absences	495,865	548,741	(495,865)	548,741	166,418
Business-type activities long-term liabilities	\$ 7,491,407	\$ 4,548,741	\$ (1,318,087)	\$ 10,722,061	\$ 1,030,733

The summary of long-term liability activity for business-type activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
General obligation debt:					
Notes payable	\$ 2,995,542	\$ -	\$ (822,222)	\$ 2,173,320	\$ 526,840
State trust fund loan	4,000,000	4,000,000	-	8,000,000	337,475
Compensated absences	495,865	548,741	(495,865)	548,741	166,418
Business-type activities long-term liabilities	\$ 7,491,407	\$ 4,548,741	\$ (1,318,087)	\$ 10,722,061	\$ 1,030,733

In accordance with Section 67.03 Wisconsin Statutes, the total indebtedness of the City for general purposes may not exceed 5% of the value of the taxable property located therein for state purposes:

Equalized value	\$2,608,454,600
Legal debt margin percentage	5.00%
	130,422,730
Add: Available funds for debt payment	1,898,330
Less: Outstanding general obligation debt	(75,079,604)
Legal debt margin	\$ 57,241,456

Estimated payments of compensated absences and other postemployment benefits are not included in the following debt payment schedules. The amounts attributable to governmental activities will be liquidated primarily by the general fund.

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

E. LONG-TERM DEBT (Continued)

Debt service requirements to maturity at December 31, 2016 are as follows:

Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 8,667,985	\$ 1,665,440	\$ 864,315	\$ 232,527	\$ 9,532,300	\$ 1,897,967
2018	8,457,138	1,317,180	1,287,925	311,208	9,745,063	1,628,388
2019	7,277,853	1,138,785	1,358,025	235,245	8,635,878	1,374,030
2020	6,942,299	987,261	1,156,536	200,566	8,098,835	1,187,827
2021	6,024,929	839,146	1,181,882	165,876	7,206,811	1,005,022
2022-2026	18,976,080	2,573,289	4,324,637	379,122	23,300,717	2,952,411
2027-2031	6,430,000	840,153	-	-	6,430,000	840,153
2032-2036	2,130,000	143,035	-	-	2,130,000	143,035
	<u>\$ 64,906,284</u>	<u>\$ 9,504,289</u>	<u>\$ 10,173,320</u>	<u>\$ 1,524,544</u>	<u>\$ 75,079,604</u>	<u>\$ 11,028,833</u>

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2016, there were three series of Industrial Revenue Bonds outstanding. Total principal amount payable could not be determined, however, original issue amounts totaled \$7,200,000.

F. SEGMENT INFORMATION

The City maintains six Enterprise Funds providing for the operation of the Water, Wastewater and Parking Utilities, the Metro Ride transit operations, municipal Airport operations and Animal Control operations. Segment information for the two non-major Enterprise funds is presented in the following schedule:

	Airport	Animal Control
Operating revenues	\$ 143,425	\$ 161,218
Operating expenses	397,648	189,136
Operating income (loss)	(254,223)	(27,918)
Nonoperating revenues	80,000	37,105
Income (loss) before capital contributions and transfers	(174,223)	9,187
Capital Contributions	5,610	-
Change in net position	(168,613)	9,187
Total assets and deferred outflows of resources	2,213,218	167,103
Total liabilities and deferred inflows of resources	99,985	97,071
Total net position	2,113,233	70,032

Other Debt Information

Per DNR requirements and City Council action, the Wastewater Utility is required to establish specific cash accounts and distribute their revenues to these accounts as follows:

Operations Fund	Wastewater
Replacement Fund	97.5%
	2.5%

Current Refunding

On May 10, 2016, the city issued \$8,705,000 of general obligation promissory notes, Series A, with an average interest rate of 2.42%, of which \$1,300,000 was used to refund \$1,330,000 of outstanding 2008 Series A promissory notes with an average interest rate of 3.55%. The net proceeds of \$1,312,557 (which included a reoffering premium of \$22,701 and payment of \$10,144 in underwriting fees and other issuance costs) plus an additional amount of \$23,607 of current available resources were used to retire the outstanding principal and interest of the 2008 Series A issue in the amount of \$1,336,164 on May 18, 2016. As a result, the refunded debt has been paid in its entirety as of December 31, 2016.

This refunding was undertaken to reduce total debt payments over the next two years by \$41,109 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$40,140.

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

G. RESTRICTED NET POSITION/FUND BALANCES

G. RESTRICTED NET POSITION/FUND BALANCES (Continued)

Governmental activities restricted net position reported in the government-wide statement of net position at December 31, 2016 includes the following:

Net position restricted for:	
Debt service	\$ 1,898,330
Capital improvements	6,863,857
Special purposes	6,036,628
Total governmental activities restricted net position	<u>\$ 14,798,815</u>

Fund balance classifications for major funds as of December 31, 2016 are as follows:

General Fund	\$ 3,718,150
Nonspendable for advances	392,096
Nonspendable for inventories and prepayments	4,110,246
Total nonspendable	4,502,342
Committed to contingencies	163,059
Committed to economic development	500,000
Committed to continuing appropriation	465,100
Unassigned	5,788,763
Total General Fund	<u>\$ 11,027,168</u>
Debt Service Fund	\$ 1,898,330
Restricted for debt service	<u>\$ (75,636)</u>
TID #3 Downtown Development Fund	\$ 4,699,527
Unassigned (deficit)	<u>\$ (75,636)</u>
Capital Improvements Fund	\$ 4,699,527
Restricted for capital improvements	<u>\$ (75,636)</u>

Fund balances reported on the fund financial statements at December 31, 2016 for nonmajor funds are as follows:

Special revenue funds		
Restricted for special purposes:		\$ 1,547,456
Grants		74,276
HUD mortgage program		337,818
Federal rent rehabilitation		1,404,846
WRRP rehabilitation		1,752,827
Holtz-Krause Clean up		162,573
Hazardous materials emergency response		147
Recycling		25,906
EMS grant		730,779
Other grants & special purpose accounts		<u>6,036,628</u>
Total restricted fund balance		11,027,168
Committed to special purposes:		
DLAD mortgage program		519,967
Economic development		316,205
Housing stock improvement		490,183
Room tax		93,087
Public access cable		2,812
400 Block		6,684
Total committed fund balance		<u>1,428,938</u>
Total special revenue funds		<u>\$ 9,218,393</u>
Capital project funds		
Restricted for special purposes:		\$ 1,976,519
TID #6 West Side Development		187,811
TID #8 Near West Side		<u>2,164,330</u>
Total restricted fund balance		(1,999,763)
Unassigned:		
TID #7 West Side Development (deficit)		(83,397)
TID #9 Big Bull Falls (deficit)		(267,093)
TID #10 Industrial Park (deficit)		<u>(2,350,253)</u>
Total unassigned fund balance		\$ (185,923)
Total capital project funds		<u>\$ (185,923)</u>

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CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

H. RESTRICTED ASSETS

The balance of restricted assets in the Water and Wastewater Utility Enterprise Funds is as follows:

	Water	Wastewater
Utility	_____	_____
	Utility	Utility
Depreciation/Replacement accounts	\$ 420,000	\$ 3,594,484

I. COMPONENT UNIT

The financial records of the City of Wausau Community Development Authority (CDA) are maintained in accordance with the accounting practices prescribed by the United States Department of Housing and Urban Development (HUD). Financial information for the Authority is presented as a discrete column in the statement of net position and statement of activities.

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

- a. The Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.
- b. The composition of cash, cash equivalents and investments at December 31, 2016 is as follows:

Deposits	\$ 5,613,132
Petty cash	120
Total	\$ 5,613,252
Financial statement presentation:	
Cash and cash equivalents	\$ 4,531,427
Cash and cash equivalents - restricted	1,081,825
Total	\$ 5,613,252

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the CDA will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The CDA requires all funds in excess of federal and state depository insurance coverage to be secured.

J. COMPONENT UNIT (Continued)

Custodial Credit Risk for Investments

At year end, the carrying value of the CDA's deposits was \$5,613,252 and the financial institution balance was \$5,704,644. Of the financial institution balance, \$3,867,985 was covered by federal and state depository insurance and \$1,836,659 was in excess of federal and state depository insurance limits and collateralized by securities held by the pledging institution or its trust department or agent.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the CDA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The CDA requires all funds in excess of federal and state depository insurance coverage to be secured.

Investment Policy

The CDA has adopted a formal investment policy; however, the CDA invests in accordance with Wisconsin State Statutes. Under the policy, investments are limited to: 1) time deposits in any credit union, bank, savings bank, trust company, or savings and loan association authorized to transact business in the state; and 2) the state local government investment pool.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments as indicated above. The CDA does not have a formal policy on this type of risk.

Concentration of Credit Risk

Concentration of credit risk refers to risk of loss attributed to the CDA's investment in a single issuer. The CDA does not have a formal policy on this type of investment risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The CDA has no formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

- c. Long-term debt activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Affordable Housing Program	\$ 750,000	\$ -	\$ -	\$ 750,000	\$ -
Loan	59,994	27,043	(55,076)	31,961	17,719
Compensated absences	809,994	27,043	(55,076)	781,961	17,719

NOTE 5 – OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLAN

Plan description

The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Vesting

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 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.

Benefits provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials, and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

I. COMPONENT UNIT (Continued)

The Affordable Housing Program Loan represents a 0%, non-amortizing note payable. The CDA must comply with all AHP provisions for 15 years at which time the loan balance will be forgiven. The City of Wausau loan represents a 2% loan for construction which was repaid in full in 2016.

d. Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 981,317	\$ -	\$ -	\$ 981,317
Construction in progress	8,651	186,750	(109,118)	86,283
Total capital assets not being depreciated	989,968	186,750	(109,118)	1,067,600
Capital assets being depreciated:				
Buildings and improvements	21,348,296	113,948	-	21,462,244
Furniture and equipment	731,929	3,485	(15,955)	719,459
Total capital assets being depreciated	22,080,225	117,433	(15,955)	22,181,703
Less accumulated depreciation	(7,406,115)	(644,788)	10,488	(8,040,415)
Total capital assets being depreciated, net	14,674,110	(527,355)	(5,467)	14,141,288
Total Authority capital assets	\$ 15,664,078	\$ (340,605)	\$ (114,585)	\$ 15,208,888
Less related long-term debt outstanding				750,000
Net investment in capital assets				\$ 14,458,888

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NOTE 5 – OTHER INFORMATION (Continued)

A. DEFINED BENEFIT PENSION PLAN

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or) decrease in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3.0%
2007	3.0	10.0
2008	6.6	0.0
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employees 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.

During the reporting period, the WRS recognized \$1,627,588 in contributions from the City.

NOTE 5 – OTHER INFORMATION (Continued)

A. DEFINED BENEFIT PENSION PLAN (Continued)

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows or Resources Related to Pensions

At December 31, 2016, the City reported a liability of \$2,779,050 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was 0.17102049% which was a decrease of 0.00070517% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$3,361,760.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown in the following schedule:

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CITY OF WAUSAU, WISCONSIN
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NOTE 5 – OTHER INFORMATION (Continued)

A. DEFINED BENEFIT PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 470,136	\$ 5,848,463
Net differences between projected and actual earnings on pension plan investments	11,378,225	-
Changes in assumptions	1,944,344	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,085	-
Employer contributions subsequent to the measurement date	1,683,800	-
Total	<u>\$ 15,514,590</u>	<u>\$ 5,848,463</u>

The \$1,683,800 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 3,592,338	\$ 1,415,339	\$ 1,415,339
2017	3,592,338	1,415,339	1,415,339
2018	3,592,338	1,415,339	1,415,339
2019	2,991,550	1,415,339	1,415,339
2020	62,226	187,107	187,107
Total	<u>\$ 13,830,790</u>	<u>\$ 5,848,463</u>	<u>\$ 5,848,463</u>

Actuarial Assumption

The actual pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability:	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%

NOTE 5 – OTHER INFORMATION (Continued)

A. DEFINED BENEFIT PENSION PLAN (Continued)

Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual investment return based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009-2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

Long-term expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation	Destination Target Asset Allocation	Long-Term Expected	
			Nominal Rate of Return	Real Rate of Return
US Equities	27.0%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10.0%	20%	4.2%	1.4%
Real Estate	7.0%	7%	6.5%	3.6%
Private Equity/Debt	7.0%	7%	9.4%	6.5%
Multi-Asset	4.0%	4%	6.7%	3.8%
Total Core Fund	107.0%	120.0%	7.4%	4.5%
Variable Fund Asset Class				
US Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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CITY OF WAUSAU, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – OTHER INFORMATION (Continued)

A. DEFINED BENEFIT PENSION PLAN (Continued)

Single Discount rate

A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset/(liability) to changes in the discount rate.

The following schedule presents the City's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate.

	1% Decrease to	Current	1% Increase to
City's proportionate share of the net pension asset (liability)	Discount Rate (6.20%)	Discount Rate (7.20%)	Discount Rate (8.20%)
	\$ (19,492,308)	\$ (2,779,050)	\$ 10,274,303

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements at <http://legis.wisconsin.gov/lab/>.

Payable to the WRS

At December 31, 2016 the City reported a payable of \$373,766 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

In addition to the above-mentioned retirement fund, the State of Wisconsin administers a plan for three (3) employees who retired prior to the consolidation with the WRS. The total estimated future cost to the City at December 31, 2016, was approximately \$33,382, substantially all of which relates to prior services. The current portion of the estimated liability of \$10,612 is provided for in the General Fund. The estimated remaining period of amortization is four years.

NOTE 5 – OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES

LITIGATION

The City is currently involved in several legal proceedings. The City intends to vigorously defend any litigation. It is the opinion of management and the City's legal counsel that the ultimate outcome of any litigation will not have a material adverse effect on the City's financial position.

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City purchases commercial insurance to protect against these potential losses. No significant reductions in prior year insurance coverage has occurred. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The City provides health and dental care benefits to employees through individual plans with specific insurance coverage. For health insurance, employees have an HRA or an HSA option. The health plans are offered by WPS and dental coverage is offered through Delta Dental. Insurance premiums, based on historical cost, are paid into the Employee Benefits and Employee HRA/Wellness Funds from all other City funds and other participants and are available to pay claims, administrative costs and stop loss claims.

Under the health care program, the City pays up to a maximum of \$60,000 annually for each covered employee and each covered dependent's health care cost. Expected claims are calculated at the end of each plan year by the third party administrator based on the number of single and family contracts covered and the expected claims. Administrative costs for 2016 totaled approximately \$126,417.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The City does not allocate overhead costs or other costs to the claims liability. The estimated claims liability amount for 2015 and 2016 is as follows:

	Claims and	
	Balance	Changes in
	January 1	Estimates
	Paid	December 31
2015	\$ 601,792	\$ 3,848,661
2016	571,971	4,349,567
		\$ 3,878,482
		\$ 571,971
		663,883

Under the HRA program, the City pays a maximum of \$1,750 per single contract (\$3,500 for family). Under the HSA program, the City will make a maximum contribution of \$600 per single contract (\$1,200 for family) to the savings accounts for the high-deductible plan only. For dental, maximum covered costs were \$1,500 per individual covered. Additional amounts are covered by insurance. Expected claims are calculated each plan year to determine premium rates to be charged.

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NOTE 5 – OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES (Continued)

The estimated liability for self-funded losses for the HRA program is based on reported claims for the year and those received subsequent to year end. On December 31, 2016 a claims liability of \$60,000 is reported in the HRA fund based on the requirements of GASB Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A summary of the changes in the claims liability amount for 2015 and 2016 is as follows:

	Balance January 1	Claims and Changes in		Balance December 31
		Estimates	Amounts Paid	
2015	\$ 60,000	\$ 149,982	\$ 149,982	\$ 60,000
2016	60,000	157,463	157,463	60,000

The City is partially self-funded for liability insurance and pays premiums for its excess liability insurance coverage. The City's self-insured retention limit is \$50,000 for any one occurrence, \$200,000 aggregate. The limits of liability are \$5,000,000 per occurrence less the retained limits. The City also carries excess insurance which covers the City up to \$8,000,000. Premiums paid for insurance coverage are recorded in the Insurance internal service fund. The fund charges various City departments and operations for their portion of insurance coverage for the year.

On December 31, 2016, a claims liability of \$94,594 is reported in the fund based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount for 2015 and 2016 are as follows:

	Balance January 1	Claims and Changes in		Balance December 31
		Estimates	Amounts Paid	
2015	\$ 73,761	\$ 82,311	\$ 38,954	\$ 117,118
2016	117,118	65,919	88,443	94,594

The City has also established a workers compensation self-insurance fund to finance workers compensation awards for City employees. The program is funded by charges to City departments. The program also is supplemented by stop loss protection, which limits the City's annual liability to \$500,000 per occurrence.

NOTE 5 – OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES (Continued)

The claims liability of \$165,591 at December 31, 2016 is based on the requirements of GASB Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount for 2015 and 2016 are as follows:

	Balance January 1	Claims and Changes in		Balance December 31
		Estimates	Amounts Paid	
2015	\$ 299,156	\$ 60,193	\$ 153,005	\$ 206,344
2016	206,344	180,291	221,044	165,591

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. An audit under the *Federal Uniform Guidance* and the *State Single Audit Guidelines* has been conducted but final acceptance is still pending. Accordingly, the City's compliance with grant requirements will be established at some future date. The amount of expenditures which may be disallowed by granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City and Water and Wastewater Utilities have committed to construction projects in the ensuing year with estimated future costs to complete of approximately \$1,076,000.

The City is currently involved in a number of tax litigation issues for refunds of property taxes based on property assessments. The expected outcome of these items along with an anticipated total of claim payments is not determinable at this time.

The City has entered into a number of developer agreements within the City's tax incremental financing districts. Payments under these agreements are contingent upon the developers fulfilling certain agreed upon matters. Total commitments at December 31, 2016 are \$6,940,475.

C. ACCUMULATED UNPAID EMPLOYEE BENEFITS

City employees generally earn vacation and sick leave at different rates depending upon years of service. Vacation and sick leave accumulate on a biweekly basis. A liability for accrued vacation benefits of \$1,000,509 has been recorded in the government-wide statement of net position.

NOTE 5 – OTHER INFORMATION (Continued)

C. ACCUMULATED UNPAID EMPLOYEE BENEFITS (CONTINUED)

When an employee retires or is forced to retire due to medical disability and meets specified requirements, a maximum of 60% (80% for employees with at least 25 years of service and 100% for nonrepresented employees with at least 30 years of service as of December 31, 2012) of the remaining accumulated sick pay (employee's hourly rate, exclusive of longevity and shift differential) is used to pay premiums toward the hospital and surgical program then in effect for the employee. The liability for these benefits for current employees was \$1,154,802 at December 31, 2016, and has also been recorded in the statement of net position. The employee may use the foregoing benefit until such time as one of the following occurs: the fund is depleted, the employee dies, or the employee becomes employed and/or eligible for other comparable hospital and surgical programs from another source.

In order to be eligible for the above-described benefit, the employee must meet all the following conditions:

1. Have been hired prior to January 1, 2013, and
2. Apply for Wisconsin Retirement Fund benefits within thirty (30) days of the last day of work, and
3. In cases of voluntary retirement, give the employer at least a three month notice of retirement date.

Provisions exist which allow City employees to earn compensatory time for hours worked in excess of 40 hours per week. This compensatory time is earned at either time or time-and-one-half depending upon the employee's position classification. Compensatory balances that exceed the bank hour maximums shall be paid out. All balances in compensatory time banks must be used within the year it is earned or it will be paid out on the last pay period of each year. The City has recorded a liability of \$72,903 at December 31, 2016.

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to pension benefits being provided through the Wisconsin Retirement System described earlier, the City provides health care benefits as provided for by union contracts or management ordinance. Retired employees who qualify are allowed to convert a maximum of 60% (80% for employees with at least 25 years of service and 100% for management employees with at least 30 years of service as of December 31, 2012) of their accumulated sick leave balance upon retirement into monetary value and draw down on the amount to pay costs of health insurance premiums.

The City's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other-postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy. The retirees pay 100% of the premium amounts under the plan. Employees retiring after December 31, 2012 may not remain on the group plan beyond the period of COBRA.

NOTE 5 – OTHER INFORMATION (Continued)

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed fourteen years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 122,010
Interest on net OPEB obligation	2,544
Adjustment to annual required contribution	<u>(9,940)</u>
Annual OPEB cost	114,614
Contributions made	<u>(242,121)</u>
Decrease in net OPEB obligation	(127,507)
Net OPEB obligation - beginning of year	<u>84,787</u>
Net OPEB obligation (asset) - end of year	<u>\$ (42,720)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost		Net OPEB Obligation (Asset)
		Contributed	Contributed	
12/31/16	\$ 114,614	211.25%	\$ (42,720)	
12/31/15	14,041	1018.08%	84,787	
12/31/14	11,394	695.03%	213,694	

NOTE 5 – OTHER INFORMATION (Continued)

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	721,537	
Actuarial value of plan assets		-	
Unfunded actuarial accrued liability (UAAL)	\$	721,537	
Funded ratio (actuarial value of plan assets/AAL)		0%	
Covered payroll (active plan members)	\$	18,135,976	
UAAL as a percentage of covered payroll		4.0%	

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions include a 3.0 percent investment rate of return and an annual healthcare cost trend rate of 7.5 percent initially, decreasing by 0.50 percent per year down to 6.50 percent, then by 0.10 percent per year down to an ultimate rate of 5 percent. All rates include a 2.5 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016 was 10 years.

E. DEFERRED COMPENSATION PLAN

The City offers its employees certain deferred compensation plans created in accordance with the Internal Revenue Code. The plans, available to all City employees, permit them to defer a portion of their earnings until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Plans are administered by private entities.

The City has amended all deferred compensation plans offered to comply with the modified laws governing IRC Section 457 plans. Accordingly, all amounts of compensation are held in trust for the exclusive benefit of the plan participants and their beneficiaries. All assets of the plans, all property and rights purchased with deferred amounts and all income attributable to those amounts, property or rights are (until made available to the employee or other beneficiary) held for the exclusive benefit of the employees and their beneficiaries. Since the City's deferred compensation plans are administered by private entities, in accordance with GASB Statement No. 32, no assets from these plans are presented in the City's financial statements.

F. JOINT VENTURE INFORMATION

The City is a participant in a joint and cooperative venture with Marathon County and North Central Health Care in the City-County Information Technology Commission (CCITC). The Commission provides for the implementation and operation of a cooperative data and management information system under the direction of the governing Board of Commissioners. North Central Health Care became a member as of April 1, 2009. Reimbursement of all operating expenses other than depreciation and interest are made by the City at a rate of 21%.

Complete financial statements can be obtained from:

City-County Information Technology Commission
 407 Grant Street, Wausau, Wisconsin 54403-4783

The City has recorded its equity interest in the government-wide statement of net position. Summary financial information for the CCITC for the year ended December 31, 2016 is as follows:

Operating revenues	\$ 3,833,183
Operating expenses	
Data processing expenses	3,644,499
Administrative and general expenses	188,684
Depreciation	359,745
Total operating expenses	4,192,928
Operating loss before contributions and reimbursements	(359,745)
Capital contributions and reimbursements	207,980
Change in net position	(151,765)
Total assets and deferred outflows of resources	2,646,630
Total liabilities and deferred inflows of resources	1,587,873
Total net position	1,058,757

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DECEMBER 31, 2016

CITY OF WAUSAU, WISCONSIN
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NOTE 5 – OTHER INFORMATION (Continued)

G. TAX INCREMENTAL FINANCING DISTRICTS

Tax Incremental Financing District No. 3 was created on September 1, 1994. The last date to incur project costs is September 1, 2026. The City borrowed funds for the project that will be retired by tax increments. These debt issues are included within the City's long-term debt. The balances on debt issues outstanding at December 31, 2016 are summarized in the following schedule.

2008 General Obligation Notes	\$ 60,000
2009 General Obligation Notes	105,000
2010A General Obligation Notes	700,447
2012A General Obligation Notes - Taxable	1,690,000
2012B General Obligation Notes	4,775,000
2013 Foundation loan	358,000
2013 Foundation loan	750,000
2014A General Obligation Refunding Bonds	135,000
2014B General Obligation Bonds	1,185,000
2015B General Obligation Bonds	1,420,000
2015C General Obligation Bonds - Taxable	2,655,000
2016B General Obligation Bonds	3,315,000
2016C General Obligation Bonds - Taxable	3,490,000
2016 Foundation Loan	600,000
2016 Foundation Loan	1,609,779
Total	<u>\$ 22,848,226</u>

Tax Incremental Financing District No. 5 was created on July 8, 1997. The last date to incur project costs is July 8, 2015. The City borrowed funds for the project that will be retired by tax increments. The remaining debt issue is included within the City's long-term debt. The balance on the debt issue outstanding at December 31, 2016 is as follows:

2010B General Obligation Notes	\$ 285,000
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Tax Incremental Financing District No. 6 was created on May 11, 2005. The expenditure period will end on May 11, 2023. The City borrowed funds for the project that will be retired by tax increments. The debt issues are included in the City's debt and the balances at December 31, 2016 are as follows:

2010A General Obligation Notes	\$ 160,000
2011A General Obligation Notes	621,270
2012B General Obligation Notes	410,000
2013A General Obligation Notes	1,400,000
2016A General Obligation Notes	4,515,000
Total	<u>\$ 7,106,270</u>

NOTE 5 – OTHER INFORMATION (Continued)

G. TAX INCREMENTAL FINANCING DISTRICTS (Continued)

The following schedule summarizes the cumulative status of Tax Incremental Financing Districts (TID) No. 3, 5 and 6 as of December 31, 2016.

	TID #3	TID #5	TID #6
Total revenues	<u>\$ 40,951,733</u>	<u>\$ 14,504,672</u>	<u>\$ 11,032,749</u>
Expenditures:			
Project costs	52,163,986	3,328,945	11,869,989
Interest and related costs	11,851,065	1,915,217	773,080
Administration	788,645	407,823	525,215
Developer grants/incentives	7,955,076	7,703,410	2,798,958
Other costs	-	1,434,277	195,258
Total expenditures	<u>72,758,772</u>	<u>14,789,672</u>	<u>16,162,500</u>
Net recoverable costs	<u>\$ 31,807,039</u>	<u>\$ 285,000</u>	<u>\$ 5,129,751</u>

Tax Incremental Financing District No. 7 was created January 11, 2006. The expenditure period will end on January 10, 2021. The City borrowed funds for the project that will be retired by tax increments. These debt issues are included in the City's debt and balances at December 31, 2016 are summarized as follows:

2008A General Obligation Notes	\$ 735,000
2009A General Obligation Notes	210,000
2010A General Obligation Notes	38,000
2013B General Obligation Notes	295,000
2014A General Obligation Notes	45,000
Total	<u>\$ 1,323,000</u>

Tax Incremental Financing District No. 8 was created on April 11, 2012. The expenditure period will end on April 10, 2034. The City borrowed funds for the project that will be retired by tax increments. These debt issues are included in the City's debt and the balance at December 31, 2016 is as follows:

2014 Foundation Loan	\$ 190,000
2015A General Obligation Notes	925,000
2016 Foundation Loan	200,000
2016B General Obligation Bond	555,000
Total	<u>\$ 1,870,000</u>

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – OTHER INFORMATION (Continued)

H. TAX ABATEMENTS

The City has created tax incremental financing districts (the "District") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law*. As part of the project plan for the Districts, the City entered into agreements with developers for the creation of tax base within the Districts. The agreements require the City to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2016, the City abated property taxes totaling \$131,032 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 60 percent tax abatement of \$56,032 which represented the final payment in a commitment to abate \$455,550 in real estate taxes for the site costs related to the construction and development of Rasmussen College located within Tax Increment District #6.
- A 87.26 percent tax abatement of \$75,000 which represented the first payment of two payments for the site costs related to the construction and development of an auto dealership within Tax Increment District Number Six.

I. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The City will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

J. SUBSEQUENT EVENT

In July 2017, the City authorized issuance of General Obligation Promissory Note, Series 2017A in the amount of \$6,230,000 and General Obligation Community Development Bonds, Series 2017B in the amount of \$6,405,000 to finance current capital projects and Tax Incremental Financing District improvements.

This information is an integral part of the accompanying financial statements

CITY OF WAUSAU, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 – OTHER INFORMATION (Continued)

G. TAX INCREMENTAL FINANCING DISTRICTS (Continued)

Tax Incremental Financing District No. 9 was created on September 26, 2012. The expenditure period will end on September 25, 2034. The City borrowed funds for the project that will be retired by tax increments. This debt issue is included in the City's debt and the balance at December 31, 2016 is as follows:

2013B General Obligation Notes \$ 435,000

Tax Incremental Financing District No. 10 was created on September 10, 2013. The expenditure period will end on September 10, 2028. The City borrowed funds for the project that will be retired by tax increments. These debt issues are included in the City's debt and the balances at December 31, 2016 are as follows:

2014B Community Development Bond \$ 310,000
2015B General Obligation Bonds 1,225,000
\$ 1,535,000

The following schedule summarizes the cumulative status of Tax Incremental Financing Districts (TID) No. 7, 8, 9 and 10 as of December 31, 2016.

	TID #7	TID #8	TID #9	TID #10
Total revenues	\$ 3,935,959	\$ 949,824	\$ 161,826	\$ 150,913
Expenditures:				
Project costs	5,543,013	2,139,722	4,550	442,185
Interest and related costs	956,399	43,283	62,087	109,238
Administration	145,537	131,173	13,587	76,583
Developer payments	513,484	275,000	600,000	1,325,000
Other costs	100,289	42,835	-	-
Total expenditures	<u>7,258,722</u>	<u>2,632,013</u>	<u>680,224</u>	<u>1,953,006</u>
Net recoverable costs	\$ 3,322,763	\$ 1,682,189	\$ 518,398	\$ 1,802,093

CITY OF WAUSAU, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted Amounts (Note A)		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 16,953,444	\$ 16,953,444	\$ 17,072,739	\$ 119,295
Intergovernmental	7,909,517	7,909,517	7,929,706	20,189
Licenses and permits	773,907	773,907	856,103	82,196
Fines, forfeitures and penalties	357,000	357,000	379,671	22,671
Public charges for services	1,949,094	1,949,094	2,048,807	99,713
Intergovernmental charges for services	1,397,968	1,397,968	1,600,706	202,738
Commercial revenues	305,000	305,000	335,556	30,556
Miscellaneous revenues	246,760	253,205	340,490	87,285
Total Revenues	<u>29,892,690</u>	<u>29,899,135</u>	<u>30,563,778</u>	<u>664,643</u>
EXPENDITURES				
General government	4,222,563	4,456,030	4,313,529	142,501
Public safety	16,386,409	16,418,495	16,145,321	273,174
Transportation and streets	7,634,158	7,480,751	7,263,021	217,730
Sanitation, health and welfare	958,000	958,000	969,091	(11,091)
Natural resources and recreation	2,574,060	2,588,638	2,489,383	99,255
Total Expenditures	<u>31,775,190</u>	<u>31,901,914</u>	<u>31,180,345</u>	<u>721,569</u>
Deficiency of Revenues over Expenditures	(1,882,500)	(2,002,779)	(616,567)	1,386,212
OTHER FINANCING SOURCES (USES)				
Transfers in	1,882,500	1,882,500	1,895,060	12,560
Transfers out	-	-	(275,473)	(275,473)
Total Other Financing Sources (Uses)	<u>1,882,500</u>	<u>1,882,500</u>	<u>1,619,587</u>	<u>(262,913)</u>
Net Change in Fund Balance	-	(120,279)	1,003,020	1,123,299
Fund balance - beginning of year	10,024,148	10,024,148	10,024,148	-
Fund balance - end of year	<u>\$ 10,024,148</u>	<u>\$ 9,903,869</u>	<u>\$ 11,027,168</u>	<u>\$ 1,123,299</u>

Note A - Annual budget for the General Fund is prepared on a basis consistent with generally accepted accounting principles.

Note B - Expenditures exceeded appropriations for the following departmental cost centers: City council by \$438, City promotion by \$10,367, City Clerk/customer service by \$4,914, Unclassified by \$63,860, Fire department by \$136,013 and Garbage and refuse collection by \$11,091. Transfers out, an other financing use, also exceeded appropriations by \$275,473.

CITY OF WAUSAU, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
Year Ended December 31, 2016

CITY OF WAUSAU, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION ASSET (LIABILITY)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended December 31, 2016

Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	1/1/2008	\$ -	\$ 2,006,863	\$ 2,006,863	0.0%	\$ 15,265,869	13.1%
2009	1/1/2008	\$ -	\$ 2,006,863	\$ 2,006,863	0.0%	\$ 16,259,665	12.3%
2010	1/1/2010	\$ -	\$ 1,871,949	\$ 1,871,949	0.0%	\$ 16,425,193	11.4%
2011	1/1/2010	\$ -	\$ 1,871,949	\$ 1,871,949	0.0%	\$ 16,952,936	11.0%
2012	1/1/2012	\$ -	\$ 1,483,204	\$ 1,483,204	0.0%	\$ 16,816,458	8.8%
2013	1/1/2012	\$ -	\$ 1,483,204	\$ 1,483,204	0.0%	\$ 17,651,581	8.4%
2014	1/1/2014	\$ -	\$ 283,195	\$ 283,195	0.0%	\$ 18,263,114	1.6%
2015	1/1/2014	\$ -	\$ 283,195	\$ 283,195	0.0%	\$ 18,135,976	1.6%
2016	1/1/2016	\$ -	\$ 721,537	\$ 721,537	0.0%	\$ 18,160,529	4.0%

Year	Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Total Payroll	Contributions as a percentage of Payroll
2015	\$ 1,692,183	\$ 1,692,183	\$ -	\$ 18,160,529	9.32%
2016	\$ 1,627,588	\$ 1,627,588	\$ -	\$ 18,308,916	8.89%

CITY OF WAUSAU, WISCONSIN
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST-EMPLOYMENT BENEFITS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Year Ended December 31, 2016

Year	Employer Contributions	Annual Required Contribution (ARC)	Contribution Percentage Contributed
2014	\$ 79,192	\$ 22,384	354%
2015	\$ 142,948	\$ 22,384	639%
2016	\$ 242,121	\$ 122,010	198%

CITY OF WAUSAU, WISCONSIN
 REQUIRED SUPPLEMENTARY INFORMATION
 NET PENSION ASSET (LIABILITY)
 SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF
 NET PENSION ASSET (LIABILITY)
 Year Ended December 31, 2016

Year	Proportion of Net Pension Asset	Beginning Balance of Net Pension Asset	Ending Balance of Net Pension Asset	Total Payroll	Ending Net Pension Asset (Liability) as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Asset (Liability)
2014	0.17172566%	\$ 6,815,558	\$ 4,218,052	\$ 18,179,898	23.2%	102.74%
2015	0.17102049%	\$ 4,218,052	\$ (2,779,050)	\$ 18,308,916	15.2%	98.20%

NOTE A - WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in the WRS.

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 16,749,259	\$ 16,749,259	\$ 16,749,259	\$ -
Mobile home parking fees	27,000	27,000	26,518	(482)
Payments in lieu of taxes	108,000	108,000	108,810	810
Other taxes	69,185	69,185	188,152	118,967
Total Taxes	16,953,444	16,953,444	17,072,739	119,295
INTERGOVERNMENTAL				
State shared taxes	4,437,159	4,437,159	4,447,716	10,557
Expenditure restraint	734,231	734,231	734,231	-
Fire insurance tax	102,678	102,678	107,409	4,731
Municipal services	184,000	184,000	185,466	1,466
Transportation aids	2,448,749	2,448,749	2,445,221	(3,528)
Other grants	2,700	2,700	9,663	6,963
Total Intergovernmental	7,909,517	7,909,517	7,929,706	20,189
LICENSES AND PERMITS				
Licenses	181,115	181,115	190,538	9,423
Franchise fees	355,000	355,000	359,827	4,827
Permits	237,792	237,792	305,738	67,946
Total Licenses and Permits	773,907	773,907	856,103	82,196
FINES, FORFEITURES AND PENALTIES				
	357,000	357,000	379,671	22,671
PUBLIC CHARGES FOR SERVICES				
General government	81,600	81,600	88,509	6,909
Public safety	1,426,270	1,426,270	1,503,606	77,336
Streets and related facilities	128,850	128,850	158,911	30,061
Recreation	188,500	188,500	180,535	(7,965)
Public areas	123,874	123,874	117,246	(6,628)
Total Public Charges for Services	1,949,094	1,949,094	2,048,807	99,713
INTERGOVERNMENTAL CHARGES FOR SERVICES				
State, federal and local reimbursements	11,340	11,340	10,350	(990)
County and other municipalities	280,981	280,981	247,921	(33,060)
City departments	1,105,647	1,105,647	1,342,435	236,788
Total Intergovernmental Charges for Services	1,397,968	1,397,968	1,600,706	202,738

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Final Budget
COMMERCIAL					
Interest on general investments	\$ 275,000	\$ 275,000	\$ 280,456	\$ 5,456	
Interest on special assessments	15,000	15,000	10,295	(4,705)	
Other interest	15,000	15,000	44,805	29,805	
Total Commercial	305,000	305,000	335,556	30,556	
MISCELLANEOUS REVENUES					
Rent of land and buildings	216,590	216,590	286,888	70,298	
Sale of City property/loss compensation	13,700	20,145	19,149	(996)	
Other miscellaneous revenues	16,470	16,470	34,453	17,983	
Total Miscellaneous Revenues	246,760	253,205	340,490	87,285	
OTHER FINANCING SOURCES					
Transfers in	1,882,500	1,882,500	1,895,060	12,560	
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 31,775,190	\$ 31,781,635	\$ 32,458,838	\$ 677,203	

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Final Budget
GENERAL GOVERNMENT					
City Council	\$ 90,311	\$ 90,311	\$ 90,749	\$ (438)	
Mayor	201,374	201,374	194,567	6,807	
City promotion	108,750	108,750	119,117	(10,367)	
Finance department	500,044	581,881	567,571	14,310	
Data processing	732,798	732,798	684,247	48,551	
City clerk/customer service	498,163	515,544	520,458	(4,914)	
Elections	120,012	120,012	106,526	13,486	
Assessor	595,516	583,516	519,467	64,049	
City attorney	489,805	598,805	588,484	10,321	
Municipal court	128,605	137,619	135,737	1,882	
Human resources	297,419	302,419	278,153	24,266	
City hall and other municipal buildings	289,766	284,766	246,358	38,408	
Unclassified	170,000	198,235	262,095	(63,860)	
Total General Government	4,222,563	4,456,030	4,313,529	142,501	
PUBLIC SAFETY					
Police department	9,004,956	9,026,903	8,870,116	156,787	
Fire department	3,509,532	3,519,671	3,655,684	(136,013)	
Ambulance	3,106,578	3,106,578	2,912,488	194,090	
Inspections department	765,343	765,343	707,033	58,310	
Total Public Safety	16,386,409	16,418,495	16,145,321	273,174	
TRANSPORTATION AND STREETS					
Engineering	1,302,086	1,327,086	1,210,010	117,076	
Public works	6,332,072	6,153,665	6,053,011	100,654	
Total Transportation and Streets	7,634,158	7,480,751	7,263,021	217,730	
SANITATION, HEALTH AND WELFARE					
Garbage and refuse collection	958,000	958,000	969,091	(11,091)	
NATURAL RESOURCES/RECREATION					
Parks and recreation	2,574,060	2,588,638	2,489,383	99,255	
OTHER FINANCING USES					
Transfers out	-	-	275,473	(275,473)	
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 31,775,190	\$ 31,901,914	\$ 31,455,818	\$ 446,096	

**CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
December 31, 2016**

	Special Revenue Funds			
	Grants	HUD Mortgage	DLAD Mortgage Program	Economic Development
ASSETS				
Cash and cash equivalents	\$ 1,540,606	\$ 74,803	\$ 519,967	\$ 342,881
Investments	-	-	-	-
Taxes receivable	191,375	-	-	-
Accounts receivable	3,574,575	2,264,542	76,969	500
Notes receivable	-	-	-	823,903
Due from other governments	78,884	-	-	-
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	-
TOTAL ASSETS	\$ 5,385,440	\$ 2,339,345	\$ 596,936	\$ 1,167,284

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities				
Accounts payable	\$ 251	\$ 527	\$ -	\$ 13,633
Employee compensation and benefits	16,111	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	55,672	-	-	13,543
Advances from other funds	-	-	-	-
Total Liabilities	72,034	527	-	27,176

Deferred Inflows of Resources

Unavailable revenue	3,574,575	2,264,542	76,969	823,903
Property taxes levied for subsequent year	191,375	-	-	-
Total Deferred Inflows of Resources	3,765,950	2,264,542	76,969	823,903

Fund Balances

Nonspendable	-	-	-	-
Restricted for	-	-	-	-
Special purposes	1,547,456	74,276	-	-
Committed to	-	-	-	-
Special purposes	-	-	519,967	316,205
Unassigned	-	-	-	-
Total Fund Balances	1,547,456	74,276	519,967	316,205

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

	\$ 5,385,440	\$ 2,339,345	\$ 596,936	\$ 1,167,284
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	Special Revenue Funds					
	Federal Rent Rehabilitation	WRRP Rehabilitation	Holtz-Krause Clean Up	Hazardous Materials Emergency Response	Housing Stock Improvement	Room Tax
	\$ 337,818	\$ 1,404,846	\$ 451,816	\$ 142,960	\$ 490,183	\$ 94,583
	-	-	-	-	-	-
	-	-	62,410	-	-	84,182
	-	328,850	163,448	-	165,228	100,000
	-	-	-	20,250	-	-
	-	-	-	-	-	-
	-	-	1,239,432	-	-	-
TOTAL ASSETS	\$ 337,818	\$ 1,733,696	\$ 1,917,106	\$ 163,210	\$ 655,411	\$ 278,765

	\$ -	\$ -	637	\$ 637	\$ -	\$ 85,678
	-	-	194	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	831	637	-	85,678

	-	328,850	163,448	-	165,228	100,000
	-	328,850	163,448	-	165,228	100,000

	-	-	-	-	-	-
	337,818	1,404,846	1,752,827	162,573	-	-
	-	-	-	-	490,183	93,087
	-	-	-	-	-	-
Total Fund Balances	337,818	1,404,846	1,752,827	162,573	490,183	93,087

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 337,818	\$ 1,733,696	\$ 1,917,106	\$ 163,210	\$ 655,411	\$ 278,765
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CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
December 31, 2016

	Special Revenue Funds				Capital Project Funds					
	Public Access Cable	Recycling	EMS Grant	Rental Licensing	400 Block	Other grants & Special Purpose Accounts	Total	Central Capital Purchasing	TID #5 Industrial Park	TID #6 West Side Development
ASSETS										
Cash and cash equivalents	\$ 5,395	\$ 31,517	\$ 25,906	\$ -	\$ 6,684	\$ 731,113	\$ 6,201,078	\$ 14,152	\$ -	\$ 2,024,589
Investments	-	-	-	-	-	54,675	54,675	-	-	-
Taxes receivable	-	487,763	-	-	-	679,138	679,138	250,300	1,452,126	1,613,164
Accounts receivable	3,742	-	-	-	-	150,834	150,834	-	90,000	541,788
Notes receivable	-	-	-	-	-	7,497,515	7,497,515	-	-	-
Due from other governments	-	-	-	-	-	21,643	120,777	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	1,239,432	-	-	-	-
TOTAL ASSETS	\$ 9,137	\$ 519,280	\$ 25,906	\$ -	\$ 6,684	\$ 807,431	\$ 15,943,449	\$ 264,452	\$ 1,542,126	\$ 4,179,541
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities										
Accounts payable	4,296	31,138	-	-	-	76,652	213,449	14,152	-	48,070
Employee compensation and benefits	2,029	232	-	-	-	-	18,566	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	69,215	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	6,325	31,370	-	-	-	76,652	301,230	14,152	-	48,070
Deferred Inflows of Resources										
Unavailable revenue	-	-	-	-	-	-	7,497,515	-	90,000	541,788
Property taxes levied for subsequent year	-	487,763	-	-	-	-	679,138	250,300	1,452,126	1,613,164
Total Deferred Inflows of Resources	-	487,763	-	-	-	-	8,176,653	250,300	1,542,126	2,154,952
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted for Special purposes Committed to	-	147	25,906	-	-	730,779	6,036,628	-	-	1,976,519
Special purposes Unassigned	2,812	-	-	-	6,684	-	1,428,938	-	-	-
Total Fund Balances	2,812	147	25,906	-	6,684	730,779	7,465,566	-	-	1,976,519
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,137	\$ 519,280	\$ 25,906	\$ -	\$ 6,684	\$ 807,431	\$ 15,943,449	\$ 264,452	\$ 1,542,126	\$ 4,179,541

(Continued on next page)

**CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Concluded)
December 31, 2016**

	Capital Project Funds					Capital Projects Funds
	TID #7 West Side Development	TID #8 Near West Side	TID #9 Big Ball Falls	TID #10 Industrial Park	Total	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 204,199	\$ -	\$ -	\$ -	\$ 8,444,018
Investments	-	-	-	-	-	54,675
Taxes receivable	525,634	111,771	22,946	116,070	4,092,011	4,771,149
Accounts receivable	-	-	-	-	-	150,834
Notes receivable	-	275,000	330,526	-	1,237,314	8,734,829
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	120,777
Advance to other funds	-	-	-	-	-	1,239,432
	<u>\$ 525,634</u>	<u>\$ 590,970</u>	<u>\$ 353,472</u>	<u>\$ 116,070</u>	<u>\$ 7,572,265</u>	<u>\$ 23,515,714</u>
TOTAL ASSETS						
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 16,388	\$ -	\$ -	\$ -	\$ 292,059
Employee compensation and benefits	-	-	-	-	-	18,566
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	69,215
Advances from other funds	1,999,763	-	83,397	267,093	2,350,253	2,350,253
Total Liabilities	<u>1,999,763</u>	<u>16,388</u>	<u>83,397</u>	<u>267,093</u>	<u>2,428,863</u>	<u>2,730,093</u>
Deferred Inflows of Resources						
Unavailable revenue	-	275,000	330,526	-	1,237,314	8,734,829
Property taxes levied for subsequent year	525,634	111,771	22,946	116,070	4,092,011	4,771,149
Total Deferred Inflows of Resources	<u>525,634</u>	<u>386,771</u>	<u>353,472</u>	<u>116,070</u>	<u>5,329,525</u>	<u>13,505,978</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted for	-	-	-	-	-	-
Special purposes	-	187,811	-	-	2,164,330	8,200,958
Committed to	-	-	-	-	-	-
Special purposes	-	-	-	-	-	1,428,938
Unassigned	(1,999,763)	-	(83,397)	(267,093)	(2,350,253)	(2,350,253)
Total Fund Balances	<u>(1,999,763)</u>	<u>187,811</u>	<u>(83,397)</u>	<u>(267,093)</u>	<u>(185,923)</u>	<u>7,279,643</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 525,634</u>	<u>\$ 590,970</u>	<u>\$ 353,472</u>	<u>\$ 116,070</u>	<u>\$ 7,572,265</u>	<u>\$ 23,515,714</u>

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended December 31, 2016

	Special Revenue Funds				Special Revenue Funds					
	Grants	HUD Mortgage	DLAD Mortgage Program	Economic Development	Federal Rent Rehabilitation	WRRP Rehabilitation	Holtz-Krause Clean Up	Hazardous Materials Emergency Response	Housing Stock Improvement	Room Tax
REVENUES										
Taxes	\$ 156,375	\$ -	\$ -	\$ -	-	-	\$ -	-	\$ -	924,394
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	538,077	-	-	-	-	-	81,000	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Commercial revenues	352,463	196,966	898	-	43,400	-	-	8,359	-	-
Miscellaneous revenues	242,017	-	-	267,811	-	-	62,410	-	20,000	-
Total Revenues	1,288,932	196,966	898	267,811	43,400	-	62,410	81,000	28,359	924,394
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	42,005	-	-
Sanitation, health and welfare	-	-	-	-	-	-	24,394	-	11,074	-
Natural resources and recreation	-	-	-	-	-	-	-	-	-	-
Economic development	1,000,669	96,051	21,145	1,596,860	180,720	-	-	-	156,185	654,733
Capital outlay	-	-	-	-	-	-	-	6,210	-	-
Debt Service:										
Interest and debt service charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,000,669	96,051	21,145	1,596,860	180,720	24,394	48,215	167,259	654,733	
Excess (deficiency) of revenues over expenditures	288,263	100,915	(20,247)	(1,329,049)	(137,320)	38,016	32,785	(138,900)	269,661	
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	1,477,000	-	-	-	-	-	-
Transfers in	39,393	-	-	-	-	-	-	-	-	-
Transfers out	(123,000)	(39,393)	-	(143,032)	-	-	-	-	-	(258,700)
Total other financing sources (uses)	(83,607)	(39,393)	-	1,333,968	-	-	-	-	-	(258,700)
Net change in fund balances	204,656	61,522	(20,247)	4,919	(137,320)	38,016	32,785	(138,900)	10,961	
Fund balances (deficit) - beginning of year	1,342,800	12,754	540,214	311,286	340,560	1,542,166	1,714,811	629,083	82,126	
Fund balances (deficit) - end of year	\$ 1,547,456	\$ 74,276	\$ 519,967	\$ 316,205	\$ 337,818	\$ 1,404,846	\$ 1,752,827	\$ 490,183	\$ 93,087	

(Continued on next page)

CITY OF WAUSAU, WISCONSIN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
Year Ended December 31, 2016

	Special Revenue Funds				Capital Project Funds					
	Public Access Cable	Recycling	EMS Grant	Rental Licensing	400 Block	Other grants & Special Purpose Accounts	Total	Central Capital Purchasing	TID #5 Industrial Park	TID #6 West Side Development
REVENUES										
Taxes	\$ -	\$ 462,165	\$ -	\$ -	-	-	\$ 1,542,934	\$ 110,800	\$ 1,330,199	\$ 1,489,731
Special assessments	-	-	-	-	-	-	-	-	-	35,011
Intergovernmental	-	147,652	9,415	-	-	30,458	806,602	-	42,171	94,351
Licenses and permits	40,000	-	-	1,320	-	-	41,320	-	-	-
Commercial revenues	-	-	-	-	-	-	602,086	-	-	12,771
Miscellaneous revenues	14,552	482	-	-	7,019	88,445	702,736	-	126,775	24,249
Total Revenues	54,552	610,299	9,415	1,320	7,019	118,903	3,695,678	110,800	1,499,145	1,656,113
EXPENDITURES										
Current:										
General government	69,283	-	-	-	-	-	69,283	-	-	10,843
Public safety	-	-	1,254	139,381	-	80,613	263,253	-	-	-
Sanitation, health and welfare	-	706,317	-	-	-	-	741,785	-	-	-
Natural resources and recreation	-	-	-	-	-	13,203	48,333	-	-	-
Economic development	-	-	-	-	-	-	3,709,105	-	1,150	10,000
Capital outlay	-	-	-	-	-	-	6,210	195,898	-	3,214,536
Debt Service:										
Interest and debt service charges	-	-	-	-	-	-	-	-	-	36,082
Total expenditures	69,283	706,317	1,254	139,381	35,130	93,816	4,837,969	195,898	1,150	3,271,461
Excess (deficiency) of revenues over expenditures	(14,731)	(96,018)	8,161	(138,061)	(28,111)	25,087	(1,142,291)	(85,098)	1,497,995	(1,615,348)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	-	-	-	1,477,000	-	-	4,515,000
Transfers in	-	95,000	-	135,375	31,200	-	300,968	85,098	-	-
Transfers out	-	-	-	-	-	-	(564,125)	-	(1,717,875)	(497,031)
Total other financing sources (uses)	-	95,000	-	135,375	31,200	-	1,213,843	85,098	(1,717,875)	4,017,969
Net change in fund balances	(14,731)	(1,018)	8,161	(2,686)	3,089	25,087	71,552	-	(219,880)	2,402,621
Fund balances (deficit) - beginning of year	17,543	1,165	17,745	2,686	3,595	705,692	7,394,014	-	219,880	(426,102)
Fund balances (deficit) - end of year	2,812	147	25,906	-	6,684	730,779	7,465,566	-	-	1,976,519

(Continued on next page)

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)

Year Ended December 31, 2016

	Capital Project Funds				Capital Projects Funds	Total Nonmajor Governmental Funds
	TTD #7 West Side Development	TTD #8 Near West Side	TTD #9 Big Bull Falls	TTD #10 Industrial Park	Total	Total
REVENUES						
Taxes	\$ 574,301	\$ 194,502	\$ 24,240	\$ 67,477	\$ 3,791,250	\$ 5,334,184
Special assessments	-	24,576	-	-	59,587	59,587
Intergovernmental	40,442	201,817	175	15,388	394,344	1,200,946
Licenses and permits	-	-	-	-	-	41,320
Commercial revenues	-	-	47,928	-	60,699	662,785
Miscellaneous revenues	-	5,575	-	-	156,599	859,335
Total Revenues	614,743	426,470	72,343	82,865	4,462,479	8,158,157
EXPENDITURES						
Current:						
General government	-	-	-	-	10,843	80,126
Public safety	-	-	-	-	-	263,253
Sanitation, health and welfare	-	-	-	-	-	741,785
Natural resources and recreation	-	-	-	-	-	48,333
Economic development	6,290	414,610	2,266	126,953	561,269	4,270,374
Capital outlay	-	1,819,570	-	4,191	5,234,195	5,240,405
Debt Service:						
Interest and debt service charges	-	-	-	-	36,082	36,082
Total expenditures	6,290	2,234,180	2,266	131,144	5,842,389	10,680,358
Excess (deficiency) of revenues over expenditures	608,453	(1,807,710)	70,077	(48,279)	(1,379,910)	(2,522,201)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	755,000	-	-	5,270,000	6,747,000
Transfers in	-	-	-	-	85,098	386,066
Transfers out	(613,851)	(118,441)	(74,674)	(44,300)	(3,066,172)	(3,630,297)
Total other financing sources (uses)	(613,851)	636,559	(74,674)	(44,300)	2,288,926	3,502,769
Net change in fund balances	(5,398)	(1,171,151)	(4,597)	(92,579)	909,016	980,568
Fund balances (deficit) - beginning of year	(1,994,365)	1,358,962	(78,800)	(174,514)	(1,094,939)	6,299,075
Fund balances (deficit) - end of year	\$ (1,999,763)	\$ 187,811	\$ (83,397)	\$ (267,093)	\$ (185,923)	\$ 7,279,643

CITY OF WAUSAU, WISCONSIN
NON-MAJOR BUDGETED GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Special Revenue Funds									
	Grants		HUD Mortgage		Economic Development		WRRP Rehabilitation		Holtz-Krause Clean Up	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES										
Taxes	\$ 156,375	\$ 156,375	\$ -	\$ -	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	999,087	538,077	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Commercial revenues	158,756	352,463	55,000	196,966	-	-	11,500	43,400	-	-
Miscellaneous revenues	13,272	242,017	250	-	-	-	-	-	-	-
Total Revenues	1,327,490	1,288,932	55,250	196,966	72,134	267,811	11,500	43,400	62,410	62,410
					72,134	267,811	11,500	43,400	62,410	62,410
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Sanitation, health and welfare	-	-	-	-	-	-	-	-	68,981	24,394
Natural resources and recreation	-	-	-	-	-	-	-	-	-	-
Economic development	1,086,978	1,000,669	47,250	96,051	1,006,575	1,596,860	11,500	180,720	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Interest and debt service charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,086,978	1,000,669	47,250	96,051	1,006,575	1,596,860	11,500	180,720	68,981	24,394
Excess (deficiency) of revenues over expenditures	240,512	288,263	8,000	100,915	(934,441)	(1,329,049)	-	(137,320)	(6,571)	38,016
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	-	650,000	1,477,000	-	-	-	-
Transfers in	18,000	39,393	-	-	-	-	-	-	-	-
Transfers out	(125,000)	(125,000)	(8,000)	(39,393)	-	(145,032)	-	-	-	-
Total other financing sources (uses)	(107,000)	(83,607)	(8,000)	(39,393)	650,000	1,333,968	-	-	-	-
Net change in fund balances	\$ 133,512	204,656	\$ -	61,522	\$ (284,441)	4,919	\$ -	(137,320)	\$ (6,571)	38,016
Fund balances (deficit) - beginning of year										
						311,286		1,542,166		1,714,811
Fund balances (deficit) - end of year						\$ 316,205		\$ 1,404,846		\$ 1,752,827

(Continued on next page)

CITY OF WAUSAU, WISCONSIN
NONMAJOR BUDGETED GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE (Continued)
Year Ended December 31, 2016

	Special Revenue Funds									
	Hazardous Materials Emergency Response		Housing Stock Improvement		Room Tax		Public Access Cable		Recycling	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462,165	\$ 462,165
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	81,000	81,000	-	-	-	-	-	-	147,500	147,652
Licenses and permits	-	-	-	-	-	-	40,000	40,000	-	-
Commercial revenues	-	-	-	8,359	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	20,000	-	-	-	14,552	-	500
Total Revenues	81,000	81,000	-	28,359	-	-	60,300	54,552	610,165	610,299
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	69,043	69,283	-	-
Public safety	78,267	42,005	-	-	-	-	-	-	-	-
Sanitation, health and welfare	-	-	-	11,074	-	-	-	-	610,165	706,317
Natural resources and recreation	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	250,000	156,185	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt Service:	8,000	6,210	-	-	-	-	-	-	-	-
Interest and debt service charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	86,267	48,215	-	167,259	-	-	69,043	69,283	610,165	706,317
Excess (deficiency) of revenues over expenditures	(5,267)	32,785	(250,000)	(138,900)	-	(8,743)	(14,731)	-	(96,018)	-
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	95,000
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	95,000
Net change in fund balances	\$ (5,267)	\$ 32,785	\$ (250,000)	\$ (138,900)	-	\$ (8,743)	\$ (14,731)	\$ -	\$ -	\$ (1,018)
Fund balances (deficit) - beginning of year	-	129,788	-	629,083	-	-	17,543	-	-	1,165
Fund balances (deficit) - end of year	\$ -	\$ 162,573	\$ -	\$ 490,183	\$ -	\$ 2,812	\$ -	\$ -	\$ -	\$ 147

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CITY OF WAUSAU, WISCONSIN
NONMAJOR BUDGETED GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE (Continued)
Year Ended December 31, 2016

	Special Revenue Funds				Capital Project Funds					
	EMS Grant		Rental Licensing		400 Block		Central Capital Purchasing		TID #5 Industrial Park	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES										
Taxes	-	\$ -	-	\$ -	-	-	\$ 110,800	\$ 110,800	\$ 1,271,552	\$ 1,330,199
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental	9,000	9,415	-	-	-	-	-	-	40,000	42,171
Licenses and permits	-	-	151,838	1,320	-	-	-	-	-	-
Commercial revenues	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	3,800	7,019	-	-	111,042	126,775
Total Revenues	9,000	9,415	151,838	1,320	3,800	7,019	110,800	110,800	1,422,594	1,499,145
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	9,000	1,254	151,838	139,381	-	-	-	-	-	-
Sanitation, health and welfare	-	-	-	-	-	-	-	-	-	-
Natural resources and recreation	-	-	-	-	35,000	35,130	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	6,000	1,150
Capital outlay	-	-	-	-	-	-	218,800	195,898	-	-
Debt Service:										
Interest and debt service charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	9,000	1,254	151,838	139,381	35,000	35,130	218,800	195,898	6,000	1,150
Excess (deficiency) of revenues over expenditures	-	8,161	-	(138,061)	(31,200)	(28,111)	(108,000)	(85,098)	1,416,594	1,497,995
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	-	-	-	68,000	-	-	-
Transfers in	-	-	150,838	135,375	31,200	31,200	40,000	85,098	-	-
Transfers out	-	-	-	-	-	-	-	-	(283,598)	(1,717,875)
Total other financing sources (uses)	-	-	150,838	135,375	31,200	31,200	108,000	85,098	(283,598)	(1,717,875)
Net change in fund balances	\$ -	8,161	\$ 150,838	(2,686)	\$ -	3,089	\$ -	\$ -	\$ 1,132,996	(219,880)
Fund balances (deficit) - beginning of year				2,686		3,595				219,880
Fund balances (deficit) - end of year		\$ 25,906		\$ -		\$ 6,684				\$ -

(Continued on next page)

CITY OF WAUSAU, WISCONSIN
NONMAJOR BUDGETED GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE (Concluded)
Year Ended December 31, 2016

	Capital Project Funds			
	TID #6 West Side Development		TID #7 West Side Development	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ 1,576,520	\$ 1,489,731	\$ 559,000	\$ 574,301
Special assessments	31,350	35,011	-	-
Intergovernmental	75,000	94,351	8,000	40,442
Licenses and permits	-	-	-	-
Commercial revenues	-	12,771	-	-
Miscellaneous revenues	6,196	24,249	-	-
Total Revenues	<u>1,689,066</u>	<u>1,656,113</u>	<u>567,000</u>	<u>614,743</u>
EXPENDITURES				
Current:				
General government	10,843	10,843	-	-
Public safety	-	-	-	-
Sanitation, health and welfare	-	-	-	-
Natural resources and recreation	-	-	-	-
Economic development	216,032	10,000	272,650	6,290
Capital outlay	5,630,926	3,214,536	200,000	-
Debt Service:				
Interest and debt service charges	-	36,082	-	-
Total expenditures	<u>5,857,801</u>	<u>3,271,461</u>	<u>472,650</u>	<u>6,290</u>
Excess (deficiency) of revenues over expenditures	<u>(4,168,735)</u>	<u>(1,615,348)</u>	<u>94,350</u>	<u>608,453</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	4,500,000	4,515,000	200,000	-
Transfers in	-	-	-	-
Transfers out	(497,031)	(497,031)	(613,851)	(613,851)
Total other financing sources (uses)	<u>4,002,969</u>	<u>4,017,969</u>	<u>(413,851)</u>	<u>(613,851)</u>
Net change in fund balances	<u>\$ (165,766)</u>	<u>2,402,621</u>	<u>\$ (319,501)</u>	<u>(5,398)</u>
Fund balances (deficit) - beginning of year		<u>(426,102)</u>		<u>(1,994,365)</u>
Fund balances (deficit) - end of year		<u>\$ 1,976,519</u>		<u>\$ (1,999,763)</u>

	Capital Project Funds					
	TID #8 Near West Side		TID #9 Big Bull Falls		TID #10 Industrial Park	
	Budget	Actual	Budget	Actual	Budget	Actual
\$	189,193	\$ 194,502	\$ 23,578	\$ 24,240	\$ 65,636	\$ 67,477
	-	24,576	-	-	-	-
	150,000	201,817	-	175	13,206	15,388
	-	-	-	-	-	-
	-	-	57,514	47,928	-	-
	-	5,575	-	-	-	-
	<u>339,193</u>	<u>426,470</u>	<u>81,092</u>	<u>72,343</u>	<u>78,842</u>	<u>82,865</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	385,485	414,610	3,150	2,266	127,000	126,953
	2,135,000	1,819,570	-	-	35,150	4,191
	-	-	-	-	-	-
	<u>2,520,485</u>	<u>2,234,180</u>	<u>3,150</u>	<u>2,266</u>	<u>162,150</u>	<u>131,144</u>
	<u>(2,181,292)</u>	<u>(1,807,710)</u>	<u>77,942</u>	<u>70,077</u>	<u>(83,308)</u>	<u>(48,279)</u>
	750,000	755,000	-	-	-	-
	(118,441)	(118,441)	(74,674)	(74,674)	(44,300)	(44,300)
	<u>631,559</u>	<u>636,559</u>	<u>(74,674)</u>	<u>(74,674)</u>	<u>(44,300)</u>	<u>(44,300)</u>
\$	<u>(1,549,733)</u>	<u>(1,171,151)</u>	<u>3,268</u>	<u>(4,597)</u>	<u>(127,608)</u>	<u>(92,579)</u>
		<u>1,358,962</u>		<u>(78,800)</u>		<u>(174,514)</u>
	<u>\$ 187,811</u>		<u>\$ (83,397)</u>		<u>\$ (267,093)</u>	

CITY OF WAUSAU, WISCONSIN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 4,123,000	\$ 4,123,000	\$ 4,123,000	\$ -
Miscellaneous revenues	-	-	53,723	53,723
Total Revenues	4,123,000	4,123,000	4,176,723	53,723
EXPENDITURES				
Debt Service:				
Principal retirement	6,527,778	6,527,778	7,857,778	(1,330,000)
Interest and debt service charges	1,168,235	1,168,235	1,162,230	6,005
Total Expenditures	7,696,013	7,696,013	9,020,008	(1,323,995)
Deficiency of Revenues over Expenditures	(3,573,013)	(3,573,013)	(4,843,285)	(1,270,272)
OTHER FINANCING SOURCES				
Issuance of debt	-	-	1,300,000	1,300,000
Premium on debt issued	-	-	744,281	744,281
Transfers in	3,865,886	3,865,886	3,816,888	(48,998)
Net change in fund balance	292,873	292,873	1,017,884	725,011
Fund balance - beginning of year	880,446	880,446	880,446	-
Fund balance - end of year	\$ 1,173,319	\$ 1,173,319	\$ 1,898,330	\$ 725,011

CITY OF WAUSAU, WISCONSIN
TID #3 - DOWNTOWN DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 2,050,955	\$ 2,050,955	\$ 2,108,433	\$ 57,478
Intergovernmental	71,500	71,500	73,868	2,368
Commercial revenues	-	-	5,254	5,254
Other miscellaneous	1,420,696	1,420,696	1,161,450	(259,246)
Total Revenues	3,543,151	3,543,151	3,349,005	(194,146)
EXPENDITURES				
Economic development	50,000	8,164,000	1,639,194	6,524,806
Capital outlay:				
Economic development	4,647,727	11,024,633	7,049,794	3,974,839
Total expenditures	4,697,727	19,188,633	8,688,988	10,499,645
Deficiency of Revenues over Expenditures	(1,154,576)	(15,645,482)	(5,339,983)	10,305,499
OTHER FINANCING SOURCES (USES)				
Issuance of debt	3,300,000	14,253,724	8,414,779	(5,838,945)
Transfers in	-	-	1,434,277	1,434,277
Transfers out	(2,041,961)	(2,041,961)	(2,041,961)	-
Total Other Financing Sources (Uses)	1,258,039	12,211,763	7,807,095	(4,404,668)
Net change in fund balance	103,463	(3,433,719)	2,467,112	5,900,831
Fund balance - beginning of year	(2,542,748)	(2,542,748)	(2,542,748)	-
Fund balance - end of year	\$ (2,439,285)	\$ (5,976,467)	\$ (75,636)	\$ 5,900,831

CITY OF WAUSAU, WISCONSIN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2016

	Airport Fund	Animal Control Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 15,796	\$ 85,978	\$ 101,774
Taxes receivable	90,000	50,139	140,139
Accounts receivable	5,211	15,057	20,268
Total Current Assets	<u>111,007</u>	<u>151,174</u>	<u>262,181</u>
Noncurrent Assets:			
Property, Plant and Equipment:			
Property and equipment	4,140,152	-	4,140,152
Accumulated depreciation	(2,037,941)	-	(2,037,941)
Total noncurrent assets	<u>2,102,211</u>	<u>-</u>	<u>2,102,211</u>
TOTAL ASSETS	<u>2,213,218</u>	<u>151,174</u>	<u>2,364,392</u>

DEFERRED OUTFLOWS OF RESOURCES

Proportionate share of WRS pension plan	-	13,822	13,822
Pension contributions for subsequent year	-	2,107	2,107
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>15,929</u>	<u>15,929</u>

LIABILITIES

Current Liabilities:			
Accounts payable	2,387	716	3,103
Accrued payroll and benefits	753	1,384	2,137
Due to other governments	6,845	24,944	24,944
Unearned revenues	9,985	11,266	18,111
Total Current Liabilities	<u>19,970</u>	<u>38,310</u>	<u>48,295</u>
Noncurrent Assets:			
Net pension liability	-	2,777	2,777
TOTAL LIABILITIES	<u>19,970</u>	<u>41,087</u>	<u>51,072</u>

DEFERRED INFLOWS OF RESOURCES

Wisconsin retirement system pension related	-	5,845	5,845
Property taxes levied for subsequent year	90,000	50,139	140,139
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>90,000</u>	<u>55,984</u>	<u>145,984</u>

NET POSITION

Net investment in capital assets	2,102,211	-	2,102,211
Unrestricted	11,022	70,032	81,054
TOTAL NET POSITION	<u>\$ 2,113,233</u>	<u>\$ 70,032</u>	<u>\$ 2,183,265</u>

CITY OF WAUSAU, WISCONSIN
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Final Budget
REVENUES					
General property taxes	\$ 450,000	\$ 450,000	\$ 450,000	\$ -	\$ -
Special assessments	369,000	369,000	218,505	(150,495)	(150,495)
Intergovernmental	1,466,562	1,715,629	446,361	(1,269,268)	(1,269,268)
Other miscellaneous	-	-	194,180	194,180	194,180
Total Revenues	<u>2,285,562</u>	<u>2,534,629</u>	<u>1,309,046</u>	<u>(1,225,583)</u>	<u>(1,225,583)</u>

EXPENDITURES

Capital outlay	8,713,346	12,278,014	6,246,417	6,031,597
Debt Service:				
Interest and debt service charges	-	-	70,114	(70,114)
Total expenditures	<u>8,713,346</u>	<u>12,278,014</u>	<u>6,316,531</u>	<u>5,961,483</u>
Deficiency of Revenues over Expenditures	<u>(6,427,784)</u>	<u>(9,743,385)</u>	<u>(5,007,485)</u>	<u>4,735,900</u>

OTHER FINANCING SOURCES

Issuance of debt	6,074,324	6,074,324	6,105,000	30,676
Transfers in	353,460	353,460	123,000	(230,460)
Total Other Financing Sources	<u>6,427,784</u>	<u>6,427,784</u>	<u>6,228,000</u>	<u>(199,784)</u>
Net change in fund balance	-	(3,315,601)	1,220,515	4,536,116
Fund balance - beginning of year	3,479,012	3,479,012	3,479,012	-
Fund balance - end of year	<u>\$ 3,479,012</u>	<u>\$ 163,411</u>	<u>\$ 4,699,527</u>	<u>\$ 4,536,116</u>

CITY OF WAUSAU, WISCONSIN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2016

	Airport Fund	Animal Control Fund	Total
OPERATING REVENUES			
Charges for services and sales	\$ 143,425	\$ 134,358	\$ 277,783
Intergovernmental	-	26,860	26,860
Total Operating Revenues	<u>143,425</u>	<u>161,218</u>	<u>304,643</u>
OPERATING EXPENSES			
Operating and maintenance	240,630	189,136	429,766
Depreciation	157,018	-	157,018
Total Operating Expenses	<u>397,648</u>	<u>189,136</u>	<u>586,784</u>
Operating income (loss)	<u>(254,223)</u>	<u>(27,918)</u>	<u>(282,141)</u>
NONOPERATING REVENUES			
Property taxes	80,000	37,105	117,105
Income (loss) before Capital Contributions	<u>(174,223)</u>	<u>9,187</u>	<u>(165,036)</u>
Capital contributions	5,610	-	5,610
Change in Net Position	<u>(168,613)</u>	<u>9,187</u>	<u>(159,426)</u>
Net position - beginning of year	<u>2,281,846</u>	<u>60,845</u>	<u>2,342,691</u>
Net position - end of year	<u>\$ 2,113,233</u>	<u>\$ 70,032</u>	<u>\$ 2,183,265</u>

CITY OF WAUSAU, WISCONSIN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2016

	Airport Fund	Animal Control Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers, users and others	\$ 141,878	\$ 159,359	\$ 301,237
Payments to suppliers	(225,995)	(118,210)	(344,205)
Payments to employees	(14,780)	(43,902)	(58,682)
Net Cash Used by Operating Activities	<u>(98,897)</u>	<u>(2,753)</u>	<u>(101,650)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property taxes	80,000	37,105	117,105
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	5,610	-	5,610
Acquisition and construction of capital assets	(5,610)	-	(5,610)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(18,897)</u>	<u>34,352</u>	<u>15,455</u>
Cash and cash equivalents - beginning of year	<u>34,693</u>	<u>51,626</u>	<u>86,319</u>
Cash and cash equivalents - end of year	<u>\$ 15,796</u>	<u>\$ 85,978</u>	<u>\$ 101,774</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (254,223)	\$ (27,918)	\$ (282,141)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	157,018	-	157,018
Changes in assets and liabilities:			
Accounts receivable	(1,795)	(4,232)	(6,027)
Due to other governments	-	22,542	22,542
Accounts payable	(898)	219	(679)
Accrued payroll and benefits	753	1,384	2,137
Pension related liabilities and deferred amounts	-	2,879	2,879
Unearned revenues	248	2,373	2,621
Net cash used by operating activities	<u>\$ (98,897)</u>	<u>\$ (2,753)</u>	<u>\$ (101,650)</u>

CITY OF WAUSAU, WISCONSIN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
 December 31, 2016

CITY OF WAUSAU, WISCONSIN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 Year Ended December 31, 2016

	Motor Pool	Insurance Fund	Employee Benefits Fund	Employee HRA/Wellness Fund	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 1,181,721	\$ 957,104	\$ 783,194	\$ 593,470	\$ 3,515,489
Accounts receivable	5,778	59,706	19,057	-	84,541
Inventories and prepayments	282,616	-	5,479	-	288,095
Total Current Assets	1,470,115	1,016,810	807,730	593,470	3,888,125
Noncurrent Assets:					
Property, Plant and Equipment:					
Property and equipment	12,610,844	-	-	-	12,610,844
Accumulated depreciation	(7,991,044)	-	-	-	(7,991,044)
Total noncurrent assets	4,619,800	-	-	-	4,619,800
TOTAL ASSETS	6,089,915	1,016,810	807,730	593,470	8,507,925
DEFERRED OUTFLOWS OF RESOURCES					
Proportionate share of WRS pension plan	203,436	-	-	-	203,436
Pension contributions for subsequent year	26,137	-	-	-	26,137
TOTAL DEFERRED OUTFLOWS OF RESOURCES	229,573	-	-	-	229,573
LIABILITIES					
Current Liabilities:					
Accounts payable	102,993	-	-	100	103,093
Accrued payroll and benefits	18,645	-	-	-	18,645
Claims payable	-	36,427	663,883	60,000	760,310
Unearned revenues	-	-	415,588	25,559	440,947
Total Current Liabilities	121,638	36,427	1,079,471	85,459	1,322,995
Noncurrent Liabilities:					
Accrued liability - claims payable	-	223,759	-	-	223,759
Compensated absences payable	18,230	-	-	-	18,230
Net pension liability	40,877	-	-	-	40,877
Total Noncurrent Liabilities	59,107	223,759	-	-	282,866
TOTAL LIABILITIES	180,745	260,186	1,079,471	85,459	1,605,861
DEFERRED OUTFLOWS OF RESOURCES					
Wisconsin retirement system pension related	86,025	-	-	-	86,025
NET POSITION (DEFICIT)					
Net investment in capital assets	4,619,800	-	-	-	4,619,800
Unrestricted (Deficit)	1,432,918	756,624	(271,741)	508,011	2,425,812
TOTAL NET POSITION (DEFICIT)	\$ 6,052,718	\$ 756,624	\$ (271,741)	\$ 508,011	\$ 7,045,612

	Motor Pool	Insurance Fund	Employee Benefits Fund	Employee HRA/Wellness Fund	Total
OPERATING REVENUES					
Charges for services and sales	\$ 3,411,715	\$ 781,040	\$ 5,039,797	\$ 333,580	\$ 9,566,132
Other operating revenues	94,765	141,689	-	-	236,454
Total Operating Revenues	3,506,480	922,729	5,039,797	333,580	9,802,586
OPERATING EXPENSES					
Operating and maintenance	1,767,570	-	-	-	1,767,570
Depreciation	859,702	-	-	-	859,702
Insurance, claims and administration	-	847,276	5,150,104	182,031	6,179,411
Total Operating Expenses	2,627,272	847,276	5,150,104	182,031	8,806,683
Operating income (loss)	879,208	75,453	(110,307)	151,549	995,903
NONOPERATING REVENUES					
Gain on sale of capital assets	43,647	-	-	-	43,647
Income (loss) before transfers	922,855	75,453	(110,307)	151,549	1,039,550
Transfers out	(150,000)	-	-	-	(150,000)
Change in Net Position	772,855	75,453	(110,307)	151,549	889,550
Total net position (deficit) - beginning of year	5,279,863	681,171	(161,434)	356,462	6,156,062
Total net position (deficit) - end of year	\$ 6,052,718	\$ 756,624	\$ (271,741)	\$ 508,011	\$ 7,045,612

CITY OF WAUSAU, WISCONSIN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2016

CITY OF WAUSAU, WISCONSIN
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
December 31, 2016

	Motor Pool	Insurance Fund	Employee Benefits Fund	Employee HRA/Wellness Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers, users and others	\$ 3,502,725	\$ 952,164	\$ 5,096,760	\$ 337,866	\$ 9,889,515
Payments to suppliers	(1,341,805)	(947,119)	(5,057,892)	(181,931)	(7,528,747)
Payments to employees	(394,738)	-	-	-	(394,738)
Net Cash Provided (Used) by Operating Activities	<u>1,766,182</u>	<u>5,045</u>	<u>38,868</u>	<u>1,55,935</u>	<u>1,966,030</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(150,000)	-	-	-	(150,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,196,173)	-	-	-	(1,196,173)
Proceeds from sale of capital assets	43,647	-	-	-	43,647
Net Cash Used by Capital and Related Financing Activities	<u>(1,152,526)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,152,526)</u>
Net Increase in Cash and Cash Equivalents	463,656	5,045	38,868	155,935	663,504
Cash and cash equivalents - beginning of year	718,065	952,059	744,326	437,535	2,851,985
Cash and cash equivalents - end of year	<u>\$ 1,181,721</u>	<u>\$ 957,104</u>	<u>\$ 783,194</u>	<u>\$ 593,470</u>	<u>\$ 3,515,489</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 879,208	\$ 75,453	\$ (110,307)	\$ 151,549	\$ 995,903
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	859,702	-	-	-	859,702
Changes in assets and liabilities:					
Accounts receivable	(3,755)	29,435	45,555	4,536	75,771
Inventories and prepayments	16,770	-	300	-	17,070
Accounts payable	(25,763)	(36,567)	-	100	(62,230)
Pension related liabilities and deferred amounts	24,699	-	-	-	24,699
Unearned revenues	-	-	11,408	(250)	11,158
Claims payable	-	(63,276)	91,912	-	28,636
Accrued payroll and compensated absences	15,321	-	-	-	15,321
Net cash provided (used) by operating activities	<u>\$ 1,766,182</u>	<u>\$ 5,045</u>	<u>\$ 38,868</u>	<u>\$ 1,55,935</u>	<u>\$ 1,966,030</u>

	Entrepreneurial & Education Center	Wausau Events	Main Street Wausau	Totals
Cash and cash equivalents	\$ 235,629	\$ 270,715	\$ 111,363	\$ 617,707
Accounts receivable	7,601	5,008	-	12,609
TOTAL ASSETS	<u>\$ 243,230</u>	<u>\$ 275,723</u>	<u>\$ 111,363</u>	<u>\$ 630,316</u>
LIABILITIES				
Accounts payable	\$ 243,230	\$ 275,723	\$ 111,363	\$ 630,316

CITY OF WAUSAU, WISCONSIN
 AGENCY FUNDS
 COMBINING STATEMENT OF
 CHANGES IN ASSETS AND LIABILITIES
 Year Ended December 31, 2016

	Balance 1/1/2016	Additions	Deductions	Balance 12/31/2016
Entrepreneurial & Education Center				
ASSETS				
Cash and cash equivalents	\$ 251,892	\$ 204,393	\$ 220,656	\$ 235,629
Accounts receivable	8,162	204,724	205,285	7,601
TOTAL ASSETS	<u>\$ 260,054</u>	<u>\$ 409,117</u>	<u>\$ 425,941</u>	<u>\$ 243,230</u>
LIABILITIES				
Accounts payable	\$ 260,054	\$ 409,117	\$ 425,941	\$ 243,230
TOTAL LIABILITIES	<u>\$ 260,054</u>	<u>\$ 409,117</u>	<u>\$ 425,941</u>	<u>\$ 243,230</u>
Wausau Events				
ASSETS				
Cash and cash equivalents	\$ 211,849	\$ 1,087,477	\$ 1,028,611	\$ 270,715
Accounts receivable	-	5,008	-	5,008
TOTAL ASSETS	<u>\$ 211,849</u>	<u>\$ 1,092,485</u>	<u>\$ 1,028,611</u>	<u>\$ 275,723</u>
LIABILITIES				
Accounts payable	\$ 211,849	\$ 1,092,485	\$ 1,028,611	\$ 275,723
TOTAL LIABILITIES	<u>\$ 211,849</u>	<u>\$ 1,092,485</u>	<u>\$ 1,028,611</u>	<u>\$ 275,723</u>
Main Street Wausau				
ASSETS				
Cash and cash equivalents	\$ 74,787	\$ 200,927	\$ 164,351	\$ 111,363
Accounts receivable	325	-	325	-
TOTAL ASSETS	<u>\$ 75,112</u>	<u>\$ 200,927</u>	<u>\$ 164,676</u>	<u>\$ 111,363</u>
LIABILITIES				
Accounts payable	\$ 75,112	\$ 200,927	\$ 164,676	\$ 111,363
TOTAL LIABILITIES	<u>\$ 75,112</u>	<u>\$ 200,927</u>	<u>\$ 164,676</u>	<u>\$ 111,363</u>
Business Improvement District				
ASSETS				
Cash and cash equivalents	\$ -	\$ 60,000	\$ 60,000	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 60,000	\$ 60,000	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>

**CAPITAL ASSETS USED IN THE OPERATION
 OF GOVERNMENTAL FUNDS**

CITY OF WAUSAU, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
 December 31, 2016

	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure	Totals
FUNCTION AND ACTIVITY					
General government	\$ 37,450,069	\$ 6,479,831	\$ 1,833,543	\$ 1,054	\$ 45,764,497
Public safety:					
Police protection	813,377	3,718,569	979,591	-	5,511,537
Fire protection	253,942	1,896,752	5,612,422	-	7,763,116
Public works:					
Maintenance	221,071	2,547,783	724,370	24,915	3,518,139
Sidewalks	-	-	-	10,693,201	10,693,201
Street system	-	-	-	121,623,663	121,623,663
Parks and recreation	403,104	14,285,388	2,506,058	20,617	17,215,167
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 39,141,563	\$ 28,928,323	\$ 11,655,984	\$ 132,363,450	\$ 212,089,320

CITY OF WAUSAU, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
FUNCTION AND ACTIVITY				
General government	\$ 44,090,795	\$ 1,673,771	\$ 69	\$ 45,764,497
Public safety:				
Police protection	5,423,224	88,313	-	5,511,537
Fire protection	7,670,493	124,811	32,188	7,763,116
Public works:				
Maintenance	3,474,040	574,414	530,315	3,518,139
Sidewalks	10,278,973	506,650	92,422	10,693,201
Street system	119,000,500	2,994,034	370,871	121,623,663
Parks and recreation	13,994,178	3,265,516	44,527	17,215,167
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 203,932,203	\$ 9,227,509	\$ 1,070,392	\$ 212,089,320

CITY OF WAUSAU, WISCONSIN

INDEX TO THE STATISTICAL SECTION
December 31, 2016

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STATISTICAL SECTION

CITY OF WAUSAU

Schedule 1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 55,095,222	\$ 60,825,711	\$ 68,308,631	\$ 75,413,530	\$ 79,344,570	\$ 84,193,691	\$ 88,488,799	\$ 98,405,399	\$ 98,825,542	\$ 99,450,028
Restricted	3,075,046	3,332,378	3,635,751	3,711,046	12,789,388	9,729,737	10,610,753	8,818,623	16,311,881	14,156,534
Unrestricted	15,047,711	14,455,757	14,749,802	19,031,751	10,409,561	14,924,479	14,678,918	13,483,982	14,199,650	17,926,268
Total governmental activities net position	\$ 73,217,979	\$ 78,613,846	\$ 86,694,184	\$ 98,156,327	\$ 102,543,519	\$ 108,847,907	\$ 113,778,470	\$ 120,708,004	\$ 129,337,073	\$ 131,532,830
Business-type activities										
Net investment in capital assets	\$ 79,877,355	\$ 82,191,063	\$ 83,142,144	\$ 84,232,295	\$ 88,572,360	\$ 93,046,689	\$ 93,217,875	\$ 93,098,660	\$ 92,670,116	\$ 91,153,104
Restricted	3,348,431	3,280,758	2,505,824	1,427,932	1,148,802	1,280,921	1,337,308	1,469,203	2,911,504	2,384,534
Unrestricted	3,921,663	2,810,801	2,294,567	1,946,083	4,583,292	4,192,056	4,451,943	3,885,029	5,418,467	7,252,415
Total business-type activities net position	\$ 87,147,449	\$ 88,282,622	\$ 87,942,535	\$ 87,606,310	\$ 94,304,454	\$ 98,519,666	\$ 99,007,126	\$ 98,452,892	\$ 101,000,087	\$ 100,790,053
Primary government										
Net investment in capital assets	\$ 134,972,577	\$ 143,016,774	\$ 151,450,775	\$ 159,645,825	\$ 167,916,930	\$ 177,240,380	\$ 181,706,674	\$ 191,504,059	\$ 191,495,658	\$ 190,603,132
Restricted	6,423,477	6,613,136	6,141,575	5,138,978	13,938,190	11,010,658	11,948,061	10,287,826	19,223,385	16,541,068
Unrestricted	18,969,374	17,266,558	17,044,369	20,977,834	14,992,853	19,116,535	19,130,861	17,369,011	19,618,117	25,178,683
Total primary government net position	\$ 160,365,428	\$ 166,896,468	\$ 174,636,719	\$ 185,762,637	\$ 196,847,973	\$ 207,367,573	\$ 212,785,596	\$ 219,160,896	\$ 230,337,160	\$ 232,322,883

Notes:

The City reclassified the Metro Ride fund as an enterprise fund on January 1, 2011 and transferred the associated capital assets from the governmental activities into the business-type activities. In addition, the Airport Enterprise Fund was created as of January 1, 2012 and the associated capital assets were transferred from the governmental activities to the business-type activities.

CITY OF WAUSAU

Schedule 2

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses - Governmental activities:										
General government	\$ 6,033,037	\$ 5,268,888	\$ 4,069,716	\$ 4,230,618	\$ 4,071,945	\$ 4,376,515	\$ 4,250,476	\$ 4,670,657	\$ 4,804,089	\$ 4,998,030
Public safety	14,654,852	15,714,601	15,381,881	15,918,394	16,788,709	15,845,111	16,246,258	16,668,463	16,478,842	18,094,777
Transportation and streets	16,766,522	17,204,411	17,139,868	16,753,873	11,160,237	11,704,756	11,242,010	12,671,152	11,845,960	11,928,609
Sanitation, health and welfare	1,913,189	1,915,740	1,922,031	1,823,980	1,868,410	2,073,673	2,146,465	2,156,309	2,218,162	1,677,239
Natural resources and recreation	2,261,035	2,449,712	2,517,631	2,514,161	2,597,337	2,598,645	2,592,265	2,716,181	3,160,068	3,368,724
Economic development	5,667,342	2,965,673	3,434,146	3,960,765	4,868,292	3,580,425	3,629,494	3,514,056	7,582,129	7,287,952
Interest on long-term debt	2,061,409	2,151,103	2,059,540	1,620,096	1,459,235	1,247,791	1,329,912	1,238,864	1,209,574	1,568,164
Total governmental activities	49,357,386	47,670,128	46,524,813	46,821,887	42,814,165	41,426,916	41,436,880	43,635,682	47,298,824	48,923,495
Expenses - Business-type activities:										
Water	2,962,640	3,272,109	3,373,672	3,393,118	3,450,680	3,364,222	3,258,433	3,764,878	3,775,876	3,919,480
Wastewater	3,886,577	3,951,702	4,000,695	4,019,767	3,887,577	3,765,140	3,847,818	4,023,395	3,686,067	4,151,512
Parking	1,623,619	1,911,490	1,913,347	1,759,984	1,887,449	1,746,004	1,972,388	1,789,677	1,792,090	1,880,606
Metro Ride	-	-	-	-	4,049,837	3,557,036	3,613,252	3,895,784	3,594,314	3,648,953
Airport	-	-	-	-	-	309,398	378,832	395,171	406,984	397,648
Animal Control	-	-	-	-	-	-	70,081	191,191	170,038	189,136
Total business-type activities	8,472,836	9,135,301	9,287,714	9,172,869	13,275,543	12,741,800	13,140,804	14,060,096	13,425,369	14,187,335
Total primary government	\$ 57,830,222	\$ 56,805,429	\$ 55,812,527	\$ 55,994,756	\$ 56,089,708	\$ 54,168,716	\$ 54,577,684	\$ 57,695,778	\$ 60,724,193	\$ 63,110,830
Program revenues - Governmental activities:										
Charges for service:										
Transportation & streets	\$ 508,890	\$ 646,036	\$ 487,468	\$ 297,690	\$ 347,545	\$ 310,297	\$ 471,664	\$ 485,025	\$ 750,399	\$ 1,124,819
Conservation & development	960,850	941,424	1,062,703	582,312	2,042,703	955,572	994,072	897,634	1,206,003	2,281,581
Ambulance	1,209,473	1,394,593	1,154,805	1,271,790	1,442,386	1,521,895	1,330,680	1,396,509	1,440,123	1,576,218
Other activities	6,084,177	6,192,386	6,052,956	6,155,059	3,878,218	3,489,437	2,917,742	2,765,487	2,958,376	3,182,781
Operating grants & contributions	6,942,999	7,299,152	7,821,171	8,372,182	4,930,014	4,724,318	4,259,090	4,049,715	4,294,633	3,605,696
Capital grants & contributions	1,634,826	2,391,908	3,494,387	6,699,662	3,153,287	4,102,154	2,534,980	5,825,175	2,451,032	2,444,731
Total governmental activities	17,341,215	18,865,499	20,073,490	23,378,695	15,794,153	15,103,673	12,508,228	15,419,545	13,100,566	14,215,826
Program revenues - Business-type activities:										
Charges for service										
Water	4,804,528	4,774,634	4,644,707	4,583,056	4,658,894	4,768,408	4,607,291	4,513,955	5,236,584	5,445,096
Wastewater	4,238,361	3,997,672	3,935,667	4,207,392	5,265,216	5,400,672	5,291,328	5,365,411	5,290,542	5,321,043
Parking	999,920	1,031,594	973,163	898,413	943,029	971,294	1,088,714	1,139,420	953,884	955,977
Metro Ride	-	-	-	-	484,881	469,915	501,638	497,431	485,620	462,027
Airport	-	-	-	-	-	115,797	141,018	131,582	140,430	143,425
Animal Control	-	-	-	-	-	-	71,420	124,645	78,404	134,358
Operating grants & contributions	-	-	-	-	2,504,065	1,887,934	1,976,766	2,227,192	1,980,409	1,950,219
Capital grants & contributions	1,602,684	1,060,860	458,732	239,944	2,602,552	1,794,853	438,672	54,771	1,220,530	243,243
Total business-type activities	11,645,493	10,864,760	10,012,269	9,928,805	16,458,617	15,408,873	14,116,847	14,054,407	15,386,403	14,655,388
Total primary government	\$ 28,986,708	\$ 29,730,259	\$ 30,085,759	\$ 33,307,500	\$ 32,252,770	\$ 30,512,546	\$ 26,625,075	\$ 29,473,952	\$ 28,486,969	\$ 28,871,214

CITY OF WAUSAU
Schedule 2 (Continued)
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Governmental activities	\$ (32,016,171)	\$ (28,804,629)	\$ (26,451,323)	\$ (23,443,192)	\$ (27,020,012)	\$ (26,323,243)	\$ (28,928,652)	\$ (28,216,137)	\$ (34,198,258)	\$ (34,707,669)
Business-type activities	3,172,657	1,729,459	724,555	755,936	3,183,074	2,667,073	976,043	(5,689)	1,961,034	468,053
Total primary government net position	<u>\$ (28,843,514)</u>	<u>\$ (27,075,170)</u>	<u>\$ (25,726,768)</u>	<u>\$ (22,687,256)</u>	<u>\$ (23,836,938)</u>	<u>\$ (23,656,170)</u>	<u>\$ (27,952,609)</u>	<u>\$ (28,221,826)</u>	<u>\$ (32,237,224)</u>	<u>\$ (34,239,616)</u>
General revenues & other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 22,746,399	\$ 24,122,853	\$ 24,701,712	\$ 25,980,766	\$ 25,927,605	\$ 25,799,254	\$ 25,471,313	\$ 26,062,523	\$ 26,556,543	\$ 27,817,518
Other taxes	1,316,389	1,261,411	1,188,455	1,247,031	1,282,138	1,339,550	1,396,225	1,426,281	1,461,604	1,670,665
Intergovernmental revenues not restricted to specific purposes	6,219,960	6,346,665	6,435,883	6,083,605	6,170,550	5,550,727	5,425,951	5,420,811	5,346,313	5,367,413
Investment income (loss)	1,352,467	1,090,103	477,921	314,408	323,802	260,412	(124,187)	531,589	369,673	339,521
Miscellaneous	378,743	288,644	298,070	284,869	111,834	86,492	98,042	107,268	83,091	81,556
Gain on sale of capital assets	14,812	28,319	11,965	48,206	40,676	4,947	24,508	57,336	67,467	69,193
Transfers	526,639	1,062,501	1,417,655	1,435,046	(2,604,305)	(447,532)	1,523,712	1,539,863	1,565,639	1,557,560
Total governmental activities	<u>32,555,409</u>	<u>34,200,496</u>	<u>34,531,661</u>	<u>35,393,931</u>	<u>31,252,300</u>	<u>32,593,850</u>	<u>33,815,564</u>	<u>35,145,671</u>	<u>35,450,330</u>	<u>36,903,426</u>
Business-type activities:										
Taxes	227,746	375,971	317,785	300,000	898,786	1,090,950	1,047,966	973,289	1,016,883	875,499
Investment income	184,889	90,244	33,684	42,885	11,979	7,127	6,206	3,529	1,613	1,317
Gain on sale of capital assets	60,000	2,000	1,544	-	-	2,530	-	14,500	2,560	2,657
Transfers	(526,639)	(1,062,501)	(1,417,655)	(1,435,046)	2,604,305	447,532	(1,523,712)	(1,539,863)	(1,565,639)	(1,557,560)
Total business-type activities	<u>(54,004)</u>	<u>(594,286)</u>	<u>(1,064,642)</u>	<u>(1,092,161)</u>	<u>3,515,070</u>	<u>1,548,139</u>	<u>(469,540)</u>	<u>(548,545)</u>	<u>(544,583)</u>	<u>(678,087)</u>
Total primary government	<u>\$ 32,501,405</u>	<u>\$ 33,606,210</u>	<u>\$ 33,467,019</u>	<u>\$ 34,301,770</u>	<u>\$ 34,767,370</u>	<u>\$ 34,141,989</u>	<u>\$ 33,346,024</u>	<u>\$ 34,597,126</u>	<u>\$ 34,905,747</u>	<u>\$ 36,225,339</u>
Change in net position										
Governmental activities	\$ 539,238	\$ 5,395,867	\$ 8,080,338	\$ 11,950,739	\$ 4,232,288	\$ 6,270,607	\$ 4,886,912	\$ 6,929,534	\$ 1,252,072	\$ 2,195,757
Business-type activities	3,118,653	1,135,173	(340,087)	(336,225)	6,698,144	4,215,212	506,503	(554,234)	1,416,451	(210,034)
Total primary government	<u>\$ 3,657,891</u>	<u>\$ 6,531,040</u>	<u>\$ 7,740,251</u>	<u>\$ 11,614,514</u>	<u>\$ 10,930,432</u>	<u>\$ 10,485,819</u>	<u>\$ 5,393,415</u>	<u>\$ 6,375,300</u>	<u>\$ 2,668,523</u>	<u>\$ 1,985,723</u>

CITY OF WAUSAU

Schedule 3

Program Revenues by Function/Program

Last Ten Fiscal Years

(accrual basis of accounting)

Function/program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 1,973,065	\$ 1,844,981	\$ 1,033,772	\$ 1,218,871	\$ 2,122,953	\$ 2,042,080	\$ 1,858,919	\$ 1,811,314	\$ 1,823,146	\$ 2,200,024
Public safety	2,277,781	2,521,246	2,127,650	2,390,722	2,581,844	3,058,071	2,811,548	2,753,741	3,050,244	2,526,945
Transportation and streets	9,765,040	11,494,513	13,392,246	16,454,918	4,766,167	6,289,861	4,409,985	4,112,915	4,010,985	4,337,202
Sanitation, health and welfare	315,413	341,192	265,644	275,953	200,451	238,835	363,358	575,827	572,492	276,082
Natural resources and recreation	258,104	369,784	273,672	238,127	285,894	362,202	396,725	3,920,660	255,666	314,070
Economic development	2,751,812	2,293,783	2,980,506	2,800,104	5,836,844	3,112,624	2,667,693	2,245,088	3,388,033	4,561,503
Total governmental activities	17,341,215	18,865,499	20,073,490	23,378,695	15,794,153	15,103,673	12,508,228	15,419,545	13,100,566	14,215,826
Business-type activities:										
Water	5,645,950	5,246,955	4,739,304	4,634,157	4,684,042	4,816,525	4,640,766	4,524,723	5,248,742	5,456,680
Wastewater	4,999,623	4,586,211	4,086,261	4,340,435	5,579,673	5,475,224	5,340,727	5,381,982	5,349,266	5,375,882
Parking	999,920	1,031,594	1,186,704	954,213	943,029	1,406,123	1,383,705	1,139,420	1,904,117	1,127,187
Metro Ride	-	-	-	-	5,251,873	2,643,144	2,529,306	2,724,623	2,626,001	2,385,386
Airport	-	-	-	-	-	1,067,857	150,923	159,014	140,430	149,035
Animal Control	-	-	-	-	-	-	71,420	124,645	117,847	161,218
Total business-type activities	11,645,493	10,864,760	10,012,269	9,928,805	16,458,617	15,408,873	14,116,847	14,054,407	15,386,403	14,655,388
Total primary government	\$ 28,986,708	\$ 29,730,259	\$ 30,085,759	\$ 33,307,500	\$ 32,252,770	\$ 30,512,546	\$ 26,625,075	\$ 29,473,952	\$ 28,486,969	\$ 28,871,214

CITY OF WAUSAU

Schedule 4

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Nonspendable for:										
Inventories and prepaids	\$ 352,951	\$ 360,338	\$ 362,790	\$ 364,724	\$ 68,337	\$ 58,959	\$ 327,990	\$ 415,912	\$ 401,836	\$ 392,096
Noncurrent receivables/advances	2,050,675	1,495,446	1,463,905	1,839,138	2,036,413	2,405,884	2,405,049	3,899,019	3,870,098	3,718,150
Committed to contingencies	500,000	500,000	500,000	500,000	500,000	460,400	361,900	266,250	163,059	163,059
Committed to economic development	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Committed to subsequent year's expenditures	1,613,909	1,546,482	950,000	1,013,496	1,397,958	220,951	209,424	-	57,078	465,100
Unassigned	5,375,267	5,433,697	5,548,941	5,045,637	5,215,907	6,335,651	5,837,182	4,362,313	5,032,077	5,788,763
Total General Fund	<u>10,392,802</u>	<u>9,835,963</u>	<u>9,325,636</u>	<u>9,262,995</u>	<u>9,718,615</u>	<u>9,981,845</u>	<u>9,641,545</u>	<u>9,443,494</u>	<u>10,024,148</u>	<u>11,027,168</u>
All Other Governmental Funds										
Nonspendable for:										
Inventories and prepaids	171,510	188,513	187,052	203,992	-	-	-	-	-	-
Noncurrent receivables/advances	-	-	-	-	-	219,119	1,239,432	1,239,432	1,239,432	-
Restricted for:										
Debt service	2,103,881	1,734,460	1,847,536	1,818,620	180,536	556,338	666,846	741,269	880,446	1,898,330
Capital improvements	-	-	-	-	7,548,985	4,098,922	5,709,269	4,002,210	3,479,012	4,699,527
Special purposes	-	-	-	-	5,059,867	5,074,477	4,234,638	4,250,477	6,146,891	8,200,958
Trust purposes	443,996	532,181	617,919	631,450	-	-	-	-	-	-
Committed to special purposes	-	-	-	-	661,952	1,087,696	1,063,948	1,624,943	1,586,533	1,428,938
Unassigned, reported in:										
Special revenue funds	2,752,392	3,240,496	3,085,377	3,358,295	-	-	-	-	-	-
Capital project funds	1,274,260	3,723,553	3,228,926	4,205,327	(4,865,139)	(3,824,641)	(4,285,312)	(5,945,752)	(5,216,529)	(2,425,889)
Total all other governmental funds	<u>6,746,039</u>	<u>9,419,203</u>	<u>8,966,810</u>	<u>10,217,684</u>	<u>8,586,201</u>	<u>7,211,911</u>	<u>8,628,821</u>	<u>5,912,579</u>	<u>8,115,785</u>	<u>13,801,864</u>
Total governmental funds	<u>\$ 17,138,841</u>	<u>\$ 19,255,166</u>	<u>\$ 18,292,446</u>	<u>\$ 19,480,679</u>	<u>\$ 18,304,816</u>	<u>\$ 17,193,756</u>	<u>\$ 18,270,366</u>	<u>\$ 15,356,073</u>	<u>\$ 18,139,933</u>	<u>\$ 24,829,032</u>

CITY OF WAUSAU
Schedule 5

Changes in Fund Balances - Governmental Funds
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 23,746,926	\$ 25,053,421	\$ 25,554,003	\$ 26,885,969	\$ 26,865,199	\$ 26,782,764	\$ 26,495,169	\$ 27,095,207	\$ 27,624,018	\$ 29,088,356
Special assessments	448,394	929,784	700,401	876,605	328,135	616,891	596,029	567,718	465,858	278,092
Intergovernmental	13,804,769	14,731,078	17,279,636	14,574,198	14,178,400	11,112,225	9,471,826	9,895,929	10,385,813	9,650,881
Licenses and permits	849,619	732,375	672,926	677,438	668,741	743,971	744,441	889,567	960,451	897,423
Fines, forfeitures and penalties	372,608	359,132	321,558	323,783	371,580	387,646	353,662	355,105	337,841	379,671
Public charges for services	2,628,540	3,124,289	2,155,563	2,108,028	1,900,605	1,844,875	1,807,857	1,879,793	1,928,922	2,048,807
Intergovernmental charges for services	1,225,529	1,170,324	1,409,005	1,217,706	1,199,461	1,527,173	1,393,301	1,422,142	1,457,809	1,600,706
Commercial revenues	2,592,922	2,109,673	991,208	918,347	790,104	843,322	353,092	1,148,051	1,175,161	1,003,595
Miscellaneous revenues	1,295,656	1,277,069	1,076,544	1,330,767	2,631,295	1,713,531	1,163,845	1,427,900	2,001,470	2,609,178
Total revenues	46,964,963	49,487,145	50,160,844	48,912,841	48,933,520	45,572,398	42,379,222	44,681,412	46,337,343	47,556,709
EXPENDITURES										
Current:										
General government	4,393,385	4,787,342	4,023,315	3,899,944	3,663,394	4,113,413	3,908,946	4,112,230	4,324,606	4,393,655
Public safety	14,135,484	14,715,228	15,218,716	15,438,786	16,227,647	15,560,272	15,875,081	15,994,216	16,138,321	16,408,574
Transportation and streets	10,840,937	11,582,084	11,339,567	10,494,061	7,626,927	7,421,412	7,675,360	8,104,483	7,129,835	7,263,021
Sanitation, health and welfare	1,819,901	1,828,223	1,901,434	1,817,462	1,945,996	2,050,598	2,172,294	2,176,076	2,270,417	1,710,876
Natural resources and recreation	2,079,307	2,215,340	2,269,495	2,259,798	2,323,491	2,282,795	2,294,146	2,343,691	2,520,305	2,537,716
Economic development	4,790,380	2,240,898	3,343,577	3,458,377	3,615,689	3,605,277	3,550,250	3,719,899	4,575,246	5,909,568
Capital outlay	7,981,230	11,681,885	10,431,681	7,345,540	12,737,146	10,489,321	9,819,062	10,307,096	12,800,819	18,536,616
Debt service:										
Principal retirement	6,557,888	9,487,176	11,865,474	10,566,792	6,835,896	7,455,729	7,528,344	9,799,708	7,022,550	7,857,778
Interest and debt service charges	1,981,955	1,949,372	2,039,318	1,660,110	1,443,873	1,128,629	1,165,826	1,103,436	994,947	1,268,426
Total expenditures	54,580,467	60,487,548	62,432,577	56,940,870	56,420,059	54,107,446	53,989,309	57,660,835	57,777,046	65,886,230
Excess (deficiency) of revenues over expenditures	(7,615,504)	(11,000,403)	(12,271,733)	(8,028,029)	(7,486,539)	(8,535,048)	(11,610,087)	(12,979,423)	(11,439,703)	(18,329,521)

CITY OF WAUSAU
Schedule 5 (Continued)
Changes in Fund Balances - Governmental Funds
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OTHER FINANCING SOURCES (USES)										
Issuance of debt	\$ 6,741,760	\$ 11,595,117	\$ 9,560,000	\$ 8,290,000	\$ 4,672,480	\$ 6,582,239	\$ 10,513,000	\$ 5,640,000	\$ 12,290,000	\$ 21,266,779
Issuance of refunding debt	-	-	-	-	-	9,678,336	-	2,450,000	-	1,300,000
Premium on debt issued	-	-	-	-	-	453,829	270,185	238,267	192,924	744,281
Discount on debt issued	(21,315)	(32,250)	(18,642)	(20,188)	-	(132,631)	(79,425)	-	-	-
Payment to escrow agents	-	-	-	-	-	(10,756,767)	-	-	-	-
Transfers in	7,459,909	7,841,039	7,156,502	7,162,165	6,917,866	14,135,843	7,022,720	7,276,359	6,304,238	7,655,291
Transfers out	(6,282,567)	(6,287,178)	(5,388,847)	(5,727,119)	(5,279,670)	(12,536,861)	(5,302,008)	(5,539,496)	(4,563,599)	(5,947,731)
Total other financing sources (uses)	7,897,787	13,116,728	11,309,013	9,704,858	6,310,676	7,423,988	12,424,472	10,065,130	14,223,563	25,018,620
Net change in fund balance	282,283	2,116,325	(962,720)	1,676,829	(1,175,863)	(1,111,060)	814,385	(2,914,293)	2,783,860	6,689,099
FUND BALANCES - BEGINNING	16,856,558	17,138,841	19,255,166	17,803,850	19,480,679	18,304,816	17,455,981	18,270,366	15,356,073	18,139,933
FUND BALANCES - ENDING	\$ 17,138,841	\$ 19,255,166	\$ 18,292,446	\$ 19,480,679	\$ 18,304,816	\$ 17,193,756	\$ 18,270,366	\$ 15,356,073	\$ 18,139,933	\$ 24,829,032
							(*)			
Debt service as a percentage of noncapital expenditures	18.3%	23.4%	26.3%	25.2%	17.8%	18.9%	19.5%	21.7%	16.1%	18.4%

(*) Beginning balance restated

CITY OF WAUSAU

Schedule 6

Assessed Value and Estimated Actual Value (Equalized Value) of Taxable Property

Levy Year	Fiscal Year	Residential Property	Commercial Property	Manufacturing Property	Agricultural/Forest/Other Property	Personal Property	Total Taxable		Total Direct Tax Rate ^B	Estimated Actual Taxable Value ^C	Assessed as Percent of Estimated Actual Value
							Assessed Value ^A	Value			
2006	2007	\$ 1,346,763,900	\$ 726,349,600	\$ 99,376,800	\$ 1,162,000	\$ 100,637,000	\$ 2,274,289,300	\$ 8.85	\$ 2,433,934,300	93.44%	
2007	2008	1,529,616,400	841,589,000	108,212,500	1,532,200	114,498,000	2,595,448,100	8.19	2,504,826,100	103.62%	
2008	2009	1,555,181,300	893,498,400	102,964,600	1,839,400	116,767,500	2,670,251,200	8.23	2,768,967,000	96.43%	
2009	2010	1,565,407,600	918,019,100	115,368,300	1,839,500	110,243,300	2,710,877,800	8.41	2,726,775,100	99.42%	
2010	2011	1,568,484,400	930,236,800	113,245,700	2,048,800	115,441,000	2,729,456,700	8.49	2,681,223,200	101.80%	
2011	2012	1,573,004,100	930,553,700	114,836,700	1,863,400	114,831,000	2,735,088,900	8.49	2,652,252,200	103.12%	
2012	2013	1,574,854,000	919,300,800	114,093,600	1,040,500	114,117,200	2,723,406,100	8.51	2,554,319,700	106.62%	
2013	2014	1,573,632,500	936,065,700	108,291,100	1,276,400	118,934,800	2,738,200,500	8.61	2,520,917,800	108.62%	
2014	2015	1,575,983,700	945,149,800	103,976,100	1,658,200	121,810,800	2,748,578,600	8.77	2,655,928,800	103.49%	
2015	2016	1,479,061,800	941,140,500	102,907,100	1,671,300	122,816,800	2,647,597,500	9.43	2,633,849,300	100.52%	
2016	2017	1,485,837,900	980,079,100	106,413,800	1,860,200	122,004,000	2,696,195,000	9.67	2,608,454,600	103.36%	

^A Source: Wisconsin Department of Revenue, Final Statement of Assessment. Values include TIF districts.

^B Source: City of Wausau Budget document. The rate shown is for properties served by the Wausau School District.

^C Source: Wisconsin Department of Revenue, County Equalization Report.

Notes:

Property in the City of Wausau is reassessed every five to six years on average, with the goal of assessing property at 100% of market value. Between major reassessments, property values are updated based on sales of comparable properties.

CITY OF WAUSAU

Schedule 7

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

Marathon County/Wausau School District

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Wausau		Marathon County	State of Wisconsin	Gross Tax Rate	State Tax Credit	Net Tax Rate
				Wausau Direct Rate	Wausau School District					
2007		\$ 6.59	1.60	8.19	9.35	\$ 1.80	\$ 0.16	\$ 24.71	1.50	\$ 23.21
2008	2008	6.67	1.56	8.23	9.64	1.92	0.18	25.35	1.57	23.78
2009	2009	6.76	1.65	8.41	10.48	1.92	0.17	26.20	1.53	24.67
2010	2010	6.85	1.64	8.49	10.90	1.94	0.17	26.60	1.54	25.06
2011	2011	6.88	1.61	8.49	10.85	1.96	0.17	26.50	1.57	24.93
2012	2012	6.89	1.62	8.51	10.37	1.90	0.16	25.81	1.60	24.21
2013	2013	7.00	1.61	8.61	10.21	1.92	0.16	25.68	1.57	24.11
2014	2014	7.15	1.62	8.77	10.76	1.18	0.16	25.88	1.54	24.34
2015	2015	7.87	1.56	9.43	11.41	1.25	0.17	27.38	1.81	25.57
2016	2016	8.14	1.53	9.67	10.78	1.22	0.16	26.73	1.78	24.95

(Continued)

CITY OF WAUSAU
 Schedule 7 (Continued)
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Marathon County/DC Everest School District

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Wausau		DC Everest School District		Marathon County	State of Wisconsin	Gross Tax Rate	State Tax Credit	Net Tax Rate
				Direct Rate	NTC	DC Everest School District	NTC					
2007												
2008	2008	6.59	1.60	8.19	1.80	8.16	1.80	5.21	0.16	23.52	1.50	22.02
2009	2009	6.67	1.56	8.23	1.92	9.17	1.92	5.38	0.18	24.88	1.57	23.31
2010	2010	6.76	1.65	8.41	1.92	9.58	1.92	5.22	0.17	25.30	1.53	23.77
2011	2011	6.85	1.64	8.49	1.94	9.90	1.94	5.10	0.17	25.60	1.54	24.06
2012	2012	6.88	1.61	8.49	1.96	10.15	1.96	5.03	0.17	25.80	1.57	24.23
2013	2013	6.89	1.62	8.51	1.90	10.08	1.90	4.87	0.16	25.52	1.60	23.92
2014	2014	7.00	1.61	8.61	1.92	10.29	1.92	4.78	0.16	25.76	1.57	24.19
2015	2015	7.15	1.62	8.77	1.18	10.34	1.18	5.01	0.16	25.46	1.54	23.92
2016	2016	7.87	1.56	9.43	1.25	10.73	1.25	5.12	0.17	26.70	1.81	24.89
2017	2017	8.14	1.53	9.67	1.22	10.05	1.22	4.90	0.16	26.00	1.79	24.21

Notes:

Through the State of Wisconsin Expenditure Restraint Program, a pool of money is distributed annually to local governments that meet certain restrictions on the growth of General Fund expenditures. In general, the program limits the growth of General fund expenditures to 60% of the change in equalized value due to net new construction, up to a maximum of 2%, plus the change in the Consumer Price Index.

CITY OF WAUSAU

Schedule 8

Principal Taxpayers, Current Year and Nine Years Prior

Taxpayer	Type of Business	2016			2007		
		Taxable Assessed Value ^A	Percent of Total Assessed Value ^B	Rank	Taxable Assessed Value ^A	Percent of Total Assessed Value ^B	Rank
Ghidorzi	Office/Real Estate Development	\$ 83,302,600	3.09%	1	\$ 77,444,500	2.98%	1
Aspirus/Wausau Hospital	Medical	67,453,900	2.50%	2	36,515,300	1.41%	3
Marshfield Clinic	Medical	33,568,400	1.25%	3	27,172,600	1.05%	4
Wausau Benefits/Fiserv	Insurance	29,672,100	1.10%	4	20,837,800	0.80%	6
First Wausau Tower	Office	25,266,100	0.94%	5			
Apogee/Wausau Metals	Manufacturing	18,966,600	0.70%	6	14,904,600	0.57%	10
Kocourek Holdings LLC	Car Dealer	18,739,500	0.70%	7			
L & L Properties LLC	Apartments	18,551,700	0.69%	8			
Eastbay	Retail/Distribution	15,192,800	0.56%	9	19,579,700	0.75%	7
Menards	Retail	14,184,300	0.53%	10	15,583,700	0.60%	8
Employers Insurance/Liberty	Insurance				45,108,800	1.74%	2
Wausau Center Mall	Retail				21,938,100	0.85%	5
River Valley State Bank	Banking				15,205,500	0.59%	9
	TOTAL	\$ 324,898,000	12.05%		\$ 294,290,600	11.34%	

^A Per City Assessor records.

^B Based on the City's total assessed valuation on January 1, 2016 and 2007 of \$2,696,195,000 and \$2,595,448,100, respectively.

CITY OF WAUSAU

Schedule 9

Property Tax Levies and Collections
Last Ten Fiscal Years

Collection Year	Total Tax Levy	Collections Prior to Transfer of Roll on August 1	Percent of Levy Collected	Total Tax Collections at December 31	Total Collections as Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
2007	\$ 18,718,941	\$ 18,340,492	97.98%	\$ 18,346,569	98.01%	\$ 39,019	0.21%
2008	19,611,064	19,167,854	97.74%	19,297,873	98.40%	43,896	0.22%
2009	20,500,585	19,999,139	97.55%	20,451,137	99.76%	49,448	0.24%
2010	21,142,347	20,509,189	97.01%	21,100,405	99.80%	41,942	0.20%
2011	21,462,314	20,808,718	96.95%	21,434,158	99.87%	28,156	0.13%
2012	21,492,379	20,688,591	96.26%	21,473,246	99.91%	19,133	0.09%
2013	21,517,379	20,970,838	97.46%	21,500,089	99.92%	17,290	0.08%
2014	21,824,002	21,407,308	98.09%	21,806,793	99.92%	17,209	0.08%
2015	22,312,375	21,896,425	98.14%	22,281,568	99.86%	30,807	0.14%
2016	22,927,098	22,524,679	98.24%	22,895,034	99.86%	32,064	0.14%

Notes:

The amount of outstanding taxes represents uncollected personal property taxes at the end of each year. For delinquent taxes that are deemed to be uncollectible, the portions attributable to overlapping districts are charged back to those jurisdictions as allowed per state statutes.

This schedule does not include tax increment.

CITY OF WAUSAU
 Schedule 10
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

	<u>City Direct Rate</u>	<u>Marathon County Direct Rate</u>	<u>State of Wisconsin</u>
2007	0.0%	0.5%	5.0%
2008	0.0%	0.5%	5.0%
2009	0.0%	0.5%	5.0%
2010	0.0%	0.5%	5.0%
2011	0.0%	0.5%	5.0%
2012	0.0%	0.5%	5.0%
2013	0.0%	0.5%	5.0%
2014	0.0%	0.5%	5.0%
2015	0.0%	0.5%	5.0%
2016	0.0%	0.5%	5.0%

<p>Note: Wisconsin counties have the option of levying a 0.5% sales tax. Cities do not have the option of levying sales tax.</p>

CITY OF WAUSAU
Schedule 11
Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Debt	Capital Leases	General Obligation Debt	Water Utility		Wastewater Utility				
				Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds			
2007	\$ 48,136,525	\$ -	\$ 5,548,642	\$ -	\$ 3,170,000	\$ -	\$ 56,855,167	6.09%	\$ 1,419	
2008	50,322,466	-	4,817,690	-	2,420,000	-	57,560,156	6.21%	1,426	
2009	48,016,991	-	4,317,084	-	1,630,000	-	53,964,075	6.30%	1,326	
2010	45,938,199	-	3,816,478	-	-	-	49,754,677	5.71%	1,222	
2011	43,774,783	-	6,328,392	-	-	-	50,103,175	5.57%	1,280	
2012	42,800,635	-	5,544,940	-	-	-	48,345,575	5.10%	1,235	
2013	45,785,291	-	4,688,284	-	-	-	50,473,575	5.22%	1,288	
2014	44,726,705	-	3,827,992	-	-	-	48,554,697	4.90%	1,241	
2015	50,123,282	-	6,995,542	-	-	-	57,118,824	5.27%	1,462	
2016	66,304,178	-	10,173,320	-	-	-	76,477,498	N/A	1,966	

CITY OF WAUSAU
Schedule 12
General Obligation Debt
Last Ten Fiscal Years

CITY OF WAUSAU
Schedule 13
Computation of Direct and Overlapping General Obligation Debt
December 31, 2016

Fiscal Year	General Obligation Debt ^A	Less Assets Restricted for Debt Service	Total Net Debt	Percentage of Actual Taxable Property Value ^B	Per Capita ^C
2007	\$ 48,136,525	\$ 454,144	\$ 47,682,381	1.90%	\$ 1,190
2008	50,322,466	-	50,322,466	1.82%	1,247
2009	48,016,991	92,479	47,924,512	1.76%	1,178
2010	45,938,199	57,045	45,881,154	1.71%	1,127
2011	43,774,783	180,536	43,594,247	1.64%	1,114
2012	42,800,635	556,338	42,244,297	1.65%	1,079
2013	45,785,291	666,846	45,118,445	1.79%	1,152
2014	44,726,705	741,269	43,985,436	1.66%	1,124
2015	50,123,282	880,446	49,242,836	1.87%	1,261
2016	66,304,178	1,898,330	64,405,848	2.47%	1,655

Taxing Jurisdiction	Debt Outstanding ^B	Percentage Applicable to City of Wausau	Amount Applicable to City of Wausau
City of Wausau - Governmental Activities	\$ 66,304,178	100.00%	\$ 66,304,178
Overlapping Debt:			
Wausau School District	71,570,000	59.89%	42,863,273
DC Everest School District	25,015,000	5.31%	1,328,297
Northcentral Technical College	36,500,000	15.32%	5,591,800
Marathon County	8,270,000	26.73%	2,210,571
Total Overlapping Debt			51,993,941
Total Direct and Overlapping Debt			\$ 118,298,119

^A Total amount includes general obligation debt to be repaid by government resources.

^B This does not include business-type activities debt.

^C Actual Taxable Property Values can be found in Schedule 6.

^D Population data can be found in Schedule 16.

^A Overlapping debt percentages are based on actual taxable property values contained within each entity.

CITY OF WAUSAU
Schedule 14
Legal Debt Margin Calculation
Fiscal Year Ended December 31, 2016

Legal Debt Margin at December 31, 2016

Equalized Value of Real & Personal Property	\$ 2,608,454,600
Legal Debt Limit (5% of equalized value)	\$ 130,422,730
Total Debt Applicable to Debt Limitation	75,079,604
Less: Available funds reserved for debt retirement	(1,898,330)
Net Amount Applicable to Debt Limitation	73,181,274
Remaining Legal Debt Margin	\$ 57,241,456

CITY OF WAUSAU
Schedule 15
Mortgage Revenue Bond Coverage - Water Utility
Last Ten Fiscal Years

Fiscal Year	Gross Revenues ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2007	\$ 4,852,507	\$ 2,021,190	\$ 2,831,317	\$ -	\$ -	n/a
2008	4,788,113	2,225,481	2,562,632	-	-	n/a
2009	4,648,554	2,308,633	2,339,921	-	-	n/a
2010	4,587,302	2,317,467	2,269,835	-	-	n/a
2011	4,661,349	2,380,701	2,280,648	-	-	n/a
2012	4,769,443	2,315,388	2,454,055	-	-	n/a
2013	4,607,865	2,211,938	2,395,927	-	-	n/a
2014	4,514,046	2,562,127	1,951,919	-	-	n/a
2015	5,236,584	2,594,898	2,641,686	-	-	n/a
2016	5,445,178	2,633,449	2,811,729	-	-	n/a

(Continued)

Fiscal Year	Total Equalized Value	Debt Limit	Net debt applicable to limit	Legal Debt Margin	Net debt applicable to limit as percent of Debt Limit
2007	2,504,826,100	125,241,305	53,231,023	72,010,282	42.50%
2008	2,768,967,000	138,448,350	55,140,156	83,308,194	39.83%
2009	2,726,775,100	136,338,755	52,241,596	84,097,159	38.32%
2010	2,681,223,200	134,061,160	49,697,632	84,363,528	37.07%
2011	2,652,252,200	132,612,610	49,922,639	82,689,971	37.65%
2012	2,554,319,700	127,715,985	47,789,237	79,926,748	37.42%
2013	2,520,917,800	126,045,890	49,806,729	76,239,161	39.51%
2014	2,655,928,800	132,796,440	47,197,306	85,599,134	35.54%
2015	2,633,849,300	131,692,465	55,493,129	76,199,336	42.14%

¹ Includes Total Operating Revenues and Investment Income .

² Includes Total Operating Expenses less Depreciation.

CITY OF WAUSAU
 Schedule 15 (Continued)
 Mortgage Revenue Bond Coverage - Wastewater Utility
 Last Ten Fiscal Years

CITY OF WAUSAU
 Schedule 16
 Demographic Statistics
 Last Ten Fiscal Years

Fiscal Year	Gross Revenues ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ³		Coverage
				Principal	Interest	
2007	\$ 4,375,271	\$ 2,559,557	\$ 1,815,714	\$ 715,000	\$ 194,250	2.00
2008	4,074,437	2,690,897	1,383,540	750,000	158,500	1.52
2009	3,965,504	2,748,388	1,217,116	790,000	121,000	1.34
2010	4,246,031	2,878,361	1,367,670	-	-	n/a
2011	5,274,740	2,761,714	2,513,026	-	-	n/a
2012	5,406,764	2,628,577	2,778,187	-	-	n/a
2013	5,296,960	2,597,587	2,699,373	-	-	n/a
2014	5,368,849	2,782,434	2,586,415	-	-	n/a
2015	5,292,155	2,462,792	2,829,363	-	-	n/a
2016	5,322,278	2,874,713	2,447,565	-	-	n/a

Fiscal Year	City of Wausau Population ¹	Personal Income ²	AGI Per Return ³	School System Enrollment ⁴	Unemployment Rate ⁵
2008	40,360	927,042,024	42,674	8,681	6.8%
2009	40,700	856,501,154	40,535	8,522	12.8%
2010	39,106	870,788,312	40,691	8,546	10.1%
2011	39,142	899,556,630	41,620	8,574	9.0%
2012	39,160	947,821,670	43,570	8,623	8.7%
2013	39,180	967,741,170	43,250	8,663	7.4%
2014	39,131	990,629,330	44,140	8,637	4.1%
2015	39,063	1,083,114,031	47,906	8,628	3.7%
2016	38,909	n/a	n/a	8,454	3.2%

¹ Source: Wisconsin Department of Administration estimates.
² Source: Wisconsin Department of Revenue. Adjusted Gross Income for all tax returns filed for City of Wausau residents.
³ Source: Wisconsin Department of Revenue. Average Adjusted Gross Income for returns filed.
⁴ Source: Wisconsin Department of Public Instruction.
⁵ Source: Wisconsin Department of Workforce Development. Annual rates not seasonally adjusted.

¹ Includes Total Operating Revenues and Investment Income.
² Includes Total Operating Expenses less Depreciation.
³ Sewerage System Revenue Refunding Bonds, Series 2001. These bonds were retired during 2010.

CITY OF WAUSAU

Schedule 17

Principal Employers

Current Year and Nine Years Prior

Employer	Type of business	2016			2007		
		Number of Employees*	Percentage of Total City		Number of Employees*	Percentage of Total City	
			Employment	Rank		Employment	Rank
Aspirus/Wausau Hospital	Medical	3,650	18.23%	1	2,283	11.85%	1
Eastbay/Footlocker.com	Retail/distribution	1,562	7.80%	2	1,180	6.13%	4
United Health Care	Benefits Administration	1,325	6.62%	3	790	4.10%	7
Wausau School District	Education	1,253	6.26%	4	1,184	6.15%	3
Employers Insurance/Liberty	Insurance	895	4.47%	5			
Kolbe & Kolbe	Window/door manufacturing	850	4.24%	6	1,756	9.12%	2
Apogee-Linetec	Metal coating/window manufacturing	849	4.23%	7			
Marathon County	Government	757	3.78%	8	735	3.82%	8
North Central Health Care	Health care/medical	750	3.74%	9			
Marshfield Clinic	Health care/medical	560	2.80%	10	900	4.67%	6
Wausau Benefits/Fiserv	Insurance				1,040	5.40%	5
Total		<u>12,451</u>	<u>62.17%</u>		<u>9,868</u>	<u>51.23%</u>	
Total City Employment		<u>20,027</u>			<u>19,262</u>		

*Includes full- and part-time employees.

Source: Employer contacts and information provided by Wisconsin Department of Workforce Development.

CITY OF WAUSAU
Schedule 18

Budgeted Full-Time Equivalent Personnel Positions
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Mayor's office	3.50	3.50	3.50	2.50	2.50	3.00	2.50	2.50	2.00	2.00
Customer service	14.15	13.65	13.20	11.20	11.20	11.46	11.46	11.46	11.84	11.84
Assessment	6.50	6.50	6.50	6.50	6.50	6.50	6.50	7.00	7.00	7.00
Human resources	2.50	2.00	2.00	2.00	2.00	3.00	2.50	2.50	3.00	3.00
City attorney	4.00	4.00	3.25	3.25	3.25	3.25	3.75	3.75	3.75	3.75
Municipal court	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total General Government	<u>32.15</u>	<u>31.15</u>	<u>29.95</u>	<u>26.95</u>	<u>26.95</u>	<u>28.71</u>	<u>28.21</u>	<u>28.71</u>	<u>29.09</u>	<u>29.09</u>
Public Safety										
Police department	76.50	77.50	77.50	75.50	75.50	76.50	79.00	81.00	84.00	84.00
Fire department	59.00	59.00	59.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Inspections and electrical	12.00	11.00	11.00	10.00	6.00	-	-	-	-	-
Total Public Safety	<u>147.50</u>	<u>147.50</u>	<u>147.50</u>	<u>145.50</u>	<u>141.50</u>	<u>136.50</u>	<u>139.00</u>	<u>141.00</u>	<u>144.00</u>	<u>144.00</u>
Public Works	64.00	65.85	63.50	60.85	67.00	67.50	67.50	70.00	69.50	68.50
Community Development	12.75	11.75	11.75	11.75	11.75	12.00	12.00	12.75	12.75	13.75
Metro Ride	33.00	32.00	33.00	33.00	33.00	30.50	31.50	31.50	31.50	31.50
Water & Sewer Utilities	26.50	26.50	26.50	26.50	26.50	26.50	26.50	26.50	26.50	27.50
Total Regular Employees	<u>315.90</u>	<u>314.75</u>	<u>312.20</u>	<u>304.55</u>	<u>306.70</u>	<u>301.71</u>	<u>304.71</u>	<u>310.46</u>	<u>313.34</u>	<u>314.34</u>

Source: Finance and Human Resource Departments.

Beginning in 2012, employees originally reported in the Inspections and electrical category were transferred to Public Works.

CITY OF WAUSAU
Schedule 19

Operating Indicators by Function/Program

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Building permits issued										
Residential	766	646	600	943	827	842	920	1,161	1,180	1,416
Non-residential	231	156	142	140	170	178	196	214	211	274
Total construction value (\$000)										
Residential	31,732	25,530	10,953	14,848	15,085	12,772	9,811	12,365	13,384	11,878
Non-residential	99,352	16,411	21,018	16,506	18,599	44,076	51,571	44,456	71,950	73,203
Police										
Calls for service *	51,841	53,741	50,148	50,580	51,996	55,065	31,121	30,024	36,024	39,439
Parking tickets issued	16,435	12,968	10,907	6,970	6,781	9,112	16,774	16,196	11,873	13,022
Total arrests	3,389	3,451	3,255	3,047	3,159	3,262	3,412	3,305	3,223	3,537
Fire										
Fire responses	1,393	1,437	1,285	1,333	1,493	1,618	2,100	2,117	2,097	2,212
Emergency responses	4,185	4,617	4,074	4,161	4,224	4,311	4,436	4,491	4,999	5,457
Inspections	4,043	3,971	3,951	4,004	3,919	3,922	4,105	4,193	4,144	4,141
Public works										
Miles of street swept	6,470	5,485	6,304	5,419	4,614	5,151	5,986	5,035	4,731	6,139
Cu. yds. of debris - sweeping	3,530	3,293	3,817	2,833	2,935	4,986	3,761	3,398	3,539	2,630
Tons of asphalt used (potholes)	570	701	719	1,381	475	614	423	694	646	578
Water										
Ave. daily consumption (000 gal.)	5,527	5,114	4,979	5,125	5,205	5,322	4,158	4,672	4,196	3,944
Peak daily consumption (000 gal.)	7,725	9,043	7,510	7,033	6,855	7,921	6,345	6,656	6,218	7,263
Number of customers	15,533	15,692	15,613	15,675	15,719	15,839	15,722	15,815	15,950	15,719
Wastewater										
Ave. daily sewage treatment (000 gal.)	4,122	4,199	3,900	3,842	4,335	4,258	4,462	5,539	5,188	5,260
Metro Ride										
Total route miles	720,858	604,793	573,876	573,105	571,175	401,126	439,668	436,435	402,905	403,720
Total passengers	857,010	851,895	794,121	774,081	788,748	631,360	672,224	654,078	577,044	529,831
Cost per passenger	\$3.86	\$3.89	\$3.88	\$4.02	\$4.24	\$4.28	\$4.23	\$4.48	\$4.56	\$4.94

* Prior to 2013, calls for service included total number of officers responding to each call.

CITY OF WAUSAU

Schedule 20

Capital Asset Statistics by Function/Program

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire suppression units	8	8	8	8	8	8	8	8	8	8
Public works										
Miles of streets	225.5	228.7	233.8	239.0	245.0	250.8	250.9	252.5	258.8	259.6
Parks & recreation										
Parks	36	35	36	36	37	37	39	40	40	41
Acreage	343	342	342	342	342	342	433	434	436	436
Swimming pools	3	3	3	3	3	3	3	3	3	3
Water										
Miles of main	230.6	231.6	231.9	232.3	232.3	232.3	233.3	233.4	233.3	233.3
Storage capacity (000 gal.)	5,550	5,550	5,550	5,550	5,550	5,550	5,550	5,550	5,550	5,550
Fire hydrants	1,587	1,600	1,602	1,606	1,607	1,612	1,619	1,627	1,624	1,627
Wastewater										
Miles of main	225.2	225.6	226.2	226.4	226.6	226.6	227.3	227.3	230.4	231.8
Stormwater										
Miles of main	128.6	129.3	129.7	129.9	130.4	130.8	130.9	131.9	132.7	142.9

FORM OF LEGAL OPINION

(See following page)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

December 5, 2017

Re: City of Wausau, Wisconsin ("Issuer")
\$5,185,000 Water System Revenue Bonds, Series 2017C,
dated December 5, 2017 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the Common Council of the Issuer on November 14, 2017 (the "Bond Resolution"). The Issuer covenanted in the Bond Resolution that revenues derived from the operation of the Water System (the "System") of the Issuer which are deposited in the Special Redemption Fund provided by the Bond Resolution (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Bonds as the same falls due.

The Bonds are numbered R-1 and upward; bear interest at the rates set forth below; and mature on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$405,000	____%
2019	400,000	_____
2020	410,000	_____
2021	415,000	_____
2022	425,000	_____
2023	435,000	_____
2024	440,000	_____
2025	455,000	_____
2026	355,000	_____
2027	110,000	_____
2028	115,000	_____
2029	120,000	_____
2030	120,000	_____
2031	125,000	_____
2032	130,000	_____
2033	135,000	_____

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2034	\$140,000	____%
2035	145,000	____
2036	150,000	____
2037	155,000	____

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2018.

The Bonds maturing on May 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2027 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years _____, _____ and _____ are subject to mandatory redemption by lot as provided in the Bond Resolution at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer in accordance with their terms payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable

from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Bond Resolution or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following page)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Wausau, Marathon County, Wisconsin (the "Issuer") in connection with the issuance of \$5,185,000 Water System Revenue Bonds, Series 2017C, dated October 5, 2017 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on July 18, 2017 and November 14, 2017 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated November 15, 2017 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Wausau, Wisconsin which is the obligated person with respect to the Securities.

"Issuer Contact" means the Finance Director/Treasurer of the Issuer who can be contacted at 407 Grant Street Wausau, WI 54403, phone (715) 261-6640, fax (715) 261-6626.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2017, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. THE BONDS - Description of the Water System

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 5th day of December, 2017.

Robert Mielke
Mayor

(SEAL)

Toni Rayala
City Clerk

NOTICE OF SALE

**\$5,185,000* WATER SYSTEM REVENUE BONDS, SERIES 2017C
CITY OF WAUSAU, WISCONSIN**

Bids for the purchase of \$5,185,000* Water System Revenue Bonds, Series 2017C (the "Bonds") of the City of Wausau, Wisconsin (the "City") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on November 14, 2017, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 7:00 PM, Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, to provide funds for the public purpose of financing improvements to the City's Water System (the "Water System") and refunding certain outstanding obligations of the City. The Bonds are not general obligations of the City but are payable only from and secured by a pledge of Net Revenues (defined in the Official Statement) to be derived from the operation of the Water System.

DATES AND MATURITIES

The Bonds will be dated December 5, 2017, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2018	\$405,000	2025	\$455,000	2032	\$130,000
2019	400,000	2026	355,000	2033	135,000
2020	410,000	2027	110,000	2034	140,000
2021	415,000	2028	115,000	2035	145,000
2022	425,000	2029	120,000	2036	150,000
2023	435,000	2030	120,000	2037	155,000
2024	440,000	2031	125,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the amount of any individual maturity of the Bonds in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after May 1, 2028 shall be subject to optional redemption prior to maturity on May 1, 2027 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about December 5, 2017, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of

the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$5,120,187, nor more than \$5,496,100, plus accrued interest on the principal sum of \$5,185,000 from date of original issue of the Bonds to date of delivery. A signed bid form must be submitted to Ehlers prior to the time established above for the opening of bids as follows:

- 1) In a sealed envelope as described herein; or
- 2) A facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 9:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A cashier's check in the amount of \$103,700 may be submitted contemporaneously with the bid or, alternatively, a good faith deposit ("Deposit") in the amount of \$103,700 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. ***The Deposit will be deducted from the purchase price at the closing for the Bonds.***

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its bid form to determine the issue price for the Bonds. On its bid form, each Underwriter must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of

any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the 10% test, the Underwriter agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a certain maturity have been sold.

(f) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if an for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Maryanne Groat, Finance Director / Treasurer
City of Wausau, Wisconsin

BID FORM

The Common Council
City of Wausau, Wisconsin

November 14, 2017

RE: \$5,185,000* Water System Revenue Bonds, Series 2017C

DATED: December 5, 2017

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$5,120,187, nor more than \$5,496,100) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2018	_____ % due 2025	_____ % due 2032
_____ % due 2019	_____ % due 2026	_____ % due 2033
_____ % due 2020	_____ % due 2027	_____ % due 2034
_____ % due 2021	_____ % due 2028	_____ % due 2035
_____ % due 2022	_____ % due 2029	_____ % due 2036
_____ % due 2023	_____ % due 2030	_____ % due 2037
_____ % due 2024	_____ % due 2031	

* The City reserves the right to increase or decrease the amount of any individual maturity of the Bonds in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$103,700, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 5, 2017.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for this Issue.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 5, 2017 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Wausau, Wisconsin, on November 14, 2017.

By: _____ By: _____
Title: _____ Title: _____