

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 6, 2017

In the opinion of Foley & Lardner LLP, Bond Counsel, under existing law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. 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 current Wisconsin income or franchise taxes.

The Issuer will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code relating to the ability of certain financial institutions (within the meaning of Section 265(b)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: Moody's Investors Service

CITY OF STEVENS POINT, WISCONSIN (Portage County)

\$6,685,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017B

BID OPENING: December 13, 2017, 10:00 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. on December 13, 2017

PURPOSE/AUTHORITY/SECURITY: The \$6,685,000* General Obligation Corporate Purpose Bonds, Series 2017B (the "Bonds") of the City of Stevens Point, Wisconsin (the "City") are being issued pursuant to Chapter 67, Wisconsin Statutes, to finance a portion of the City's 2018 capital projects and to refund certain outstanding obligations of the City. The Bonds are valid and binding general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Foley & Lardner LLP, Milwaukee, Wisconsin.

DATE OF BONDS: December 27, 2017

MATURITY: March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$260,000	2024	\$615,000	2029	\$480,000
2020	275,000	2025	700,000	2030	500,000
2021	375,000	2026	700,000	2031	500,000
2022	380,000	2027	755,000		
2023	380,000	2028	765,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" in the Notice of Sale attached hereto.

INTEREST: September 1, 2018 and semiannually thereafter.

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

MINIMUM BID: \$6,601,437.

MAXIMUM BID: \$6,818,700.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$133,700 shall be submitted by the winning bidder by wire transfer as described in the Notice of Sale.

FISCAL AGENT: To be determined by Issuer.

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

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), however, the pricing and underwriting information 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.



DISCLAIMERS

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. ("Ehlers") 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. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers, 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 bidders in the interest of receiving competitive bids in accordance with the notice of sale 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 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 bid received from a bidder. 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 winning bidder ("Underwriter" or "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 Bonds are exempt or required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the Underwriter will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that on the date of the sale of the Bonds and on all dates subsequent thereto up to and including the date of the delivery of the Bonds, the Final 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 tax certificate setting forth facts and expectations of the City relating to matters including 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>
Mike Wiza	Mayor	April 2019
Tori Jennings	Alderman	April 2019
Mary Kneebone	Alderman	April 2019
Cindy Nebel	Alderman	April 2019
Cathy Dugan	Alderman	April 2018
David Shorr	Alderman	April 2018
Mary McComb	Alderman	April 2019
Heidi Oberstadt	Alderman	April 2018
Mike Phillips	Alderman	April 2018
Meleesa Johnson	Alderman	April 2019
Shaun Morrow	Alderman	April 2019
Jeremy Slowinski	Alderman	April 2018

ADMINISTRATION

Corey Ladick, Comptroller/Treasurer

John Moe, Clerk

PROFESSIONAL SERVICES

A. Logan Beveridge, City Attorney, Stevens Point, Wisconsin

Foley & Lardner LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers & Associates, Inc., Municipal Advisors, Waukesha, 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 Stevens Point, Wisconsin (the "City") and the issuance of its \$6,685,000* General Obligation Corporate Purpose Bonds, Series 2017B (the "Bonds" or the "Obligations"). 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 included in the resolution adopted by the Common Council of the City on November 13, 2017 (the "Bond Resolution") which authorizes the sale and issuance of the Bonds.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, 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 multiple thereof, and will be dated as of December 27, 2017, the date of their original issuance. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing September 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.

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 BondResolution.

OPTIONAL REDEMPTION

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

Redemption may be in whole or in part. If redemption is in part, then 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 Fiscal Agent, 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 redemption shall be sent by first-class mail not more than 60 days and not less than 30 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 maintained by the Fiscal Agent.

A notice of optional redemption may be revoked by sending a notice, by first class mail, not less than 15 days prior to the proposed redemption date to the registered owners of the Bonds which have been called for redemption.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes, to finance (i) street improvements and street improvement funding, airport improvements and fire engines and other equipment of the fire department (collectively, the “Project”), and (ii) the current refunding of the 2019 through and including 2031 maturities (the “Refunded Bonds”) of the City’s Series 2011A Bonds described below:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded
\$5,965,000 General Obligation Community Development Bonds, Series 2011A	3/30/11	3/1/18	100%	2019-2031 ¹	2.80%- 4.50%	<u>\$3,950,000</u>
Total Principal Being Refunded						\$3,950,000

ESTIMATED SOURCES AND USES*

Sources	
Par Amount of Bonds	\$6,685,000
Transfers from Prior Issue Debt Service	<u>299,182</u>
Total Sources	\$6,984,182
Uses	
Project Costs	\$2,815,000
Current Refunding	4,022,052
Contingency	7,393
Estimated Discount	83,562
Finance Related Expenses	<u>56,175</u>
Total Uses	\$6,984,182

*Preliminary, subject to change.

¹ The 2018 maturities will be paid by the City with funds on hand on the call date.

SECURITY

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith and credit of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "Aa2" by Moody's Investors Service ("Moody's").

The City has requested a rating on this issue 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 Agreement described under the heading "CONTINUING DISCLOSURE" neither the City nor the Underwriter undertake responsibility to bring to the attention of the owners of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

To assist the underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the Issuer will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") for the benefit of the owners (including beneficial owners) of the Bonds to be executed and delivered by the Issuer on the date the Bonds are delivered. The Disclosure Agreement obligates the Issuer to provide certain annual financial information and operating data relating to the Issuer annually to the Municipal Securities Rulemaking Board (the "MSRB") and to provide to the MSRB notice of the occurrence of certain events with respect to the Bonds which are listed in the Rule. **The Disclosure Agreement provides that the annual financial information will be filed not later than one year after the end of each fiscal year. The Issuer's fiscal year ends December 31.** The information to be contained in the annual financial information and the notices of listed events are set forth in the form of the Disclosure Agreement attached hereto as Appendix D.

A failure by the Issuer to comply with the Disclosure Agreement will not constitute an event of default on the Bonds (although owners of the Bonds will have the right to compel performance of the obligations under the Disclosure Agreement). Nevertheless, such a 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. Consequently, such a failure may adversely affect the liquidity of the Bonds and their market price.

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 will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future by the MSRB. 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 OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Foley & Lardner LLP, Bond Counsel to the City, and will be available on the date 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 general 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).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" and the "FORM OF LEGAL OPINION" found in Appendix B).

TAX EXEMPTION

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The Issuer must comply with certain requirements of the Internal Revenue Code for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds are issued. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

The opinion of Bond Counsel will be based on legal authorities that are current as of its date, will cover certain matters not directly addressed by those authorities, and will represent Bond Counsel's judgment regarding the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts, and it is not a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

Bond Counsel will express no opinion about other federal tax matters regarding the Bonds. Other federal tax law provisions may adversely affect the value of an investment in the [Bonds][Notes] for particular owners of Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

Current and future legislative proposals, if enacted into law, may cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative

proposals may also affect the marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any current or future federal legislative proposals.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, parties other than the Issuer, including owners of the Bonds, would have little or no right to participate in an IRS examination of the Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the Issuer may disagree may not be practicable. Any action of the IRS, including selection of the Bonds for examination, the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the marketability of the Bonds and may cause the Issuer to incur significant expense.

State of Wisconsin Income and Franchise Taxes

Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Issuer will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(b)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

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 Preliminary 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 authentication agent, paying agent and registrar 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 retained 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 Baker Tilly Virchow Krause LLP, Madison, 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 Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to owners 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.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

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 or income tax rates may be reduced, any such 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 Award 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, retroactively to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Agreement 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 owners 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, 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 second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2017 Equalized Value	\$1,881,393,200
2017 Equalized Value Reduced by Tax Increment Valuation	\$1,775,824,900
2017 Assessed Value	\$1,795,042,900

2017 EQUALIZED VALUE BY CLASSIFICATION

	2017 Equalized Value	Percent of Total Equalized Value
Residential	\$ 984,038,900	52.304%
Commercial	758,734,000	40.328%
Manufacturing	50,819,100	2.701%
Agricultural	128,000	0.007%
Undeveloped	8,700	0.000%
Ag Forest	198,000	0.011%
Other	76,400	0.004%
Personal Property	87,390,100	4.645%
Total	<u><u>\$1,881,393,200</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2013	\$ 1,468,614,000	\$ 1,522,960,400	5.00%
2014	1,486,863,000	1,664,973,700	9.32%
2015	1,501,069,700	1,740,399,800	4.53%
2016	1,530,509,200	1,777,286,600	2.12%
2017	1,795,042,900	1,881,393,200	5.86%

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

¹ Includes tax increment valuation.

LARGEST TAXPAYERS

Taxpayer	Type of Business/Property	2016 Equalized Value¹	Percent of City's Total Equalized Value
Sentry Insurance	Insurance	\$ 78,427,417	4.41%
SkyGroup LLC	Software	33,408,866	1.88%
American Int'l Realty Corp.	Travel insurance and services	26,479,478	1.49%
Stevens Point Distribution Co LLC	Distribution/Warehousing	18,955,326	1.07%
St. Michael's Hospital/Ministry Medical Group	Health care	17,871,836	1.01%
New Page Corporation	Paper manufacturer	17,706,566	1.00%
Service Cold Storage	Refrigerated storage	17,702,501	1.00%
Marshfield Clinic	Health care	16,248,053	0.91%
S-H 49 Oakridge LLC	Senior living center	14,107,321	0.79%
Mills Properties/Holdings	Retail store	13,138,812	0.74%
Total		\$254,046,176	14.29%

City's Total 2016 Equalized Value² \$1,777,286,600

Source: The City.

¹ Calculated by dividing the 2016 Assessed Values by the 2016 Aggregate Ratio of assessment for the City. The 2017 information for individual taxpayers was not available at the time of publishing the official statement.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹ (includes the Bonds)*

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u><u>\$ 28,607,120</u></u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u><u>\$5,742,712</u></u>
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Total revenue debt secured by water revenues	<u><u>\$8,502,935</u></u>
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*Preliminary, subject to change.

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

CITY OF STEVENS POINT, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 27, 2017)

Dated Amount	GO Notes (SDW) Series 2009B		GO Notes (BAB)		GO CD Bonds Series 2011A		Notes (Bank Loan) Series 2011B		GO Ref Bds Series 2011C		GO Prom Notes Series 2012A (Bank Note)		GO Prom Notes Series 2013A (Bank Note)		
	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
12/9/2009															
\$1,418,630															
	5/1			6/2/2010		3/30/2011	5/2/2011	5/25/2011	2/22/2012	2/1/2013					
				\$3,000,000		\$5,965,000	\$3,315,000	\$2,870,000	\$3,990,000	\$3,250,000					
				4/1 & 10/1		3/1 & 9/1	5/1 & 11/1	3/1	2/1 & 8/1	2/1 & 8/1					
Fiscal Year Ending	Principal	Interest	Principal	Principal	Interest	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Interest
2017	987,120	166,268	80,150	310,000	146,275	1,365,000	63,666	625,000	2,385,000	2,300,000	74,873				
2018	70,877	25,391	500,000	310,000	146,275	450,000	33,191	415,000	420,000	600,000	32,035				
2019	72,768	23,475	900,000			450,000	21,266	210,000	610,000	600,000	23,095				
2020	74,709	21,507				465,000	9,209		655,000	600,000	14,155				
2021	76,702	19,487							700,000	500,000	5,588				
2022	78,749	17,414													
2023	80,850	15,285													
2024	83,007	13,099													
2025	85,221	10,855													
2026	87,495	8,551													
2027	89,830	6,185													
2028	92,226	3,757													
2029	94,687	1,263													
2030															
2031															

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CITY OF STEVENS POINT, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 27, 2017)

Fiscal Year Ending	Taxable GO Prom				GO Prom Notes				GO Prom Notes				GO Prom Notes				GO Prom Notes				G.O. Refunding Bonds											
	Series 2013B (Bank Note)	Series 2013C	Series 2013D	Series 2014A (Bank Note)	Series 2015A (Bank Note)	Series 2016A (Bank Note)	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B	Series 2016B			
Dated Amount	4/1/2013	12/30/2013	12/30/2013	3/12/2014	3/11/2015	3/16/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016	5/11/2016				
Maturity	4/1 & 10/1	12/1	12/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1	2/1				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest				
2017	200,000	13,650	245,000	40,900	85,000	11,320	100,000	18,000	100,000	29,700	210,000	25,448	275,000	54,475	275,000	54,475	275,000	54,475	275,000	54,475	275,000	54,475	275,000	54,475	275,000	54,475	275,000	54,475	275,000	54,475		
2018	200,000	9,450	265,000	36,000	85,000	10,045	0	17,000	0	28,710	300,000	20,475	265,000	49,075	265,000	49,075	265,000	49,075	265,000	49,075	265,000	49,075	265,000	49,075	265,000	49,075	265,000	49,075	265,000	49,075		
2019	300,000	4,725	200,000	28,050	90,000	8,770	100,000	16,000	100,000	27,720	300,000	14,625	265,000	43,775	265,000	43,775	265,000	43,775	265,000	43,775	265,000	43,775	265,000	43,775	265,000	43,775	265,000	43,775	265,000	43,775		
2020			210,000	22,050	90,000	6,790	150,000	13,500	100,000	25,740	300,000	8,775	265,000	38,475	265,000	38,475	265,000	38,475	265,000	38,475	265,000	38,475	265,000	38,475	265,000	38,475	265,000	38,475	265,000	38,475		
2021			220,000	15,750	90,000	4,810	200,000	10,000	750,000	17,325	300,000	2,925	265,000	33,175	265,000	33,175	265,000	33,175	265,000	33,175	265,000	33,175	265,000	33,175	265,000	33,175	265,000	33,175	265,000	33,175		
2022			230,000	8,050	95,000	2,470	200,000	6,000	500,000	4,950	300,000		265,000	27,825	270,000	27,825	270,000	27,825	270,000	27,825	270,000	27,825	270,000	27,825	270,000	27,825	270,000	27,825	270,000	27,825		
2023							200,000	2,000							270,000	22,425	270,000	22,425	270,000	22,425	270,000	22,425	270,000	22,425	270,000	22,425	270,000	22,425	270,000	22,425		
2024															275,000	17,663	275,000	17,663	275,000	17,663	275,000	17,663	275,000	17,663	275,000	17,663	275,000	17,663	275,000	17,663		
2025															275,000	13,400	275,000	13,400	275,000	13,400	275,000	13,400	275,000	13,400	275,000	13,400	275,000	13,400	275,000	13,400		
2026															280,000	8,400	280,000	8,400	280,000	8,400	280,000	8,400	280,000	8,400	280,000	8,400	280,000	8,400	280,000	8,400		
2027															280,000	2,800	280,000	2,800	280,000	2,800	280,000	2,800	280,000	2,800	280,000	2,800	280,000	2,800	280,000	2,800		
2028																																
2029																																
2030																																
2031																																
	700,000	27,825	1,370,000	150,800	535,000	44,205	950,000	82,500	1,550,000	134,145	1,410,000	72,248	2,985,000	311,488	2,985,000	311,488	2,985,000	311,488	2,985,000	311,488	2,985,000	311,488	2,985,000	311,488	2,985,000	311,488	2,985,000	311,488	2,985,000	311,488		

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CITY OF STEVENS POINT, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 27, 2017)

GO Prom Notes
Series 2017A
(Bank Note)

G.O. Refunding
Bonds
Series 2017B

Dated Amount	4/5/2017 \$3,050,000	2/1	Principal	Interest	Principal*	Interest*	Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid	Year
Fiscal Year Ending												
2017							0	0	0	28,607,120	0.00%	2017
2018	2,000,000		51,281	93,094	260,000	135,728	5,980,877	682,036	6,662,912	22,626,243	20.91%	2018
2019	250,000		18,875	135,728	275,000	132,246	4,467,768	458,002	4,925,770	18,158,476	36.52%	2019
2020	100,000		16,225	132,246	375,000	127,671	3,524,709	359,420	3,884,129	14,633,767	48.85%	2020
2021	100,000		14,600	127,671	380,000	121,913	2,866,702	292,441	3,159,144	11,767,064	58.87%	2021
2022	100,000		12,825	115,548	380,000	115,548	2,383,749	236,136	2,619,885	9,383,316	67.20%	2022
2023	100,000		10,900	106,534	615,000	106,534	1,855,850	191,027	2,046,877	7,527,466	73.69%	2023
2024	100,000		8,775	93,845	700,000	93,845	1,268,007	152,833	1,420,839	6,259,459	78.12%	2024
2025	100,000		6,450	79,408	700,000	79,408	1,160,221	128,812	1,289,034	5,099,238	82.17%	2025
2026	100,000		3,975	63,854	755,000	63,854	1,162,495	105,333	1,267,828	3,936,742	86.24%	2026
2027	100,000		1,350	46,749	765,000	46,749	1,224,830	79,789	1,304,618	2,711,913	90.52%	2027
2028					480,000	31,880	1,137,226	53,305	1,190,531	1,574,687	94.50%	2028
2029					500,000	19,625	574,687	33,143	607,830	1,000,000	96.50%	2029
2030					500,000	6,625	500,000	19,625	519,625	500,000	98.25%	2030
2031					500,000	6,625	500,000	6,625	506,625	0	100.00%	2031
	3,050,000		145,256	1,174,718	6,685,000	1,174,718	28,607,120	2,798,528	31,405,648			

*Preliminary, subject to change.

CITY OF STEVENS POINT, WISCONSIN
Schedule of Bonded Indebtedness
Water Revenue Debt
(As of December 27, 2017)

Water Sys Rev Bds
Safe Drinking Water

Dated Amount	7/13/2011 \$11,062,597	Maturity	5/1
Fiscal Year Ending	Principal	Interest	
2017	0	0	0
2018	525,219	181,287	8,502,935
2019	536,774	169,605	7,977,717
2020	548,583	157,666	7,440,943
2021	560,651	145,465	6,892,360
2022	572,986	132,995	6,331,709
2023	585,592	120,250	5,758,723
2024	598,475	107,226	5,173,131
2025	611,641	93,914	4,574,657
2026	625,097	80,310	3,963,016
2027	638,849	66,407	3,337,919
2028	652,904	52,198	2,699,070
2029	667,268	37,676	2,046,166
2030	681,948	22,834	1,378,898
2031	696,950	7,666	696,950
	8,502,935	1,375,500	0
		9,878,435	

CITY OF STEVENS POINT, WISCONSIN
Schedule of Bonded Indebtedness
Sewer Revenue Debt
(As of December 27, 2017)

Tax. Swr Rev Bds Sewer Sys Rev Bds
Series 2010A (BAB) (CWF) Series 2010B

Dated Amount	3/25/2010 \$4,790,000	4/28/2010 \$3,019,439		
Maturity	5/1	5/1		
Fiscal Year Ending	Principal	Interest	Principal	Interest
2017				
2018	250,000	192,873	150,389	49,598
2019	255,000	181,508	154,124	45,818
2020	265,000	169,283	157,950	41,943
2021	265,000	156,298	161,872	37,973
2022	270,000	142,450	165,892	33,904
2023	280,000	127,738	170,011	29,733
2024	285,000	112,624	174,232	25,460
2025	300,000	96,975	178,558	21,080
2026	300,000	80,925	182,992	16,591
2027	300,000	63,900	187,536	11,991
2028	300,000	45,900	192,192	7,277
2029	300,000	27,675	196,964	2,445
2030	300,000	9,225		
	3,670,000	1,407,371	2,072,712	323,813

Fiscal Year Ending	Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
2017	0	0	0	5,742,712	0.00%	2017
2018	400,389	242,471	642,860	5,342,322	6.97%	2018
2019	409,124	227,325	636,449	4,933,199	14.10%	2019
2020	422,950	211,226	634,176	4,510,249	21.46%	2020
2021	426,872	194,270	621,143	4,083,376	28.89%	2021
2022	435,892	176,354	612,245	3,647,485	36.48%	2022
2023	450,011	157,471	607,482	3,197,474	44.32%	2023
2024	459,232	138,083	597,315	2,738,242	52.32%	2024
2025	478,558	118,055	596,613	2,259,684	60.65%	2025
2026	482,992	97,516	580,508	1,776,692	69.06%	2026
2027	487,536	75,891	563,427	1,289,156	77.55%	2027
2028	492,192	53,177	545,369	796,964	86.12%	2028
2029	496,964	30,120	527,084	300,000	94.78%	2029
2030	300,000	9,225	309,225	0	100.00%	2030
	5,742,712	1,731,184	7,473,896			

DEBT LIMIT (includes the Bonds)*

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	\$ 1,881,393,200
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 94,069,660
Less: General Obligation Debt (includes the Bonds)*	<u>(28,607,120)</u>
Unused Debt Limit*	<u><u>\$ 65,462,540</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2017 Equalized Value	% In City	Total G.O. Debt²	City's Proportionate Share
Portage County	\$ 5,718,796,400	32.8984%	\$ 7,035,000	\$2,314,402
Mid-State Technical College	13,388,377,952	14.0524%	32,575,000	4,577,569
Stevens Point Area School District	4,569,616,977	41.1718%	4,585,000	<u>1,887,727</u>
City's Share of Total Overlapping Debt				<u><u>\$8,779,699</u></u>

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

² Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,881,393,200	Debt/ Per Capita 26,757¹
Total General Obligation Debt (includes the Obligations)*	\$ 28,607,120	1.52%	\$ 1,069.15
City's Share of Total Overlapping Debt	<u>8,779,699</u>	<u>0.47%</u>	<u>328.13</u>
Total (includes the Obligations)*	\$ 37,386,819	1.99%	\$ 1,397.27

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Together with the Bonds, the City plans to finance capital projects in the approximate amount of \$7.6 million within the next 12 months. The City has also been approved for a \$13.9 million Clean Water Fund loan with a sewer revenue pledge.

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	\$13,900,978	100%	\$9.54
2013/14	14,102,683	100%	9.47
2014/15	14,194,968	100%	8.79
2015/16	14,180,785	100%	8.49
2016/17	14,397,020	100%	8.56

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
2012/13	\$10.33	\$5.26	\$9.54	\$0.17	\$25.30
2013/14	10.61	5.36	9.47	0.17	25.61
2014/15	8.94	5.11	8.79	0.17	23.01
2015/16	9.21	5.08	8.49	0.18	22.96
2016/17	8.96	5.11	8.56	0.18	22.81

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, as amended most recently by 2015 Wisconsin Act 55, establishes a levy increase limit on the property tax levy imposed by a city, village, town, or county (a "**political subdivision**"). Subject to certain adjustments and exceptions, no political subdivision may increase its levy in any year, from the actual levy for the prior year, by a percentage that exceeds its valuation factor. The term "**valuation factor**" means a percentage equal to the greater of either (i) zero percent or (ii) the percentage change in the political subdivision's January 1st equalized value due to new construction, less improvements removed, between the previous year and the current year. However, the levy increase limit may be increased in either (but not both) of the following ways, by action of the governing body:

If a political subdivision's allowable levy in the prior year was greater than its actual levy, the levy increase limit otherwise applicable may be increased by the difference between the two amounts, up to a maximum increase of 1.5 percent of the actual levy in the prior year.

The levy increase limit may be increased by the total amount by which the valuation factor exceeded the actual percentage increase in the levy for each of the previous five years (beginning with 2014), up to a maximum increase of 5 percent of the actual levy in the prior year, to the extent such excess had not previously formed the basis for such an increase.

A political subdivision may also exceed the levy limit by action of its governing body that is approved by a referendum.

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.

The levy increase limit otherwise applicable does not apply to amounts levied by a political subdivision to pay debt service on general obligations authorized on or after July 1, 2005, such as these Bonds.

For general 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 increase limit otherwise applicable is increased by the difference between the two amounts.

If a political subdivision's levy for the payment of debt service on general obligations originally issued before July 1, 2005 (and general obligations issued to fund or refund such general obligations) is less in the current year than it was in the previous year, then the political subdivision shall reduce its levy increase limit in the current year by an amount equal to the amount that its levy was reduced.

The levy increase limit otherwise applicable does not apply to the amount that a political subdivision levies to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 of the Wisconsin Statutes, or a special assessment B bond issued under Section 66.0713 (4) of the Wisconsin Statutes.

In determining the levy increase limit for any year, the tax increment calculated for tax incremental districts is subtracted. If the Wisconsin Department of Revenue does not certify a value increment for a tax incremental district for the current year as a result of the district's termination, the levy increase limit otherwise applicable is increased by an amount equal to the political subdivision's maximum allowable levy for the immediately preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the value increment of the terminated tax incremental district for the previous year by the political subdivision's equalized value for the previous year.

Other adjustments or exceptions to the levy increase limit, which are not described in this summary, are made in specified situations.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1858 and is governed by a Mayor and an 11-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The elected City Clerk and Comptroller/Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 214 full-time, 21 part-time, and 33 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 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 year ended December 31, 2014 were \$2,067,501. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015") and the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,162,172 and \$1,146,120 respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2016.

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 an liability of \$1,918,032 for its proportionate share of the net pension asset 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 0.118034140% of the aggregate WRS net pension asset 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 "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.

Under 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 2011 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
AFSCME Local 309 Transit	December 31, 2017
Teamsters Local 662 Police Officers	December 31, 2018
Teamsters Local 662 Water/Wastewater	December 31, 2017
IAFF Local 484	December 31, 2018

OTHER POST EMPLOYMENT BENEFITS

The City's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employers ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City's annual OPEB cost for Fiscal Year Ended December 31, 2015 was \$113,607, and its Percentage of Annual OPEB Cost Contributed was 41%.

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 Obligations or otherwise questioning the validity of the Obligations.

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 Obligations 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 Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations 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 funds otherwise designated for payment to holders of the Obligations.

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 Obligations would not occur.

FUNDS ON HAND (as of September 30, 2017)

Fund	Total Cash and Investments
General	\$ 15,545,576
Special Revenue	3,517,618
Debt Service	3,528,128
Capital Projects	7,593,050
Enterprise Funds	2,561,380
Trust and Agency	2,129,938
Internal Service	3,856,505
Water & Sewer Utility	12,918,338
Total Funds on Hand	<u><u>\$ 51,650,533</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	\$ 4,303,881	\$ 4,020,784	\$ 4,137,751
Less: Operating Expenses	<u>(2,943,147)</u>	<u>(2,916,178)</u>	<u>(3,007,871)</u>
Operating Income	\$ 1,360,734	\$ 1,104,606	\$ 1,129,880
Plus: Depreciation	1,147,296	1,148,553	1,162,430
Interest Income	<u>7,016</u>	<u>12,425</u>	<u>23,575</u>
Revenues Available for Debt Service	<u><u>\$ 2,515,046</u></u>	<u><u>\$ 2,265,584</u></u>	<u><u>\$ 2,315,885</u></u>
Sewer			
Total Operating Revenues	\$ 4,298,773	\$ 4,282,252	\$ 4,313,357
Less: Operating Expenses	<u>(2,801,872)</u>	<u>(3,264,127)</u>	<u>(3,453,636)</u>
Operating Income	\$ 1,496,901	\$ 1,018,125	\$ 859,721
Plus: Depreciation	1,017,887	1,092,890	1,039,100
Interest Income	<u>7,194</u>	<u>4,739</u>	<u>8,442</u>
Revenues Available for Debt Service	<u><u>\$ 2,521,982</u></u>	<u><u>\$ 2,115,754</u></u>	<u><u>\$ 1,907,263</u></u>
Stormwater			
Total Operating Revenues	\$ 1,308,975	\$ 1,302,352	\$ 1,320,926
Less: Operating Expenses	<u>(896,688)</u>	<u>(933,755)</u>	<u>(1,146,561)</u>
Operating Income	\$ 412,287	\$ 368,597	\$ 174,365
Plus: Depreciation	332,005	353,030	373,959
Interest Income	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$ 744,292</u></u>	<u><u>\$ 721,627</u></u>	<u><u>\$ 548,324</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 statements are available upon request. Appendix A includes the City's 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Budget	2018 Adopted Budget ¹
Revenues					
Property taxes	\$11,219,609	\$10,744,623	\$11,265,497	\$11,853,863	\$12,191,162
Intergovernmental	6,774,892	6,579,287	6,109,670	6,184,228	6,316,472
Fees, licenses and permits	319,763	346,607	378,628	260,853	299,977
Fines and forfeitures	334,953	426,130	463,006	434,457	308,720
Public charges for services	527,542	520,752	217,914	247,200	162,450
Intergovernmental charges for services	2,185,909	2,245,662	2,226,150	2,256,296	2,288,840
Investment income	215,386	188,510	248,723	283,000	283,000
Other miscellaneous revenues	367,533	253,852	261,500	147,100	113,100
Total Revenues	\$21,945,587	\$21,305,423	\$21,171,088	\$21,666,997	\$21,963,721
Expenditures					
Current:					
General government	\$ 2,347,648	\$ 2,266,491	\$ 2,324,408	\$ 2,871,516	\$ 2,880,025
Public safety	10,286,920	10,270,629	10,474,560	10,970,355	11,233,399
Public works	5,652,519	5,237,593	5,362,469	5,644,726	5,727,539
Health and human services	91,589	93,392	102,523	98,929	99,669
Culture, recreation and education	1,827,247	1,767,638	1,382,254	1,791,471	1,875,153
Conservation and development	273,468	271,569	347,284	0	0
Capital Outlay	610,806	431,945	578,980	753,465	745,700
Total Expenditures	\$21,090,197	\$20,339,257	\$20,572,478	\$22,130,462	\$22,561,485
Excess of revenues over (under) expenditures	\$ 855,390	\$ 966,166	\$ 598,610	\$ (463,465)	\$ (597,764)
Other Financing Sources (Uses)					
Operating transfers in	1,045,633	996,673	1,134,566	1,083,465	1,219,764
Operating transfers out	(613,109)	(405,000)	(1,062,665)	0	0
Total Other Financing Sources (Uses)	\$ 432,524	\$ 591,673	\$ 71,901	\$ 1,083,465	\$ 1,219,764
Net Changes in Fund Balances	\$ 1,287,914	\$ 1,557,839	\$ 670,511	\$ 620,000	\$ 622,000
General Fund Balance January 1	17,074,887	18,362,801	19,920,640	20,591,151	21,211,151
Prior Period Adjustment					
Residual Equity Transfer in (out)					
General Fund Balance December 31	\$18,362,801	\$19,920,640	\$20,591,151	\$21,211,151	\$21,833,151
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	4,338,937	5,998,784	6,470,353		
Restricted	16,282	21,352	22,554		
Committed	0	0	0		
Assigned	2,413,709	3,012,394	3,136,274		
Unassigned	11,593,873	10,888,110	10,961,970		
Total	\$18,362,801	\$19,920,640	\$20,591,151		

¹ The 2018 budget was adopted on November 20, 2017.

GENERAL INFORMATION

LOCATION

The City of Stevens Point, with a 2010 U.S. Census population of 26,717 and a current estimated population of 26,757 comprises an area of 16.89 square miles and is located in central Wisconsin in Portage County.

LARGEST EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Sentry Insurance	Insurance company	2,000
Stevens Point Public School District	Elementary and secondary education	1,200
UW Stevens Point	College	1,004
Lands' End	Retail	700
AIG Travelguard	Travel insurance and services	630
Portage County	County government	546
Associated Bank	Bank	475
Donaldson Co. Inc.	Filtration equipment	400
Skyward	Software	376
Copps Food Center	Grocers	360

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

¹ The 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	14	18	17	20	5
Valuation	\$3,316,342	\$3,376,790	\$4,423,500	\$4,962,250	\$1,376,900
<u>New Multiple Family Buildings</u>					
No. of building permits	0	1	0	2	2
Valuation	\$0	\$595,000	\$0	\$428,100	\$2,077,695
<u>New Commercial/Industrial</u>					
No. of building permits	15	10	11	1	4
Valuation	\$18,163,871	\$41,661,571	\$11,824,809	\$3,175,000	\$2,094,727
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	694	695	783	916	803
Valuation	\$44,010,640	\$54,709,594	\$29,873,357	\$45,759,375	\$24,735,079

Source: The City.

¹ As of September 30, 2017.

U.S. CENSUS DATA

Population Trend: City of Stevens Point

2000 U.S. Census	24,551
2010 U.S. Census	26,717
2017 Estimated Population	26,757
Percent of Change 2000 - 2010	+ 8.82%

Income and Age Statistics

	City of Stevens Point	Portage County	State of Wisconsin	United States
2015 per capita income	\$21,840	\$26,071	\$28,340	\$28,930
2015 median household income	\$41,312	\$51,613	\$53,357	\$53,889
2015 median family income	\$57,153	\$66,709	\$68,064	\$66,011
2015 median gross rent	\$655	\$675	\$776	\$928
2015 median value owner occupied	\$118,900	\$151,700	\$165,800	\$178,600
2015 median age	26.7 yrs.	36.2 yrs.	39.0 yrs.	37.6 yrs.

	State of Wisconsin	United States
City % of 2015 per capita income	77.06%	75.49%
City % of 2015 median family income	83.97%	86.58%

Housing Statistics

	<u>City of Stevens Point</u>		
	2000	2015	Percent of Change
All Housing Units	9,749	11,029	13.13%

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>		
	Stevens Point	Portage County	Stevens Point	Portage County	State of Wisconsin
2013	13,856	36,301	8.0%	6.9%	6.7%
2014	14,148	37,140	5.2%	5.6%	5.4%
2015	14,384	37,794	4.4%	4.6%	4.6%
2016	14,474	38,030	3.9%	3.9%	4.1%
2017, September	14,909	39,172	2.8%	2.6%	3.0%

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 Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary 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 STEVENS POINT

Stevens Point, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Stevens Point
Stevens Point, 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 Stevens Point, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Stevens Point's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Redevelopment Authority of the City of Stevens Point were not audited in accordance with *Government Auditing Standards*.

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

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

To the City Council
City of Stevens Point

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 of Stevens Point, Wisconsin, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

To the City Council
City of Stevens Point

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 5, 2017

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

Our discussion and analysis of the City of Stevens Point's financial performance provides an overview of the city's financial activities for the year ended December 31, 2016. Please read it in conjunction with the city's financial statements following this section.

FINANCIAL HIGHLIGHTS

Combined net position increased by less than 4% in 2016 to \$142.2 million. Of this amount, \$93.0 million represents the city's net investment in capital assets, while \$11.8 million was held for restricted purposes, and \$37.4 million was unrestricted.

At the end of 2016, the city's governmental activities reported total net position of \$58.6 million, including unrestricted net position of \$22.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts:

- > Management's discussion and analysis
- > Basic financial statements
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- > Required supplementary information
- > Supplementary Information: combining statements for non-major governmental funds.

The basic financial statements include governmental activities and business-type activities that provide both long-term and short-term information about the city's overall financial status. The remaining statements are fund financial statements that focus on individual parts of city government and report the operations in more detail than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, non-major enterprise funds, and internal service funds.

GOVERNMENT-WIDE STATEMENTS

Government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies.

The first of these government-wide statements is the Statement of Net Position. This is the citywide statement of position presenting information that includes 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 as a whole is improving or deteriorating. Evaluation of the overall health of the city should extend to other non-financial factors such as the diversification of the tax base or the condition of city infrastructure, in addition to the financial information provided in this report.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

The second government-wide statement is the Statement of Activities, which reports how the city's net position changed during the current fiscal year. All of the current year's revenues and expenses are included regardless of when cash is received or paid. 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.

The government-wide financial statements of the city are divided into two categories:

- > **Governmental Activities** – The city's basic services are included, such as police, fire, public works, parks, community development, assessor, finance, and administration. These activities are principally supported by taxes and intergovernmental revenues.
- > **Business-type Activities** – The Stevens Point Water, Wastewater, and Stormwater Utilities charge user fees to cover the costs of the service they provide. The Stevens Point Transit System charges user fees which are coupled with Federal/State capital and operating subsidies and the property tax levy to cover the costs of the services they provide. The Stevens Point Airport charges user fees combined with the property tax levy to cover the costs of services provided. Edgewater Manor provides citizens with housing.

The government-wide financial statements include the Redevelopment Authority (RDA). The RDA is a legally separate organization which is presented as a discrete column separate from the primary government.

FUND FINANCIAL STATEMENTS

The fund statements provide detailed information about the city's significant funds. Funds are accounting devices that the city uses to keep track of specific sources of funding and spending for particular purposes. Major funds are separately reported while all others are combined into a single aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

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. The focus, however, is very different with fund statements providing a distinctive view of the city's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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.

> **Proprietary Funds** – are reported in the fund financial statements and generally report services for which the city charges customers a fee. The city has six proprietary funds – water, wastewater and stormwater utilities, transit fund, airport fund, and the Edgewater fund. Proprietary fund statements offer short and long-term financial information about activities the city operates like a business. A second type of proprietary fund, the internal service fund, reports activities that provide services to other city programs.

> **Agency Funds** – are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs. The accounting used for agency funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

STATEMENT OF NET POSITION

The city has combined net position of \$142.2 million, of which 41% or \$58.6 million are related to the governmental activities. There was less than 4% increase or \$4.9 million increase in the net position from the prior year. Of this net increase, \$3.6 million was attributable to an increase in governmental activities and \$1.3 million was attributable to an increase in business-type activities (see Table 1).

Total net position of the city's governmental activities increased by 6% to \$83.6 million. Investment in capital assets and restricted net position totaling \$36.3 million (restricted to the purposes they can be used for or invested in capital assets such as buildings, roads, equipment, etc.), represent 62% of the total. Unrestricted net position of \$22.3 million represents the remaining 38% of the total.

Total net position of the city's business-type activities increased by 2% to \$83.6 million at December 31, 2016. Unrestricted net position totaled \$14.6 million, representing 17% of the total. The increase is due primarily to operating income in the Water, Wastewater, and Stormwater utilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

STATEMENT OF NET POSITION (cont.)

Table 1
City of Stevens Point 2016 and 2015 Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 57.6	\$ 59.2	\$ 18.4	\$ 18.0	\$ 76.0	\$ 77.2
Capital assets	46.2	43.5	82.3	83.0	128.4	126.5
Total Assets	103.7	102.7	100.7	101.0	204.4	203.7
Deferred inflows of resources	9.1	2.6	1.6	0.5	10.8	3.1
Long-term debt outstanding	31.7	32.2	17.7	18.4	49.4	50.6
Other liabilities	2.3	2.1	0.4	0.5	2.7	2.6
Total Liabilities	33.9	34.3	18.1	18.9	52.0	53.2
Deferred inflows of resources	20.3	16.0	0.6	0.2	20.9	16.2
Net Position						
Net investment in capital assets	28.0	25.2	65.6	65.2	93.0*	89.7*
Restricted	8.4	9.6	3.5	4.3	11.8	13.9
Unrestricted	22.3	20.2	14.6	12.9	37.4*	33.8*
Total Net Position – End of Year	\$ 58.6	\$ 55.0	\$ 83.6	\$ 82.4	\$ 142.2	\$ 137.4

Note: Figures may not total due to rounding.

* The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities column.

STATEMENT OF ACTIVITIES

The city had combined total revenues of \$44.6 million in 2016 and combined total expenses of \$39.7 million. After transfers, governmental activities had a net increase of \$3.6 million and business activities had a net increase of \$1.2 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

STATEMENT OF ACTIVITIES (cont.)

Table 2
Change in City of Stevens Point 2016 and 2015 Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues	\$ 4.5	\$ 4.3	\$ 11.0	\$ 10.3	\$ 15.5	\$ 14.6
Charges for services						
Operating grants and contributions	0.5	0.6	1.2	1.0	1.7	1.6
Capital grants and contributions	4.5	2.7	0.7	1.1	5.2	3.8
General Revenues	15.6	14.8	0.2	0.5	15.8	15.3
Property taxes	1.1	1.0	-	-	1.1	1.0
Intergovernmental (not restricted)	4.6	5.1	-	-	4.6	5.1
Investment income	0.4	0.3	-	-	0.4	0.3
Others	0.2	0.5	-	0.1	0.3	0.6
Total Revenues	31.5	29.3	13.1	13.0	44.6	42.3
Expenses						
General government	3.7	3.0	-	-	3.7	3.0
Public safety	11.7	10.6	-	-	11.7	10.6
Public works	7.8	8.0	-	-	7.8	8.0
Health and human services	0.1	0.1	-	-	0.1	0.1
Culture, recreation and education	2.4	2.3	-	-	2.4	2.3
Conservation and development	1.7	2.5	-	-	1.7	2.5
Interest and fiscal charges	0.7	0.9	-	-	0.7	0.9
Water	-	-	3.2	3.1	3.2	3.1
Wastewater	-	-	3.7	3.6	3.7	3.6
Stormwater	-	-	1.1	0.9	1.1	0.9
Transit	-	-	2.2	2.2	2.2	2.2
Edgewater	-	-	0.4	-	0.4	-
Airport	-	-	0.8	0.8	0.8	0.8
Total Expenses	28.1	27.4	11.5	10.6	39.7	38.0
Excess (Deficiency) Before Transfers and Special Item	3.3	1.9	1.5	2.4	4.9	4.3
Transfers	0.3	1.0	(0.3)	(1.0)	-	-
Special Item	-	-	-	0.7	-	0.7
Change In Net Position	3.6	2.9	1.2	2.1	4.9	5.0
Net Position - Beginning of Year**	55.0	52.1	82.4	80.3	137.4	132.4
ENDING NET POSITION	\$ 58.6	\$ 55.0	\$ 83.6	\$ 82.4	\$ 142.2	\$ 137.4

Note: Figures may not total due to rounding.

** 2015 beginning of the year net position has been restated. See Note IV.1. in the 2015 report.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

GOVERNMENTAL ACTIVITIES

The City of Stevens Point received a total of \$31.5 million in combined governmental activity revenues in 2016. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$15.6 million, or 50%, of governmental activity revenues. This is followed by non-restricted intergovernmental aid and charges for services which combine to total \$9.1 million or 29%. All other revenues account for the remaining \$6.8 million, or 21%.

Total governmental activities expenses were \$28.1 million in 2016. Public safety, including police, EMS, inspection and fire services, accounts for the largest share of city expenses at 42%. This is followed by public works at 28%, general government of 13%, and culture and recreation at 9%. All other expenses account for the remaining 8%.

BUSINESS-TYPE ACTIVITIES

The City of Stevens Point received \$13.1 million in business-type activity revenue during 2016 from its water, wastewater, and stormwater utilities, transit system, airport, and Edgewater fund. Charges for services are by far the largest revenue sources for these operations, representing 85% of non-capital contribution revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUNDS

The focus of the city's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in addressing the city's financing requirements. In particular, the level of unassigned fund balances 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 2016, the combined fund balance for the city's governmental funds was \$31.6 million. Of this total, \$6.7 million is considered nonspendable, \$9.6 million is restricted or committed and \$9.9 million is assigned for specific purposes that are not considered restricted or committed. The balance of unassigned government fund balances is \$5.4 million. These funds are allocated across the following areas:

	2016	2015
Unassigned Governmental Fund Balances (Deficits): (in millions of dollars)		
General Fund	\$ 11.0	\$ 10.9
Capital Project Funds	(5.6)	(4.6)
Total	\$ 5.4	\$ 6.3

Note: Figures may not total due to rounding.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)

GOVERNMENTAL FUNDS (cont.)

General Fund

The general fund is the primary operating fund of the city.

- > Total fund balance as of December 31, 2016, was \$20.6 million of which \$6.5 million was considered nonspendable. Included in the nonspendable amount are prepaids and inventories, noncurrent receivables, and minor amounts for delinquent personal property taxes.
- > Assigned fund balance increased from \$3.0 million in 2015 to \$3.1 million in 2016. The increase is primarily due to an increase in the assignment for the Cobblestone Development in the amount of \$0.4 million, offset by decreases in other assignments.
- > Unassigned fund balance increased by \$0.1 million to \$11.0 million. The unassigned fund balance is now approximately 52% of general fund revenues.

Special Revenue Funds

The special revenue funds serve to account for specialized areas of government operations, which include activities such as room tax, industrial park improvements, special land purchase, recycling, fuel system replacement, department of administration loan program, riverfront festival, public safety grants, and community development enhancement grants. These activities are funded from sources other than the levy.

- > Total fund balance for all special revenue funds as of December 31, 2016 was \$3.3 million.
- > Total revenues for 2016 were \$2.0 million, which included \$0.9 million from hotel/motel taxes.
- > Total expenditures for the year were \$1.7 million.

Debt Service Fund

General debt service is supported by reimbursements from the water and sewage utility, and tax levy.

- > At the end of 2016, there was a total fund balance of \$1.0 million in the general debt service fund.
- > During 2016, the debt service fund had total revenues of \$3.2 million, primarily from tax collections.
- > Total expenditures were \$3.5 million for the year for principal and interest payments.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)

GOVERNMENTAL FUNDS (cont.)

Capital Project Funds

The city has committed funds on an annual basis for repair and improvements to public highways and streets to maintain and upgrade the street system in the city. In 2016, the city also continued the replacement of fleet vehicles and equipment. The city has a significant fund balance in the capital projects fund, which is primarily the result of jurisdictional transfer funds received from the State. The city intends to spend this balance down in 2017 with the construction of an overpass on Country Club Drive.

Also included as major funds are TIF No. 6 and TIF No. 7. Fund balance in TIF No. 6 decreased by \$445,089 to a deficit of \$4,690,330. Fund balance in TIF No. 7 decreased by \$151,705 in 2016 to \$183,938.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget is adopted at the functional level of expenditure. No budget amendments were made in 2016. The city ended the year with favorable variance in general fund revenues and a favorable variance in general fund. Overall, the city did have a favorable variance to budget of \$1,043,983.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

In accordance with the implementation requirements of GASB No. 34, the city recorded historical costs and depreciation for all of its capital assets with the exceptions of bridges, street lighting, and storm water related infrastructure. For 2016, the city has retroactively reported all infrastructure assets as required by GASB No. 34.

As of December 31, 2016, the city reported a combined investment in capital assets of \$128.4 million net of accumulated depreciation. Of this amount, \$46.2 million, or 36%, is attributable to governmental activities. The business-type activities report \$82.3 million of capital assets. Total accumulated depreciation for both governmental and business-type activities was \$96.7 million. A schedule of capital asset activity can be found in Footnote IV.D.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

LONG-TERM DEBT

At year end, the governmental activities had \$26.3 million in general obligation bonds, a decrease of \$2.6 million or 9%. At the end of 2016, the business-type activities had a total of \$16.7 million in outstanding revenue bonds and general obligation debt. That amount is a decrease of \$1.0 million, or 6%, from the prior year. The city made two general obligation borrowings during 2016:

- > The city borrowed \$1.51 million for various projects including street projects, building improvement projects and equipment purchases. None of the loaned proceeds were unspent as of December 31, 2016.
- > The city borrowed \$3.31 million to current refund the 2008 B G.O. bonds.

In 2016, Moody's Investor Services affirmed the city's rating of Aa2. The rating opinion includes the following statements: Financial profile will remain strong due to ample cash reserves and management's commitment to maintaining a healthy General Fund Fund Balance.

State law limits the city to issuing general obligation bonds totaling no more than 5% of the city's equalized value. Based on 2016 equalized value of \$1.8 billion, this limit is \$88.9 million. The city currently has \$27.8 million of general obligation notes and bonds outstanding representing approximately 32% of legal debt capacity. A schedule of long-term debt activity can be found in Note IV.F.

Table 3
City of Stevens Point
Outstanding Debt
(in millions)

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation debt	\$ 26.3	\$ 28.9	\$ 1.5	\$ 1.7	\$ 27.8	\$ 30.6
Revenue debt	-	-	15.1	16.0	15.1	16.0
Totals	\$ 26.3	\$ 28.9	\$ 16.7	\$ 17.7	\$ 43.0	\$ 46.6

Note: Figures may not total due to rounding.

CITY OF STEVENS POINT

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The assessed value increased from \$1,501,069,700 on January 1, 2015 to \$1,530,509,200 on January 1, 2016, an increase of 2.0%. The equalized value of the city, including TID, increased from \$1,740,399,800 on January 1, 2015 to \$1,777,286,600 on January 1, 2016, an increase of 2.1%. The growth in equalized value was led by new construction and increasing property values. The final equalized and assessed valuations are determined by the Wisconsin Department of Revenue.

The City of Stevens Point has a diverse economy, which is anchored by Sentry Insurance and the University of Wisconsin – Stevens Point. Additional major employers include, but are not limited to, Ministry Medical Group, Associated Banc-Corp, AIG Travel Guard, Land's End, Skyward, Donaldson Co., and Worzalla Publishing.

Economic Development has remained active, led by significant expansions of existing businesses. Skyward completed construction of a new corporate headquarters in 2016. In addition, Sentry Insurance has announced plans to construct a large office building within the City of Stevens Point.

Moody's Investor Service has affirmed an Aa2 rating for Stevens Point under their municipal rating structure which demonstrates the financial strength and economic stability of the City of Stevens Point.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, elected officials, and creditors with a general overview of the city's finances and to demonstrate the city's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the City of Stevens Point, Corey Ladick, Comptroller-Treasurer, 1515 Strongs Ave, Stevens Point, WI 54481, cladick@stevenspoint.com.

CITY OF STEVENS POINT

STATEMENT OF NET POSITION
As of December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and investments	\$ 34,249,338	\$ 11,680,345	\$ 45,929,683	\$ 2,200,759
Receivables (net)				
Taxes	13,418,833	-	13,418,833	-
Delinquent personal property taxes	45,336	-	45,336	-
Special assessments	121,263	629,396	750,659	-
Accounts receivable	447,486	1,582,209	2,029,695	-
Accrued interest	44,345	-	44,345	-
Pledges	156,000	-	156,000	-
Due from other governments	3,546,817	257,787	3,804,604	-
Due from component unit	31,584	-	31,584	-
Prepaid items and inventories	883,005	351,379	1,234,384	-
Internal balances	1,638,581	(1,638,581)	-	-
Notes receivable	2,696,928	-	2,696,928	-
Loans receivable	-	-	-	1,637,606
Other assets	-	1,516,736	1,516,736	-
Restricted assets				
Cash and investments	-	4,002,436	4,002,436	-
Receivables	-	40,201	40,201	-
Land held for resale	302,720	-	302,720	791,400
Capital Assets				
Land	6,945,943	1,912,087	8,858,030	1,069,262
Construction in progress	455,477	21,850	477,327	-
Other capital assets, net of depreciation	38,750,240	80,338,966	119,089,206	2,714,574
Total Assets	<u>103,733,896</u>	<u>100,694,811</u>	<u>204,428,707</u>	<u>8,413,601</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	9,117,964	1,644,596	10,762,560	-
LIABILITIES				
Accounts payable and accrued expenses	1,686,723	335,874	2,022,597	1,031
Claims payable	331,968	-	331,968	-
Special deposits	559	40,201	40,760	-
Due to other governments	244,723	-	244,723	1,500
Due to primary government	-	-	-	31,584
Unearned revenue	15,837	-	15,837	-
Noncurrent liabilities				
Due within one year	4,601,293	1,051,739	5,653,032	-
Due in more than one year	27,062,026	16,649,016	43,711,042	-
Total Liabilities	<u>33,943,129</u>	<u>18,076,830</u>	<u>52,019,959</u>	<u>34,115</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	16,905,583	-	16,905,583	-
Pension related amounts	3,417,816	618,649	4,036,465	-
Total Deferred Inflows of Resources	<u>20,323,399</u>	<u>618,649</u>	<u>20,942,048</u>	
NET POSITION				
Net investment in capital assets	27,961,790	65,584,563	93,007,193	3,783,836
Restricted	8,355,206	3,481,470	11,836,676	-
Unrestricted	22,268,336	14,577,895	37,385,391	4,595,650
TOTAL NET POSITION	<u>\$ 58,585,332</u>	<u>\$ 83,643,928</u>	<u>\$ 142,229,260</u>	<u>\$ 8,379,486</u>

See accompanying notes to financial statements.

CITY OF STEVENS POINT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Program Revenues				Net Expenses (Revenues) and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Primary Government								
Governmental Activities								
General government	\$ 3,693,542	\$ 597,339	\$ 10,600	\$ -	\$ (3,085,603)	\$ -	\$ (3,085,603)	\$ -
Public safety	11,733,928	2,813,848	110,796	-	(8,809,284)	-	(8,809,284)	-
Public works	7,815,427	271,963	67,643	4,523,068	(2,952,753)	-	(2,952,753)	-
Health and human services	101,933	1,100	-	-	(100,833)	-	(100,833)	-
Culture, recreation and education	2,448,147	752,728	247,689	-	(1,447,730)	-	(1,447,730)	-
Conservation and development	1,674,363	109,689	807	-	(1,563,867)	-	(1,563,867)	-
Interest and fiscal charges	685,787	-	52,279	-	(633,508)	-	(633,508)	-
Total Governmental Activities	28,153,127	4,546,667	489,814	4,523,068	(18,593,578)	-	(18,593,578)	-
Business-type Activities								
Water	3,213,503	4,137,751	-	7,372	-	931,620	931,620	-
Wastewater	3,704,419	4,313,357	66,833	-	-	675,771	675,771	-
Stormwater	1,146,561	1,320,926	-	62,786	-	237,151	237,151	-
Transit	2,226,916	375,989	1,120,767	-	-	(730,160)	(730,160)	-
Edgewater	412,458	562,975	-	-	-	150,517	150,517	-
Airport	846,015	250,113	-	637,370	-	41,468	41,468	-
Total Business-type Activities	11,549,872	10,961,111	1,187,600	707,528	-	1,306,367	1,306,367	-
Total Primary Government	\$ 39,702,999	\$ 15,507,778	\$ 1,677,414	\$ 5,230,596	\$ (18,593,578)	\$ 1,306,367	\$ (17,287,211)	\$ -
Component Unit								
Redevelopment Authority	\$ 450,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (450,682)
General Revenues								
Taxes								
Property taxes, levied for general purposes					10,851,906	150,000	11,001,906	-
Property taxes, levied for debt service					3,178,877	-	3,178,877	-
Property taxes, TIF increment					1,584,436	-	1,584,436	-
Other taxes					1,079,252	-	1,079,252	-
Intergovernmental revenues not restricted to specific programs					4,624,208	-	4,624,208	-
Investment income					361,731	32,155	393,886	63,833
Gain on sale of capital assets					53,181	-	53,181	-
Miscellaneous					192,612	38,259	230,871	1,429
Total General Revenues					21,926,203	220,414	22,146,617	65,262
Transfers					254,615	(254,615)	-	-
Change in Net Position					3,587,240	1,272,166	4,859,406	(385,420)
NET POSITION - Beginning of Year					54,998,092	82,371,762	137,369,854	8,764,906
NET POSITION - END OF YEAR					\$ 58,585,332	\$ 83,643,928	\$ 142,229,260	\$ 8,379,486

See accompanying notes to financial statements.

CITY OF STEVENS POINT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	General Fund	General Debt Service Fund	Capital Project Funds			Nonmajor Governmental Funds	Totals
			General Capital Projects	TID No. 6	TID No. 7		
ASSETS							
Cash and investments	\$ 13,954,591	\$ 565,194	\$ 6,529,074	\$ -	\$ 183,938	\$ 8,497,222	\$ 29,730,019
Taxes receivable							
Property taxes	8,105,451	3,155,468	-	101,289	558,311	1,498,314	13,418,833
Delinquent personal property taxes	45,336	-	-	-	-	-	45,336
Special assessments	18,273	-	-	-	-	102,990	121,263
Accounts receivable							
Interest	11,026	-	33,319	-	-	-	44,345
Sundry	180,018	-	-	-	-	218,386	398,404
Pledges	-	156,000	-	-	-	-	156,000
Due from other governments	3,333,140	-	-	178,500	-	35,177	3,546,817
Due from other funds	1,039,812	-	857,596	-	-	24,772	1,922,180
Due from component unit	31,584	-	-	-	-	-	31,584
Inventories and prepaid items	881,254	-	-	-	-	1,751	883,005
Advances to other funds	5,543,763	439,466	-	-	-	-	5,983,229
Notes receivable	200,000	-	-	-	-	2,496,928	2,696,928
TOTAL ASSETS	\$ 33,344,248	\$ 4,316,128	\$ 7,419,989	\$ 279,789	\$ 742,249	\$ 12,875,540	\$ 58,977,943
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 452,327	\$ -	\$ 322,736	\$ 9,503	\$ -	\$ 47,302	\$ 831,868
Accrued liabilities	585,658	-	-	-	-	135	585,793
Deposits	559	-	-	-	-	-	559
Due to other governments	237,562	-	-	6,000	-	1,161	244,723
Due to other funds	91,539	-	76,531	-	-	44,630	212,700
Unearned revenue	-	-	-	-	-	15,837	15,837
Advances from other funds	-	-	264,041	4,674,827	-	852,936	5,791,804
Total Liabilities	<u>1,367,645</u>	<u>-</u>	<u>663,308</u>	<u>4,690,330</u>	<u>-</u>	<u>962,001</u>	<u>7,683,284</u>
Deferred Inflows of Resources							
Unearned revenue	11,311,321	3,155,468	-	101,289	558,311	1,498,314	16,624,703
Unavailable revenue	74,131	156,000	33,319	178,500	-	2,626,504	3,068,454
Total Deferred Inflows of Resources	<u>11,385,452</u>	<u>3,311,468</u>	<u>33,319</u>	<u>279,789</u>	<u>558,311</u>	<u>4,124,818</u>	<u>19,693,157</u>
Fund Balances (Deficits)							
Nonspendable	6,470,353	-	-	-	-	216,816	6,687,169
Restricted	22,554	1,004,660	-	-	183,938	4,551,610	5,762,762
Committed	-	-	-	-	-	3,821,268	3,821,268
Assigned	3,136,274	-	6,723,362	-	-	68,936	9,928,572
Unassigned (deficits)	10,961,970	-	-	(4,690,330)	-	(869,909)	5,401,731
Total Fund Balances (Deficits)	<u>20,591,151</u>	<u>1,004,660</u>	<u>6,723,362</u>	<u>(4,690,330)</u>	<u>183,938</u>	<u>7,788,721</u>	<u>31,601,502</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,344,248	\$ 4,316,128	\$ 7,419,989	\$ 279,789	\$ 742,249	\$ 12,875,540	
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.							46,151,660
Land held for resale in governmental funds are not financial resources and, therefore, are not reported in the funds.							302,720
Some receivables that are not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note II-A.							3,068,454
Deferred outflows and inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.							5,700,148
Internal service funds are used by management to charge costs of insurance coverage to individual funds. The assets, liabilities, and deferred inflows of resources of the internal service funds are included in government activities in the statement of net position. See Note II-A.							3,652,093
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II-A.							(31,891,245)
NET POSITION OF GOVERNMENTAL ACTIVITIES							\$ 58,585,332

See accompanying notes to financial statements.

CITY OF STEVENS POINT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General		Capital Project Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	General Capital Projects	TID No. 6	TID No. 7		
REVENUES							
Taxes	\$ 11,057,258	\$ 3,178,877	\$ -	\$ 90,035	\$ 567,647	\$ 1,790,792	\$ 16,684,609
Special assessments	208,239	-	-	-	-	87,468	295,707
Intergovernmental	6,109,670	52,279	-	43,497	14,143	61,961	6,281,550
Licenses and permits	378,628	-	-	-	-	-	378,628
Fines, forfeitures and penalties	463,006	-	-	-	-	-	463,006
Public charges for services	217,914	-	-	-	-	562,779	780,693
Intergovernmental charges for services	2,226,150	-	-	-	-	5,598	2,231,748
Investment income	248,723	-	90,846	-	205	14,162	353,936
Miscellaneous	261,500	-	625,000	70,224	-	2,495,287	3,452,011
Total Revenues	<u>21,171,088</u>	<u>3,231,156</u>	<u>715,846</u>	<u>203,756</u>	<u>581,995</u>	<u>5,018,047</u>	<u>30,921,888</u>
EXPENDITURES							
Current							
General government	2,324,408	-	620,099	1,301	1,450	81,893	3,029,151
Public safety	10,474,560	-	-	-	-	34,213	10,508,773
Public works	5,362,469	-	-	-	-	61,932	5,424,401
Health and human services	102,523	-	-	-	-	-	102,523
Culture, recreation and education	1,382,254	-	-	-	-	830,407	2,212,661
Conservation and development	347,284	-	-	68,018	199,217	1,138,982	1,753,501
Capital Outlay	578,980	-	4,263,939	-	-	757,417	5,600,336
Debt Service							
Principal retirement	-	3,097,598	-	599,534	3,505,000	205,000	7,407,132
Interest and fiscal charges	-	385,544	5,000	240,992	164,874	55,420	851,830
Total Expenditures	<u>20,572,478</u>	<u>3,483,142</u>	<u>4,889,038</u>	<u>909,845</u>	<u>3,870,541</u>	<u>3,165,264</u>	<u>36,890,308</u>
Excess (deficiency) of revenues over expenditures	<u>598,610</u>	<u>(251,986)</u>	<u>(4,173,192)</u>	<u>(706,089)</u>	<u>(3,288,546)</u>	<u>1,852,783</u>	<u>(5,968,420)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	1,510,000	-	3,305,000	-	4,815,000
Premium on debt issuance	-	-	-	-	92,841	-	92,841
Pledge revenue	-	79,000	-	-	-	-	79,000
Proceeds from sale of city property	2,867	-	-	-	-	45,998	48,865
Transfers in	1,131,699	191,884	393,981	261,000	-	779,211	2,757,775
Transfers out	(1,062,665)	(74,951)	(28,237)	-	(261,000)	(1,376,307)	(2,803,160)
Total Other Financing Sources (Uses)	<u>71,901</u>	<u>195,933</u>	<u>1,875,744</u>	<u>261,000</u>	<u>3,136,841</u>	<u>(551,098)</u>	<u>4,990,321</u>
Net Change in Fund Balance	<u>670,511</u>	<u>(56,053)</u>	<u>(2,297,448)</u>	<u>(445,089)</u>	<u>(151,705)</u>	<u>1,301,685</u>	<u>(978,099)</u>
FUND BALANCES (DEFICITS) -							
Beginning of Year	<u>19,920,640</u>	<u>1,060,713</u>	<u>9,020,810</u>	<u>(4,245,241)</u>	<u>335,643</u>	<u>6,487,036</u>	<u>32,579,601</u>
FUND BALANCES (DEFICITS) -							
END OF YEAR	<u>\$ 20,591,151</u>	<u>\$ 1,004,660</u>	<u>\$ 6,723,362</u>	<u>\$ (4,690,330)</u>	<u>\$ 183,938</u>	<u>\$ 7,788,721</u>	<u>\$ 31,601,502</u>

See accompanying notes to financial statements.

CITY OF STEVENS POINT

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

Net change in fund balances - total governmental funds	\$	(978,099)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets are capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		5,600,336
Some items reported as outlay are not capitalized		(671,787)
Depreciation is reported in the government-wide statements		(2,278,987)
Loss on disposal of assets is reported in the government-wide statements		(344,283)
Contributed capital assets are reported as revenues in the government-wide statements.		337,486
<p>Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
Special assessments		(129,547)
Other		(99,638)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Debt issued		(4,815,000)
Principal repaid		7,407,132
Part of the change in net position in the internal service fund is reported with governmental activities		936,009
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		(416,982)
Other post employment benefits		(13,615)
Accrued interest on debt		40,414
Net pension (asset) liability		(4,104,131)
Deferred outflows and inflows of resources related to pensions		3,085,145
<p>Governmental funds report debt premiums and debt discount as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
		32,787
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>3,587,240</u>

See accompanying notes to financial statements.

CITY OF STEVENS POINT

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2016

ASSETS	Business-type Activities - Enterprise Funds					Totals	Governmental Activities - Internal Service Funds
	Water Department	Wastewater Department	Stormwater Department	Transit	Nonmajor Enterprise Funds		
CURRENT ASSETS							
Cash and investments	\$ 5,083,854	\$ 3,760,277	\$ 1,554,130	\$ 634,308	\$ 647,776	\$ 11,680,345	\$ 4,519,319
Accounts receivable							
Customers	618,294	572,703	195,436	45,976	20,581	1,452,990	49,082
Sundry	51,736	57,101	20,382	-	-	129,219	-
Restricted assets							
Redemption account	1,148,060	301,718	-	-	-	1,449,778	-
Receivables	-	-	-	-	40,201	40,201	-
Due from other governmental units	-	-	-	257,787	-	257,787	-
Due from municipality	90,278	15,661	15,917	46,214	-	168,070	-
Due from other utilities	584,225	-	-	-	-	584,225	-
Inventory and prepaid items	308,420	4,618	1,432	-	36,909	351,379	-
Accrued utility revenue	448,207	558,144	176,579	-	-	1,182,930	-
Total Current Assets	<u>8,333,074</u>	<u>5,270,222</u>	<u>1,963,876</u>	<u>984,285</u>	<u>745,467</u>	<u>17,296,924</u>	<u>4,568,401</u>
NONCURRENT POSITION							
Restricted Assets							
Replacement account	-	1,925,913	-	-	-	1,925,913	-
Reserve account	-	626,745	-	-	-	626,745	-
Total Restricted Assets	<u>-</u>	<u>2,552,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,552,658</u>	<u>-</u>
Capital Assets							
Utility plant	48,781,367	41,747,402	22,772,490	-	-	113,301,259	-
Land	399,282	794,011	-	324,290	394,504	1,912,087	-
Land improvements	-	-	-	-	2,037	2,037	-
Buildings and improvements	-	-	-	4,848,256	3,851,731	8,699,987	-
Equipment	-	-	-	4,046,741	1,282,456	5,329,197	-
Runway infrastructure	-	-	-	-	6,998,900	6,998,900	-
Accumulated depreciation	(15,275,660)	(16,426,091)	(9,697,323)	(3,777,323)	(8,816,017)	(53,992,414)	-
Construction work in progress	3,744	-	-	-	18,106	21,850	-
Total Capital Assets	<u>33,908,733</u>	<u>26,115,322</u>	<u>13,075,167</u>	<u>5,441,964</u>	<u>3,731,717</u>	<u>82,272,903</u>	<u>-</u>
Other Assets							
Land held for future use	333,806	-	-	-	-	333,806	-
Special assessments	-	629,396	-	-	-	629,396	-
Advance to other funds	-	-	-	264,041	-	264,041	-
Total Other Assets	<u>333,806</u>	<u>629,396</u>	<u>-</u>	<u>264,041</u>	<u>-</u>	<u>1,227,243</u>	<u>-</u>
Total Noncurrent Assets	<u>34,242,539</u>	<u>29,297,376</u>	<u>13,075,167</u>	<u>5,706,005</u>	<u>3,731,717</u>	<u>86,052,804</u>	<u>-</u>
Total Assets	<u>42,575,613</u>	<u>34,567,598</u>	<u>15,039,043</u>	<u>6,690,290</u>	<u>4,477,184</u>	<u>103,349,728</u>	<u>4,568,401</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension related amounts	569,929	348,648	107,947	553,191	64,881	1,644,596	-

See accompanying notes to financial statements.

LIABILITIES	Business-type Activities - Enterprise Funds					Totals	Governmental
	Water Department	Wastewater Department	Stormwater Department	Transit	Nonmajor Enterprise Funds		Activities - Internal Service Funds
CURRENT LIABILITIES							
Accounts payable	\$ 125,314	\$ 34,929	\$ 13,695	\$ 3,543	\$ 34,580	\$ 212,061	\$ 41,136
Accrued liabilities	8,313	11,241	972	20,726	4,888	46,140	-
Claims payable	-	-	-	-	-	-	331,968
Due to municipality	1,163,589	233,863	372,428	56,791	50,879	1,877,550	-
Due to other utilities	-	398,561	185,664	-	-	584,225	-
Current liabilities payable from restricted assets							
Accrued interest	33,062	44,611	-	-	-	77,673	-
Current portion of revenue bonds payable	513,913	386,746	-	-	-	900,659	-
Deposits	-	-	-	-	40,201	40,201	-
Current portion of advances	-	171,499	-	-	-	171,499	-
Current portion of general obligation debt	69,035	-	-	82,045	-	151,080	-
Total Current Liabilities	<u>1,913,226</u>	<u>1,281,450</u>	<u>572,759</u>	<u>163,105</u>	<u>130,548</u>	<u>4,061,088</u>	<u>373,104</u>
NONCURRENT LIABILITIES							
Revenue bonds payable	8,502,935	5,742,711	-	-	-	14,245,646	-
General obligation notes payable	987,120	-	-	407,662	-	1,394,782	-
Advance from municipality	-	267,967	-	-	16,000	283,967	-
Accrued sick leave and vacation	168,289	84,906	34,821	172,043	5,893	465,952	-
Net pension liability	102,730	62,570	19,357	97,556	11,754	293,967	-
Other postemployment benefits liability	72,859	80,953	-	76,982	17,875	248,669	-
Total Noncurrent Liabilities	<u>9,833,933</u>	<u>6,239,107</u>	<u>54,178</u>	<u>754,243</u>	<u>51,522</u>	<u>16,932,983</u>	<u>-</u>
Total Liabilities	<u>11,747,159</u>	<u>7,520,557</u>	<u>626,937</u>	<u>917,348</u>	<u>182,070</u>	<u>20,994,071</u>	<u>373,104</u>
DEFERRED INFLOWS OF RESOURCES							
Unearned revenue	-	-	-	-	-	-	280,880
Pension related amounts	216,196	131,677	40,736	205,304	24,736	618,649	-
Total Deferred Inflows of Resources	<u>216,196</u>	<u>131,677</u>	<u>40,736</u>	<u>205,304</u>	<u>24,736</u>	<u>618,649</u>	<u>280,880</u>
NET POSITION							
Net investment in capital assets	23,835,730	19,989,692	13,075,167	4,952,257	3,731,717	65,584,563	-
Restricted for							
Equipment replacement	-	1,925,913	-	-	-	1,925,913	-
Debt service	1,114,998	440,559	-	-	-	1,555,557	-
Unrestricted	6,231,459	4,907,848	1,404,150	1,168,572	603,542	14,315,571	3,914,417
TOTAL NET POSITION	<u>\$ 31,182,187</u>	<u>\$ 27,264,012</u>	<u>\$ 14,479,317</u>	<u>\$ 6,120,829</u>	<u>\$ 4,335,259</u>	<u>83,381,604</u>	<u>\$ 3,914,417</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						262,324	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						<u>\$ 83,643,928</u>	

See accompanying notes to financial statements.

CITY OF STEVENS POINT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds						Governmental
	Water Department	Wastewater Department	Stormwater Department	Transit	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
OPERATING REVENUES							
Public charges for services							
Bus fare revenues	\$ -	\$ -	\$ -	\$ 317,244	\$ -	\$ 317,244	\$ -
Water revenues	4,064,691	-	-	-	-	4,064,691	-
Water bad debt expense	(56,698)	-	-	-	-	(56,698)	-
Wastewater revenues	-	4,303,063	-	-	-	4,303,063	-
Stormwater revenues	-	-	1,318,003	-	-	1,318,003	-
Airport revenues	-	-	-	-	250,113	250,113	-
Edgewater revenues	-	-	-	-	545,465	545,465	-
Intergovernmental charges for services							
Local governmental subsidies	-	-	-	-	-	-	4,208,787
Other Items	129,758	10,294	2,923	58,745	17,510	219,230	-
Total Operating Revenues	4,137,751	4,313,357	1,320,926	375,989	813,088	10,961,111	4,208,787
OPERATING EXPENSES							
General government	-	-	-	-	350,967	350,967	3,461,815
Public works/transportation/airport	1,845,441	2,414,536	772,602	1,801,829	452,501	7,286,909	-
Depreciation	1,162,430	1,039,100	373,959	447,162	497,385	3,520,036	-
Total Operating Expenses	3,007,871	3,453,636	1,146,561	2,248,991	1,300,853	11,157,912	3,461,815
Operating Income (Loss)	1,129,880	859,721	174,365	(1,873,002)	(487,765)	(196,801)	746,972
NONOPERATING REVENUES (EXPENSES)							
Property taxes	-	-	-	-	150,000	150,000	-
Mass transit aids	-	-	-	1,076,793	-	1,076,793	-
Local governmental subsidies	-	-	-	43,974	-	43,974	-
IRS BAB interest subsidy	-	66,833	-	-	-	66,833	-
Investment income	23,575	8,442	-	-	138	32,155	13,895
Other items	(277)	-	10,611	13,287	14,638	38,259	-
Interest expense	(230,834)	(275,985)	-	(9,999)	-	(516,818)	-
Total Nonoperating Revenue (Expenses)	(207,536)	(200,710)	10,611	1,124,055	164,776	891,196	13,895
Income (Loss) Before Contributions & Transfers	922,344	659,011	184,976	(748,947)	(322,989)	694,395	760,867
CAPITAL CONTRIBUTIONS	7,372	-	62,786	-	637,370	707,528	-
TRANSFERS IN	-	-	-	470,736	60,966	531,702	300,000
TRANSFERS OUT	(786,317)	-	-	-	-	(786,317)	-
CHANGE IN NET POSITION	143,399	659,011	247,762	(278,211)	375,347	1,147,308	1,060,867
NET POSITION – Beginning of Year	31,038,788	26,605,001	14,231,555	6,399,040	3,959,912		2,853,550
NET POSITION – END OF YEAR	\$ 31,182,187	\$ 27,264,012	\$ 14,479,317	\$ 6,120,829	\$ 4,335,259		\$ 3,914,417
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						124,858	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES						\$ 1,272,166	

See accompanying notes to financial statements.

CITY OF STEVENS POINT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds						Governmental
	Water Department	Wastewater Department	Stormwater Department	Transit	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Received from customers	\$ 4,088,270	\$ 4,408,151	\$ 1,329,025	\$ 365,448	\$ 829,803	\$ 11,020,697	\$ 4,240,081
Paid to suppliers for goods and services	(951,274)	(1,881,752)	(512,271)	(903,547)	(607,376)	(4,856,220)	(3,241,513)
Paid to employees for services	(874,718)	(488,222)	(169,215)	(908,204)	(83,440)	(2,523,799)	-
Net Cash Flows From Operating Activities	<u>2,262,278</u>	<u>2,038,177</u>	<u>647,539</u>	<u>(1,446,303)</u>	<u>138,987</u>	<u>3,640,678</u>	<u>998,568</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
General property taxes	-	-	-	395,785	150,000	545,785	-
Paid to municipality for tax equivalent	(792,026)	-	-	-	-	(792,026)	-
Mass transit aids received	-	-	-	940,599	-	940,599	-
Local government subsidies received	-	-	-	43,974	-	43,974	-
Fuel tax discount	-	-	-	13,287	-	13,287	-
Transfers in	-	-	-	-	-	-	300,000
Net Cash Flows From Noncapital Financing Activities	<u>(792,026)</u>	<u>-</u>	<u>-</u>	<u>1,393,645</u>	<u>150,000</u>	<u>751,619</u>	<u>300,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Investments sold and matured	(800,000)	-	-	-	-	(800,000)	-
Investments purchased	800,000	-	-	-	-	800,000	-
Investment income	23,575	8,442	-	-	138	32,155	13,895
Net Cash Flows From Investing Activities	<u>23,575</u>	<u>8,442</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>32,155</u>	<u>13,895</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Debt retired	(570,091)	(397,907)	-	-	-	(967,998)	-
Interest paid	(232,977)	(285,302)	-	-	-	(518,279)	-
Capital contributions received	-	114,000	-	-	-	114,000	-
Capital related advance repaid to the municipality	-	(167,211)	-	-	-	(167,211)	-
Salvage on retirement of plant	12,815	-	-	-	-	12,815	-
Acquisition and construction of capital assets	(516,981)	(817,111)	(80,203)	-	(46,834)	(1,461,129)	-
IRS BAB interest subsidy received	-	66,833	-	-	-	66,833	-
Net Cash Flows From Capital and Related Financing Activities	<u>(1,307,234)</u>	<u>(1,486,698)</u>	<u>(80,203)</u>	<u>-</u>	<u>(46,834)</u>	<u>(2,920,969)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	186,593	559,921	567,336	(52,658)	242,291	1,503,483	1,312,463
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,445,321</u>	<u>5,804,732</u>	<u>986,794</u>	<u>686,966</u>	<u>405,485</u>	<u>12,329,298</u>	<u>3,206,856</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,631,914	\$ 6,364,653	\$ 1,554,130	\$ 634,308	\$ 647,776	\$ 13,832,781	\$ 4,519,319

See accompanying notes to financial statements.

	Business-type Activities, Enterprise Funds						Governmental
	Water Department	Wastewater Department	Stormwater Department	Transit	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS)							
TO NET CASH FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 1,129,880	\$ 859,721	\$ 174,365	\$ (1,873,002)	\$ (487,765)	\$ (196,801)	\$ 746,972
Miscellaneous non-operating revenue (expense)	(277)	-	10,611	-	14,638	24,972	-
Noncash items included in income (loss)							
Depreciation	1,162,430	1,039,100	373,959	447,162	497,385	3,520,036	-
Depreciation charged to clearing and other utilities	103,776	-	-	-	-	103,776	-
Operating expenses paid by municipality	-	-	-	-	60,966	60,966	-
Other postemployment benefits liability	(6,896)	4,570	-	5,028	914	3,616	-
Change in Assets, Liabilities, and Deferred Inflows and Outflows of Resources							
Accounts receivable	(158,565)	58,744	850	(10,541)	769	(108,743)	45,443
Inventory and prepaid items	(10,037)	4,242	2,887	-	30,305	27,397	55,952
Due to/from other funds	46,056	47,044	65,698	(4,264)	9,413	163,947	-
Accounts payable and accrued liabilities	(39,759)	(1,667)	8,071	(72,231)	4,812	(100,774)	164,350
Deposits	-	-	-	-	1,308	1,308	-
Pension related amounts	40,026	24,071	10,515	52,965	5,155	132,732	-
Accrued sick leave and vacation	(4,356)	2,352	583	8,580	1,087	8,246	-
Unearned revenues	-	-	-	-	-	-	(14,149)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 2,262,278	\$ 2,038,177	\$ 647,539	\$ (1,446,303)	\$ 138,987	\$ 3,640,678	\$ 998,568
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS							
Cash and investments	\$ 5,083,854	\$ 3,760,277	\$ 1,554,130	\$ 634,308	\$ 647,776	\$ 11,680,345	\$ 4,519,319
Restricted assets - cash and investments	1,148,060	2,854,376	-	-	-	4,002,436	-
Less: Noncash equivalents	(1,600,000)	(250,000)	-	-	-	(1,850,000)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,631,914	\$ 6,364,653	\$ 1,554,130	\$ 634,308	\$ 647,776	\$ 13,832,781	\$ 4,519,319
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions received and accrued	\$ 7,372	\$ -	\$ -	\$ -	\$ -	\$ 7,372	\$ -
Principal and interest forgiven through transfer	\$ -	\$ -	\$ -	\$ 74,951	\$ -	\$ 74,951	\$ -
Capital contributions	\$ -	\$ -	\$ 62,786	\$ -	\$ 637,370	\$ 700,156	\$ -
Capital related receivable due from municipality	\$ 76,531	\$ -	\$ -	\$ -	\$ -	\$ 76,531	\$ -
Capital related payable due to municipality	\$ 324,354	\$ 184,513	\$ 267,733	\$ -	\$ -	\$ 776,600	\$ -

See accompanying notes to financial statements.

CITY OF STEVENS POINT

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2016

	Tax Collection Fund
ASSETS	
Cash and investments	\$ 14,048,708
Taxes receivable	<u>9,917,602</u>
TOTAL ASSETS	<u>\$ 23,966,310</u>
LIABILITIES	
Due to other taxing units	<u>\$ 23,966,310</u>
TOTAL LIABILITIES	<u>\$ 23,966,310</u>

See accompanying notes to financial statements.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the city. 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 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 had 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 its 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 substantially 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

Redevelopment Authority of the City of Stevens Point

The government-wide financial statements include the Redevelopment Authority ("Authority") as a component unit. The Authority is a legally separate organization. The Authority performs development activities within the city and provides housing and zero interest loans to low income residents within the government's jurisdiction. The members of the Authority's governing body are appointed by the common council. See Note IV. 1. for additional disclosure information. The Authority has a December 31, 2016 year end. Separately issued financial statements of the Redevelopment Authority may be obtained from the administrative offices at 1515 Strongs Avenue, Stevens Point, WI 54481.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

B. GOVERNMENT-WIDE AND FUND 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 requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This standard was implemented January 1, 2016.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

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

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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

The city reports the following major governmental funds:

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

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

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

TID No. 6 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

TID No. 7 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

Water Department Fund – accounts for operations of the water system
Wastewater Department Fund – accounts for operations of the sewer system
Stormwater Department Fund – accounts for operations of the storm sewer system
Transit Fund – accounts for operations of the transit system

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds:

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

Hotel/Motel Room Tax	Drug Task Force
Industrial Park Improvements	Telecommunications
Special Land Purchase	Police Grants
McDill Lake Management	Fire Grants
CAP Loan Levy	Museum
Fuel Dispenser System Replacement	Community Rehab Grant Program
Riverfront Festival	Willett Ice Arena
State EMS Act 102 Grant	Cell Tower Rent
Blight Elimination	Park Trust
Soil Remediation	Funds in Lieu of Parks
Department of Administration	Section A-125
HRRP Project Grant	Special Assessments
Federal Forfeiture	

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

General Capital Projects (Pre-2011)
Fire Safety Smoke House
TID No. 5
TID No. 8
TID No. 9
Subdivision Development Construction
Vehicle/Equipment

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

United Way
Library General Endowment Trust
Willett Trust Parks
Smongeski Trust

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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

Enterprise Fund – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Airport
Edgewater

In addition, the city reports the following fund types:

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

Employee Self-Insurance
Worker's Comp Self-Insurance
Property/Liability Reserve
Employee Sick Leave

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

Tax Collection Fund

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's water, wastewater treatment department, stormwater department, transit utility, airport fund, edgewater fund, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled to the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2016, there were \$1,402,175 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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

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

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

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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

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

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

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

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

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

The city's investment policy addresses custodial credit risk. For deposits in excess of those insured by FDIC and the State Municipal Guarantee Fund, the policy requires a secondary pledge of assets, if deemed necessary by the Treasurer.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

1. Deposits and Investments (cont.)

Concentration of credit is also addressed by the city's investment policy. The policy specifies that with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City of Stevens Point investment portfolio will be invested in a single security type or with a single financial institution.

The city's investment policy does not provide for credit risk, interest rate risk, or investments highly sensitive to interest rate changes.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outline in Note IV.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statements as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated to the general fund. Interest on commingled investments earned by other funds is considered immaterial. Investment income on commingled investments of the capital projects funds is allocated based on average fund balances.

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 city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

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

Property tax calendar – 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	April 30, 2017
Third installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale – 2016 delinquent	October 2019
real estate taxes	

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

2. Receivables (cont.)

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

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

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

The city has received federal grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed.

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

3. Inventories and Prepaid Items

Governmental fund inventories are recorded at cost based on the average cost method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at the lower of cost or market based on the "first-in, first-out method," and charged to construction and/or operation and maintenance expense when used.

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

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements and are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets, \$5,000 for enterprise fund assets and \$50,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

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

Buildings	40-50 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-15 Years
Intangible Assets	7 Years
Utility System	7-77 Years
Infrastructure	20-70 Years
Runway Infrastructure	10-25 Years

Fund Financial Statements

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

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

6. Other Assets

In the governmental activities column on the statement of net position, land held for resale consists of land and improvements and is valued at lower of cost or market value. Properties include both land intended for resale and land designated as public area.

Other assets in the business-type activities consist of land held for future use.

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

8. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used.

Accumulated vacation and sick leave liabilities at December 31, 2016 are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that future time.

11. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Totals
Net investment in capital assets	\$ 27,961,790	\$ 65,584,563	\$ (539,160)	\$ 93,007,193
Unrestricted	22,268,336	14,577,895	539,160	37,385,391

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

Fund Statements

Governmental fund balances are displayed as follows:

- a) Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

11. Equity Classifications (cont.)

Fund Statements (cont.)

- b) Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c) Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.
- d) Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Comptroller/Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e) Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

The city has a formal minimum fund balance policy. That policy is to maintain a minimum of four months of the following years' budgeted general fund expenditures, with a targeted maximum of six months of the following year's budgeted general fund expenditures. The balance required at year end was \$7,583,487 to \$11,375,231. Unassigned fund balance totaled \$10,961,970 at December 31, 2016.

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

See Note IV. H. for further information.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

12. Basis for Existing Rates

Current water rates were approved by the PSCW on April 10, 2012. The rates were made effective by the department as of May 1, 2012, and are designed to provide a 2.75% rate of return.

Current wastewater rates were approved by the utility commission effective April 1, 2010.

Current stormwater rates were approved by the utility commission effective January 1, 2013.

13. Pension

For purposes of measuring the net pension asset (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 II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. Additional details of this reconciliation are as follows.

Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements, but are recognized as revenue when earned in the government-wide statements.

Special assessments	\$ 121,012
Loans receivable	2,496,928
Pledges receivable	156,000
Grants receivable	205,893
Interest receivable	44,345
PILOT	44,276
	<u>3,068,454</u>

Combined Adjustment for Unavailable Revenue

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position.

Bonds and notes payable	\$ 26,287,044
Compensated absences	2,045,614
Accrued interest	227,926
Other postemployment benefits	1,606,596
Net pension liability	1,624,065
Lease obligation	<u>100,000</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 31,891,245</u>

Internal service funds are used by management to charge costs of insurance coverage to individual funds. The assets, liabilities, and deferred inflows of resources of the internal service funds are included in the statement of net position.

Internal service fund assets	\$ 4,568,401
Less: Internal service fund liabilities	(373,104)
Less: Internal service fund deferred inflows of resources	(280,880)
Sub-total	3,914,417
Less: Internal service activities related to enterprise funds	(262,324)
Combined Adjustment for Internal Service Funds	<u>\$ 3,652,093</u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for all governmental funds except for the industrial park improvements, special land purchase, McDill lake management, cell tower rent, and park trust special revenue funds, the general capital projects fund (pre-2011) capital project fund, and the Willet trust parks permanent fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Total expenditures exceeded the budget for the following funds:

Fund	Budgeted Expenditures and Transfers	Actual Expenditures and Transfers	Excess Expenditures Over Appropriations
Hotel/motel room tax	821,212	1,427,036	605,824
Riverfront festival	130,000	136,767	6,767
Department of administration	76,010	172,980	96,970
State EMS Act 102 Grant	-	1,689	1,689
Soil remediation	-	42,803	42,803
HRRP project grant	4,420	8,344	3,924
Federal forfeiture	-	5,587	5,587
Drug task force	-	2,410	2,410
Willet ice arena	406,850	437,359	30,509
Special assessments	-	16,405	16,405
Police grants	-	24,527	24,527
Funds in lieu of parks	-	3,785	3,785
Section A-125	58,000	77,554	19,554
General capital projects	2,814,600	4,917,275	2,102,675
Tax Incremental Financing District No. 6	832,025	909,845	77,820
Tax Incremental Financing District No. 7	610,728	4,131,541	3,520,813
Tax Incremental Financing District No. 8	6,500	476,449	469,949
Tax Incremental Financing District No. 9	886,570	910,500	23,930
Vehicle/equipment	-	10,078	10,078
United way	-	135	135
Library general endowment trust	100	622	522
General debt service	3,392,931	3,568,093	165,162

The city controls expenditures at the functional level for the general fund and total expenditure level for other funds. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report. There may be offsetting revenues relating to excess expenditures.

C. DEFICIT BALANCES

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

As of December 31, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
TID No. 6	\$ 4,690,330	Expenditures in excess of revenues
Soil remediation	8,638	Expenditures in excess of revenues
Section A-125	13,101	Expenditures in excess of revenues
TID No. 8	848,170	Expenditures in excess of revenues

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES (cont.)

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally, the city is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the city's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the city's funds.

The city's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 58,332,488	\$ 57,367,273	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk, highly sensitive to interest rate changes
State and local bonds	2,786,803	2,786,803	Custodial credit risk, interest rate risk, highly sensitive to interest rate changes
U.S. Agencies – explicitly guaranteed	68,096	68,096	Custodial credit risk, interest rate risk, highly sensitive to interest rate changes
U.S. Agencies – implicitly guaranteed	869,438	869,438	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk, highly sensitive to interest rate changes
Mutual funds (bonds)	133,573	134,000	Credit risk, interest rate risk, highly sensitive to interest rate changes
LGIP	121,983	121,983	Credit risk
Petty cash/cash on hand	1,668,446	-	None
Total Cash and Investments	\$ 63,980,827	\$ 61,347,593	

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	\$ 45,929,683
Restricted cash and investments	4,002,436
Per statement of assets and liabilities – Agency fund	<u>14,048,708</u>
Total Cash and Investments	<u>\$ 63,980,827</u>

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash, \$500,000 at each financial institution of the city's investments are covered by SIPC. In addition, the institutions have purchased additional insurance to fully cover all investments as of 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 other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The valuation methods for recurring fair value measurements are as follows:

Investment Type	December 31, 2016			Total
	Level 1	Level 2	Level 3	
State and local bonds	\$ -	\$ 2,786,803	\$ -	\$ 2,786,803
U.S. Agencies – explicitly guaranteed	-	68,096	-	68,096
U.S. Agencies – implicitly guaranteed	-	869,438	-	869,438
Mutual funds (bonds)	-	134,000	-	134,000
Totals	\$ -	\$ 3,858,337	\$ -	\$ 3,858,337

Custodial Credit Risk

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

The city maintains collateral agreements with five of its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$48,057,928 to secure the city's deposits. The city also has letters of credit with two of their banks in the amount of \$24,500,000 at December 31, 2016.

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

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

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

Credit Risk

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

As of December 31, 2016, the city's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's
State and local bonds	Aaa, Aa3, Aa2, Aa1, A1, not rated	AAA, AA, AA-, A+
US Agencies – implicitly guaranteed	Aaa	AAA

The mutual fund's rating at December 31, 2016 was unknown.

The city held investments in the Local Government Investment Pool (LGIP) which was not rated.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

At December 31, 2016, the city held investments in Tennessee Valley U.S. agencies, FFCB's, Milwaukee County bonds, and State of Wisconsin bonds that were 15.9%, 6.04%, 7.14%, and 5.50%, respectively, of the city's total investment portfolio of \$3,980,320.

Interest Rate Risk

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

As of December 31, 2016, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than one year	1 – 5	6 – 20
Mutual fund	\$ 134,000	\$ -	\$ -	\$ 134,000
State and local bonds	2,786,803	-	221,201	2,565,602
U.S. agencies – explicitly guaranteed	68,096	-	68,096	-
U.S. agencies – implicitly guaranteed	869,438	-	91,844	777,594
Totals	\$ 3,858,337	\$ -	\$ 381,141	\$ 3,477,196

Investments Highly Sensitive to Market Changes

The city held securities of \$2,580,105 with maturities exceeding ten years. See Note 1.D.1. for further information on deposit and investment policies.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	General Debt Service Fund	General Capital Projects	TID No. 6	TID No. 7	Nonmajor Funds	Totals
Gross receivables	\$ 11,895,483	\$ 3,311,468	\$ 33,319	\$ 279,789	\$ 558,311	\$ 4,381,579	\$ 20,459,949
Less: Allowance for uncollectibles	(2,239)	-	-	-	-	(29,784)	(32,023)
Net Total Receivables	\$ 11,893,244	\$ 3,311,468	\$ 33,319	\$ 279,789	\$ 558,311	\$ 4,351,795	\$ 20,427,926
Amounts not expected to be collected within one year	\$ 263,609	\$ 77,000	\$ -	\$ -	\$ -	\$ 2,599,918	\$ 2,940,527

Receivables of the city are reported net of uncollectible amounts of \$2,081 for delinquent taxes, \$158 for accounts receivable, and \$29,784 for loans receivable.

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 16,624,703	\$ -
Special assessments not yet due	-	121,012
Pledges receivable not yet received	-	156,000
Loan receivable not yet due	15,837	2,496,928
Grant revenues	-	205,893
PILOT	-	44,276
Interest income	-	44,345
Total Unearned/Unavailable Revenue For Governmental Funds	\$ 16,640,540	\$ 3,068,454
Unearned revenue included in deferred inflows	\$ 16,624,703	-
Unearned revenue included in liabilities	15,837	-
Unearned revenue included in the internal service funds deferred inflows of resources	280,880	-
Total Unearned Revenue for Governmental Funds	\$ 16,921,420	\$ -

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

For economic development loans, the city is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments. At December 31, 2016, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the State will be recorded.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Receivables

Restricted assets have been recorded in connection with security deposits.

Following is a list of Business-type Activities restricted assets at December 31, 2016. See Note IV.H for Governmental Activities.

Restricted Assets	
Redemption account	\$ 1,449,778
Reserve account	626,745
Equipment replacement account	1,925,913
Receivables	<u>40,201</u>
Total Restricted Assets	4,042,637
Restricted Assets Not Funded by Revenues	(443,353)
Current Liabilities Payable From Restricted Assets	<u>(117,814)</u>
Total Restricted Net Position as Calculated	\$ 3,481,470

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 5,334,053	\$ 1,611,890	\$ -	\$ 6,945,943
Construction in progress	-	455,477	-	455,477
Total Capital Assets Not Being Depreciated/ Amortized	5,334,053	2,067,367	-	7,401,420
Capital assets being depreciated/amortized				
Buildings and improvements	19,746,829	180,491	-	19,927,320
Machinery and equipment	7,624,730	522,136	163,158	8,163,710
Intangibles - software	693,931	84,194	8,000	770,125
Vehicles	7,701,477	752,890	555,190	7,899,177
Bridges	5,045,678	-	5,045,678	-
Streets	28,705,664	1,518,240	71,111	30,152,793
Street lighting	1,807,416	-	-	1,807,416
Sidewalks	5,034,851	105,215	6,839	5,133,227
Traffic signals	1,161,949	-	-	1,161,949
Trails	457,950	-	-	457,950
Fiber optic network	857,231	35,500	-	892,731
Total Capital Assets Being Depreciated/ Amortized	79,037,706	3,198,668	804,298	81,432,076
Less: Accumulated depreciation/amortization for Buildings and improvements	(12,145,299)	(386,484)	-	(12,529,783)
Machinery and equipment	(4,372,824)	(412,210)	91,597	(4,693,437)
Intangibles - software	(266,378)	(71,458)	8,000	(329,836)
Vehicles	(4,015,013)	(467,203)	282,468	(4,199,748)
Bridges	(3,217,491)	(100,914)	-	(3,318,405)
Streets	(13,028,905)	(603,056)	71,111	(13,560,850)
Street lighting	(1,155,052)	(59,345)	-	(1,214,397)
Sidewalks	(1,553,800)	(102,665)	6,839	(1,649,626)
Traffic signals	(859,598)	(34,900)	-	(894,498)
Trails	(150,843)	(22,898)	-	(173,741)
Fiber optic network	(99,661)	(17,854)	-	(117,515)
Total Accumulated Depreciation/Amortization	(40,862,864)	(2,278,987)	460,015	(42,681,836)
Total Capital Assets, Net of Depreciation/ Amortization	38,174,842	919,681	344,283	38,750,240
Capital Assets, Net of Depreciation/ Amortization	\$ 43,508,895	-	\$ -	\$ 46,151,660

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
General government	\$ -	\$ -	\$ -	\$ 412,116
Public safety	-	-	-	217,738
Public works, which includes the depreciation of infrastructure	-	-	-	1,515,869
Leisure activities	-	-	-	133,264
Total Governmental Activities Depreciation/Amortization Expense	-	-	-	\$ 2,278,987
Business-type Activities				
Capital assets not being depreciated				
Land and land rights	\$ 1,912,087	\$ -	\$ -	\$ 1,912,087
Construction in progress	1,376	20,474	-	21,850
Total Capital Assets Not Being Depreciated	1,913,463	20,474	-	1,933,937
Other Capital Assets				
Water system	48,091,239	749,652	59,524	48,781,367
Wastewater treatment system	40,973,291	1,015,053	240,942	41,747,402
Stormwater system	22,378,501	420,800	26,811	22,772,490
Transit vehicles and buildings	8,894,997	-	-	8,894,997
Airport runway infrastructure	6,998,900	-	-	6,998,900
Airport buildings and equipment	2,050,701	643,551	-	2,694,252
Edgewater buildings and improvements	2,419,425	22,547	-	2,441,972
Total Capital Assets Being Depreciated	131,807,054	2,851,603	327,277	134,331,380
Less: Accumulated depreciation for				
Water system	(14,056,163)	(1,279,021)	59,524	(15,275,660)
Wastewater treatment system	(15,625,958)	(1,041,075)	240,942	(16,426,091)
Stormwater system	(9,350,175)	(373,959)	26,811	(9,697,323)
Transit vehicles and buildings	(3,330,161)	(447,162)	-	(3,777,323)
Airport runway infrastructure	(5,454,875)	(349,945)	-	(5,804,820)
Airport buildings and equipment	(840,154)	(85,949)	-	(926,103)
Edgewater buildings and improvements	(2,023,603)	(61,491)	-	(2,085,094)
Total Accumulated Depreciation	(50,681,089)	(3,638,602)	327,277	(53,992,414)
Total Capital Assets, Net of Depreciation	81,125,965	(786,999)	-	80,338,966
Net Capital Assets	\$ 83,039,428	-	\$ -	\$ 82,272,903

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 1,162,430
Wastewater	1,039,100
Stormwater	373,959
Transit	447,162
Airport	435,894
Edgewater	61,491
Total Business-type Activities	<u>3,520,036</u>
Depreciation Expense	<u>\$ 3,520,036</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Soil remediation	8,639	\$ -
General fund	Section A-125	13,101	-
General fund	Airport fund	6,603	-
General fund	Water utility	815,500	-
General fund	Sewer utility	19,554	-
General fund	Stormwater utility	77,230	-
General fund	Transit fund	54,909	-
General fund	Edgewater fund	44,276	-
General capital projects	Water utility	348,089	-
General capital projects	Sewer utility	214,309	-
General capital projects	Stormwater utility	295,198	-
Hotel-motel room tax	Riverfront festival	10,000	-
Riverfront festival	Hotel-Motel room tax	12,890	-
Police grants	Transit fund	1,882	-
Stormwater utility	General fund	15,917	-
Water utility	General fund	13,747	-
Water utility	General capital projects	76,531	-

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Water utility	Stormwater utility	\$ 185,664	\$ -
Water utility	Sewer utility	398,561	-
Wastewater utility	General fund	15,661	-
Transit fund	General fund	46,214	-
Subtotal – Fund Financial Statements		2,674,475	
Less: Fund eliminations		(628,855)	
Less: Government-wide eliminations		(336,140)	
Less: Interfund receivable created with internal service fund elimination		(262,324)	
Plus: Interfund advances		191,425	
Total – Government-Wide Statement of Net Position		<u>\$ 1,638,581</u>	

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Governmental activity	Business-type activity	\$ 2,333,016	
Business-type activity	Governmental activity	(694,435)	
Total		<u>\$ 1,638,581</u>	

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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

Advances

The general fund is advancing funds for TID No. 6 and TID No. 8. The amount of the advance is determined by the deficiency of revenues over expenditures and other financing sources since the districts' inception. No repayment schedule has been established. The general fund is also advancing funds to the Airport. No repayment schedule has been established.

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Airport fund	\$ 16,000	\$ 16,000
General fund	TID No. 6	4,674,827	4,674,827
General fund	TID No. 8	852,936	852,936
Debt service fund	Wastewater utility	439,466	267,967
Transit fund	General capital projects	284,041	264,061
Sub-total – Fund Financial Statements		6,247,270	
Less: Fund eliminations		(5,527,763)	
Less: Government-wide eliminations		(528,082)	
Total – Interfund Advances		\$ 191,425	

The debt service fund has also advanced funds to the Wastewater Utility. A repayment schedule has been established.

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/16
1/1/2010	Wastewater Bio-gas project	11/1/2019	2.40%	\$ 1,500,000	\$ 439,466

Debt service requirements to maturity for the Wastewater advance are as follows:

Year Ending December 31	Principal	Interest	Totals
2017	\$ 171,499	\$ 10,611	\$ 182,110
2018	177,930	5,370	183,300
2019	90,037	1,351	91,388
Totals	\$ 439,466	\$ 17,332	\$ 456,798

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Special Revenue Funds		
General	Telecommunications	\$ 90,000	Operating transfer
General	Hotel/motel room tax	255,382	Operating transfer
General	Enterprise Fund	786,317	PILOT
General	Water utility		
Debt Service Funds	Special Revenue Funds		
General debt service	Hotel/Motel Room tax	150,000	Debt service
General debt service	Capital Projects Funds		
General debt service	General capital projects (pre-2011)	41,884	Debt service
Special Revenue Funds	General Fund		
Cell tower rent	General	243,601	To create fund
Section A-125	General	10,000	Operating transfer
Special Revenue Funds	Special Revenue Funds		
Riverfront festival	Hotel/motel room tax	12,890	Operating transfer
Willett ice arena	Hotel/motel room tax	432,170	Operating transfer
Capital Projects Funds	General Fund		
Vehicle/equipment	General	80,550	Operating transfer
Capital Projects Funds	Capital Projects Funds		
General capital projects	Industrial park improvements	168,808	To close fund
General capital projects	Special land purchase	225,173	To close fund
Capital Projects Funds	Capital Projects Funds		
TID No. 6	TID No. 7	261,000	Increment sharing
Enterprise Funds	Debt Service Fund		
Transit	Debt service	74,951	Debt service

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Enterprise Funds	General Fund		
Transit	General	\$ 395,785	Operating subsidy
Airport	General	32,729	Operating subsidy
Enterprise Funds	Capital Projects Funds		
Airport	General capital projects	28,237	Operating subsidy
Internal Service Funds	General Fund		
Employee sick leave	General	225,000	Sick leave payments
Property/liability reserve	General	75,000	Open fund
	Subtotal – Fund Financial Statements	3,589,477	
	Less: Fund eliminations	(2,271,458)	
	Less: Government-wide eliminations	(1,063,404)	
	Total – Government-Wide Statement of Activities	\$ 254,615	
	<u>Receivable Fund</u>	<u>Amount</u>	
Governmental activity	Business-type activity	\$ 786,317	
Business-type activity	Governmental activity	(531,702)	
Total		\$ 254,615	

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

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable	\$ 28,869,176	\$ 4,815,000	\$ 7,397,132	\$ 26,287,044	\$ 4,182,170
General obligation debt	-	-	-	-	-
Add/(Subtract) deferred amounts for Premiums	32,787	-	32,787	-	-
Total Bonds and Notes Payable	<u>28,901,963</u>	<u>4,815,000</u>	<u>7,429,919</u>	<u>26,287,044</u>	<u>4,182,170</u>
Other Liabilities					
Lease obligation	110,000	-	10,000	100,000	10,000
Vested compensated absences	1,628,632	742,708	325,726	2,045,614	409,123
Net pension (asset) liability	(2,480,066)	4,104,131	-	1,624,065	-
Other postemployment benefits liability	1,592,981	87,502	73,887	1,606,596	-
Sub-totals	<u>851,547</u>	<u>4,934,341</u>	<u>409,613</u>	<u>5,376,275</u>	<u>419,123</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 29,753,510</u>	<u>\$ 9,749,341</u>	<u>\$ 7,839,532</u>	<u>\$ 31,663,319</u>	<u>\$ 4,601,293</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable	\$ 1,678,055	\$ -	\$ 132,193	\$ 1,545,862	\$ 151,080
General obligation debt	16,047,062	-	900,757	15,146,305	900,659
Revenue bonds	17,725,117	-	1,032,950	16,692,167	1,051,739
Sub-totals	<u>35,450,234</u>	<u>-</u>	<u>1,065,899</u>	<u>33,384,424</u>	<u>2,103,478</u>
Other Liabilities					
Vested compensated absences	457,706	108,057	99,811	465,952	-
Net pension (asset) liability	(417,190)	711,157	-	293,967	-
Other postemployment benefits liability	245,053	10,512	6,896	248,669	-
Sub-totals	<u>285,569</u>	<u>829,726</u>	<u>106,707</u>	<u>1,008,588</u>	<u>-</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 18,010,686</u>	<u>\$ 829,726</u>	<u>\$ 1,139,657</u>	<u>\$ 17,700,755</u>	<u>\$ 1,051,739</u>

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2016 was \$88,864,330. Total general obligation debt outstanding at year end was \$27,832,906.

Governmental Activities		Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/16
General Obligation Debt						
G.O. notes - STFL	02/11/08	03/15/27		5.50%	\$ 1,000,000	\$ 571,751
G.O. notes	03/31/09	09/01/17		5.12%	3,650,000	700,000
G.O. notes	06/02/10	10/01/19		1.40-4.15%	3,000,000	1,900,000
G.O. notes (Comm. Dev. Bonds)	03/30/11	03/01/31		1.0-4.5%	5,965,000	4,415,000
G.O. notes	05/02/11	11/01/20		2.65%	3,315,000	1,715,000
G.O. refunding bonds	05/25/11	09/01/19		2.0-3.0%	2,870,000	1,025,000
G.O. bonds	02/22/12	08/01/21		1.86%	3,308,000	2,375,293
G.O. notes	02/01/13	08/01/21		1.49%	3,250,000	2,800,000
G.O. notes	04/01/13	10/01/23		2.10%	1,700,000	1,050,000
G.O. notes	12/30/13	12/01/23		2.0-3.5%	2,085,000	1,605,000
G.O. notes	12/30/13	12/01/23		1.0-2.6%	775,000	615,000
G.O. notes	03/12/14	02/01/24		2.00%	2,360,000	1,050,000
G.O. notes	03/11/15	02/01/23		1.98%	1,750,000	1,650,000
G.O. notes	03/16/16	02/01/22		1.95%	1,510,000	1,510,000
G.O. notes	05/11/16	05/01/28		1.5-2.0%	3,305,000	3,305,000
Total Governmental Activities – General Obligation Debt						\$ 26,287,044

Business-type Activities		Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/16
General Obligation Debt						
G.O. notes	12/09/09	05/01/29		2.67%	\$ 1,417,205	\$ 1,056,155
G.O. bonds	02/22/12	08/01/21		1.86%	682,000	489,707
Total Business-type Activities General Obligation Debt						\$ 1,545,862

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 4,182,170	\$ 664,328	\$ 151,080	\$ 35,968
2018	3,879,583	540,594	142,666	32,656
2019	4,134,381	445,375	177,034	29,245
2020	3,319,024	445,507	186,666	25,338
2021	2,853,927	375,283	196,352	21,156
2022-2026	5,940,982	1,948,272	415,322	65,204
2027-2031	1,976,977	161,472	276,742	11,204
Totals	\$ 26,287,044	\$ 4,580,831	\$ 1,545,862	\$ 220,771

Revenue Debt

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

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	
				12/31/16	Balance 12/31/16
Wastewater Department					
Sewer system bonds	04/28/10	05/01/29	2.48%	3,019,439	\$ 2,219,457
Sewer system bonds	03/25/10	05/01/30	1.9-6.15%	4,790,000	3,910,000
Water Department					
Water system bonds	07/13/11	05/01/31	2.20%	10,964,228	9,016,848
Total Business-type Activities Revenue Debt				\$ 15,146,305	

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 900,659	\$ 449,297
2018	925,608	423,758
2019	945,898	396,930
2020	971,533	368,891
2021	987,523	339,735
2022-2026	5,300,476	1,222,172
2027-2031	5,114,608	355,193
Totals	\$ 15,146,305	\$ 3,555,976

The Series A 2010 Capital Projects debt, in the amount of \$4,790,000, was issued under the taxable municipal debt Build America Bond program (BABs). The department's annual interest expense for these bonds is shown at gross and will be reduced by a 35% federal interest subsidy provided by the federal government. During federal fiscal year 2016, the federal interest subsidy was reduced by 6.8% and during federal fiscal year 2017, the subsidy will be reduced by 6.9%. This amount may continue to change based on sequestration.

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2016 was \$1,374,268. A total customer net revenue as defined for 2016 was \$4,289,704. Annual principal and interest payments are expected to require 29% and 30% of net revenues on average, respectively, for the Wastewater Utility and the Water Utility. Total principal and interest remaining to be paid on the bonds is \$18,702,281.

Other Debt Information

Estimated payments of compensated absences, net pension liability and other post employment benefits obligation are not included in the debt service requirement schedules. The compensated absences liability, net pension liability, and other post employment benefits obligation attributable to governmental activities will be liquidated primarily by the general fund. The lease obligation will be liquidated by TID No. 6.

Current Refunding

On May 11, 2016 the city issued \$3,305,000 in general obligation notes with an average coupon rate of 1.93% to refund \$2,555,000 of outstanding notes with an average coupon rate of 3.75%. The net proceeds along with existing funds of the city were used to prepay the outstanding debt.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Current Refunding (cont.)

The cash flow requirements on the refunded debt prior to the current refunding was \$4,214,444 from 2016 to 2028. The cash flow requirements on the refunding bonds are \$3,706,957 from 2016 through 2028. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$445,132.

G. LEASE DISCLOSURES

Lessor – Operating Leases

The city has entered into a lease with the Midstate Technical and Adult Education District for use of a wing constructed on the campus. The city received one rent payment of \$80,386 for the entire duration of the lease, representing their share of the construction costs. The lease expired on December 31, 2016.

During 2013, the Community Development Authority (CDA) assigned a lease obligation in the amount of \$140,000 for Old Dunham's building to the city. The CDA retained ownership of the building. On January 1, 2014, the CDA dissolved and the Redevelopment Authority (RDA) took over ownership of the building. This lease obligation will be liquidated by TID No. 6.

Debt service requirements to maturity are as follows:

<u>Years</u>	Lease Obligation Principal
2017	\$ 10,000
2018	10,000
2019	10,000
2020	10,000
2021	10,000
2022-2026	50,000
Totals	\$ 100,000

The city has no other material operating or capital leases as lessee or lessor.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016 includes the following:

Governmental Activities	
Net Investment in Capital Assets	
Land	\$ 6,945,943
Construction in progress	455,477
Other capital assets, net of accumulated depreciation/amortization	38,750,240
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(18,189,870)
Total Net Investment in Capital Assets	<u>27,961,790</u>

Restricted	
Debt service	932,734
Tourism promotion	919,806
Library	57,385
Health	152,550
Parks	220,210
Housing rehabilitation	2,571,950
Public safety – law enforcement	311,499
TID development	3,189,072
Total Restricted	<u>8,355,206</u>

Unrestricted	<u>22,268,336</u>
Total Governmental Activities Net Position	<u>\$ 58,585,332</u>

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

Nonspendable	
Major Funds	
General Fund	\$ 45,336
Delinquent personal property taxes	236,515
Prepaid items	644,739
Inventories	5,543,763
Noncurrent receivables	
Total	<u>\$ 6,470,353</u>

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)	
Nonmajor Funds	
Special Revenue Fund	\$ 1,751
Telecommunications – prepaid items	
Permanent Funds	
United Way – health purposes	15,000
Library General Endowment Trust – library purposes	57,385
Willett Parks Trust – parks purposes	5,130
Smongeski Trust – health purposes	137,550
Total Permanent Funds	<u>215,065</u>
Total Nonmajor Funds	<u>\$ 216,816</u>

Restricted	
Major Funds	
General Fund – park purpose	\$ 22,554
General Debt Service Fund – debt service purposes	\$ 1,004,660
TID No. 7 – TID development	<u>\$ 183,938</u>

Nonmajor Funds	
Special Revenue Funds	
Hotel/motel room tax – tourism promotion	\$ 919,806
State EMS Act 102 grant – law enforcement purposes	78,248
Department of administration – housing rehabilitation	64,565
HRRP project grant – housing rehabilitation	58,080
Federal forfeitures expenditures – law enforcement purposes	66,311
Drug task force – law enforcement purposes	48,631
Police grants – law enforcement purposes	117,809
Fire grants – fire department purposes	500
Funds in lieu of parks – parks purposes	37,387
Sub-total	<u>1,391,337</u>

Capital Projects Funds	
General capital projects (pre-2011) – capital construction and purchases	155,139
TID No. 5 – TID development	638,125
TID No. 9 – TID development	2,367,009
Sub-total	<u>3,160,273</u>
Total Nonmajor Funds	<u>\$ 4,551,610</u>

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Committed	
Nonmajor Funds	
Special Revenue Funds	\$ 2,335
CAP loan levy – housing rehabilitation	57,150
Fuel dispenser system replacement – capital purposes	22,421
Riverfront festival – recreation purposes	22,513
Blight elimination – conservation purposes	738,568
Telecommunication purposes	28,915
Museum – recreation purposes	122,463
Community rehab revolving loan – housing rehabilitation	308,928
Williett ice arena – recreation purposes	251,287
Cell tower rent – parks purposes	11,382
Park trust – parks purposes	311,707
Special assessments – public works purposes	1,877,669
Sub-total	<u>3,821,268</u>
Capital Projects Funds	
Fire safety smoke house – capital purposes	541
Subdivision development construction – capital purposes	1,790,259
Vehicle equipment – capital purposes	152,799
Sub-total	<u>1,943,599</u>
Total Nonmajor Funds	<u>\$ 3,821,268</u>
Assigned	
Major Funds	
General Fund	\$ 137,858
Landfill abatement	30
Gus Macker bid	74,234
Tree cutting	425,000
Cobblestone development	317,956
Encumbrances	2,596
Deer culling	4,441
Sculpture park	20,076
Parks	170,833
TID 6 expenditures	4,136
Fire department overtime	54,735
Cemetery use	753,465
Future budget – capital	826
Turtle signs	786,316
PILOT	27,417
County ambulance funds	22
Fire donations	240
Chaplain donations	356,093
Emerald Ash Borer	
Total	<u>\$ 3,136,274</u>
General Capital Projects	
Capital purposes	<u>\$ 6,723,362</u>

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Assigned (cont.)	
Nonmajor Funds	
Capital Projects Funds	\$ 38,583
General capital projects (pre-2011) – capital purposes	
Special Revenue Fund	<u>30,353</u>
McDill lake management – dam repair and management	<u>68,936</u>
Total	
Unassigned (deficit)	
Major Funds	
General Fund	\$ 10,961,970
TID No. 6	<u>(4,690,330)</u>
Nonmajor Funds	
Special Revenue Funds	
Soil remediation	\$ (8,638)
Section A-125	<u>(13,101)</u>
Total Special Revenue Funds	<u>(21,739)</u>
Capital Projects Fund	
TID No. 8	<u>(848,170)</u>
Total Nonmajor Funds	<u>\$ (869,909)</u>
Business-type Activities	
Net Investment in Capital Assets	
Land	\$ 1,912,087
Construction in progress	21,850
Other capital assets, net of accumulated depreciation	80,338,966
Add: reserve from borrowing	443,293
Less: related long-term debt outstanding	<u>(17,131,633)</u>
Total Net Investment in Capital Assets	<u>65,584,563</u>
Restricted (See Note IV. C.)	3,481,470
Unrestricted	<u>14,577,895</u>
Total Business-type Activities Net Position	<u>\$ 83,643,928</u>

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT

Redevelopment Authority of the City of Stevens Point

This report contains the Redevelopment Authority (Authority), which is included as a discretely presented component unit.

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

1. Basis of Accounting/Measurement Focus

The Authority prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus. No conversion entries are necessary to convert the Authority financial statements to the full accrual method.

2. Cash and Investments

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

Investment of Authority funds is restricted by state statutes. Available investments are limited to those listed in Note I.D. 1.

The Authority has adopted an investment policy, which includes allowable investments. The Authority's policy does not address the following risks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in this footnote. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

2. Cash and Investments (cont.)

The Authority's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 1,396,478	\$ 1,396,479	Custodial credit risk
U.S. agencies – explicitly guaranteed	704,667	704,667	Custodial credit risk, interest rate risk, investments highly sensitive to interest rate changes
State and local bonds	99,429	99,429	Custodial credit risk, interest rate risk, credit risk, concentration of credit risk, investments highly sensitive to interest rate changes
Petty Cash	185	-	None
Total Cash and Investments	\$ 2,200,759	\$ 2,200,575	

Reconciliation to financial statements

Per statement of net position	\$ 2,200,759
Unrestricted cash and investments	\$ 2,200,759
Total Cash and Investments	\$ 2,200,759

The Authority 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 other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

> Market approach

Investment Type	December 31, 2016		
	Level 1	Level 2	Level 3
U.S. Agencies – explicitly guaranteed	\$ -	\$ 704,667	\$ -
State and local bonds	-	99,429	99,429
Totals	\$ -	\$ 804,096	\$ -

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

2. Cash and Investments (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts collateralized.

Custodial Credit Risk

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

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

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

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

Credit Risk

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

The state and local bonds were rated Aa2 by Moody's at December 31, 2016.

Concentration of Credit Risk

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

At December 31, 2016, the Authority held investments in the bonds of Milwaukee County, Wisconsin that were 12.37% of the Authority's total investment portfolio.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

2. Cash and Investments (cont.)

Interest Rate Risk

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

As of December 31, 2016, the Authority's investments were as follows:

Investment Type	Fair Value	Maturity (in Years)		
		Less than one year	1 – 5	6 – 30
State and local bonds	\$ 99,429	\$ -	\$ -	\$ 99,429
U.S. agencies – explicitly guaranteed	704,667	-	21,392	683,275
Total	\$ 804,096	\$ -	\$ 21,392	\$ 782,704

Investments Highly Sensitive to Market Changes

The Authority held securities of \$633,614 with maturities exceeding ten years.

3. Receivables

Accounts receivable has been adjusted for any known uncollectible accounts. There is no allowance as of December 31, 2016.

The Authority has used local funds for housing rehabilitation loan programs to loan to various individuals. The Authority has also issued a loan to the Children's Museum of the City of Stevens Point. The Authority records a loan receivable when the loan has been made and funds have been disbursed.

It is the Authority's policy to record a receivable when the initial loan is made. The net amount of the loan receivable balance is included in unrestricted net position. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as unrestricted net position in the financial statements.

All of the receivables on the statement of net position are expected to be collected within one year except for loans receivable. There is a small portion of loans that are being repaid. Loans receivable that are due within one year total \$4,249.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

4. Land Held for Resale

On the statement of net position, land held for resale consists of land and improvements and is valued at historical cost. Properties include both land intended for resale and land designated as public area.

5. Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The Authority has no infrastructure assets.

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

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

Land improvements	15 – 25 years
Buildings	40 years

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

5. Capital Assets (cont.)

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 1,334,595	\$ -	\$ 265,333	\$ 1,069,262
Total Capital Assets Not Being Depreciated	<u>\$ 1,334,595</u>	<u>\$ -</u>	<u>\$ 265,333</u>	<u>\$ 1,069,262</u>
Other Capital Assets				
Land improvements	\$ 1,796,255	\$ -	\$ 34,819	\$ 1,761,436
Buildings	<u>1,528,100</u>	<u>-</u>	<u>-</u>	<u>1,528,100</u>
Total Capital Assets Being Depreciated	<u>3,324,355</u>	<u>-</u>	<u>34,819</u>	<u>3,289,536</u>
Less: Accumulated depreciation for				
Land improvements	(287,108)	(71,007)	2,818	(355,297)
Buildings	<u>(181,462)</u>	<u>(38,203)</u>	<u>-</u>	<u>(219,665)</u>
Total Accumulated Depreciation	<u>(468,570)</u>	<u>(109,210)</u>	<u>2,818</u>	<u>(574,962)</u>
Net Other Capital Assets	<u>\$ 2,855,785</u>			<u>\$ 2,714,574</u>

6. Lease Disclosures

During 2013, the Community Development Authority (CDA) assigned a lease obligation in the amount of \$140,000 for Old Durham's building to the city. The CDA retained ownership of the building. On January 1, 2014, the CDA dissolved and the Redevelopment Authority (RDA) took over ownership of the building. This lease obligation will be liquidated by TID No. 6.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

7. **Compensated Absences/Other Post-Employment Benefits**
City of Stevens Point employees provide the necessary staffing to operate the Authority's operations. These employees receive benefits according to the City of Stevens Point's policies. All vested vacation and sick leave pay is accrued when incurred. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016 are determined on the basis of current salary rates and include salary related payments. Other postemployment benefit information related specifically to the Authority is unavailable. See the other postemployment benefits note (Note V. E.).

8. **Net Position**

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

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

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

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

8. **Net Position (cont.)**

Net position reported on the statement of net position at December 31, 2016 includes the following:

Investment in Capital Assets	
Land	\$ 1,069,262
Other capital assets, net of accumulated depreciation	2,714,574
Total Investment in Capital Assets	<u>3,783,836</u>
Unrestricted	4,595,650
Total Net Position	<u>\$ 8,379,486</u>

9. **Revenue and Expenses**

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to tenants for rent. Operating expenses for enterprise funds include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

10. **Other Information**

Employer's Retirement System

The City of Stevens Point employees provide the necessary staffing to operate the Authority operations and the city makes the required contributions to the Wisconsin Retirement System. Information related to the Wisconsin Retirement System specific to the Authority is unavailable. See Note V. A.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT (cont.)

Redevelopment Authority of the City of Stevens Point (cont.)

10. Other Information (cont.)

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets and errors and omission. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are incurred.

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

Related Parties

The administration and operation of the Authority is performed by employees of the City of Stevens Point. The Authority pays the City of Stevens Point for these services, as well as other allocated costs.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The 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 and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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 after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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 and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employer 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 \$1,146,120 in contributions from the city.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	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%

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2016, the city reported a liability of \$1,918,032 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 118034140%, which was a decrease of .000080840% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$2,323,543.

At December 31, 2016, the city reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 324,477	\$ 4,036,465
Changes of actuarial assumptions	1,341,939	-
Net differences between projected and actual earnings on pension plan investments	7,852,971	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,438	-
Employer contributions subsequent to the measurement date	1,170,735	-
Totals	\$ 10,762,560	\$ 4,036,465

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,170,735 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. 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
2017	\$ 2,492,970	\$ 976,832
2018	2,492,970	976,832
2019	2,492,968	976,832
2020	2,069,967	976,832
2021	42,950	129,137

Actuarial assumptions. The total 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 Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	3.2%
Inflation	0.2%-5.6%
Seniority/Merit	Wisconsin 2012 Mortality Table
Mortality:	2.1%
Post-retirement Adjustments*:	

* 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 adjustment 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.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 %	Long-Term Expected Real Rate of Return %
US Equities	27%	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	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
Variable Fund Asset Class				
U.S. 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

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 3.56%. 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. For purposes of the single discount rate, it was assumed that the dividend would 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.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the city's proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the city's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.20 percent, 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 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension (asset) liability	\$ 13,453,112	\$ 1,918,032	\$ (7,091,072)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://efr.wi.gov/publications/cafr.htm> and reference report number 15-11.

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. Risk Management

The city is exposed to various risks of loss related to toris; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The city purchases commercial insurance to provide coverage for losses from most of these risks excluding health care of its employees and worker's compensation. However, the risks related to providing for the health care of its employees and worker's compensation are accounted for and financed by the city in internal service funds – the employee self-insurance fund and the worker's comp self-insurance internal service fund. There were no material reductions in purchased coverage for 2016 and settled claims have not exceeded the commercial coverage in any of the past three years.

Self Insurance – Health Care

For employee health care claims, the uninsured risk of loss is \$60,000 annually per covered individual. The number of covered participants is 495. The city has purchased commercial insurance for claims in excess of those amounts.

All funds of the city other than the enterprise funds, participate in the risk management program. Amounts payable to the employee self-insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current claims and to establish a reserve for catastrophic losses.

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

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

B. Risk Management (cont.)

Claims Liability – Health Care

	Prior Year	Current Year
Unpaid claims – beginning of year	\$ 243,654	\$ 208,754
Current year claims and changes in estimates	3,367,368	3,291,620
Claim payments	(3,402,268)	(3,188,406)
Unpaid Claims – End of Year	\$ 208,754	\$ 331,968

Self Insurance – Worker's Compensation

For worker's compensation, the uninsured risk of loss is \$500,000 annually per covered individual. The number of covered employees is 220. The city has purchased commercial insurance claims in excess of those amounts.

All funds of the city other than the enterprise funds, participate in the risk management program. Amounts payable to the worker's comp self-insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current claims and to establish a reserve for catastrophic losses.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The city does not allocate overhead costs or other non-incremental costs to the claims liability. The city does not have any claims that have been incurred, but not reported as of December 31, 2016.

Transit Mutual Insurance Corporation of Wisconsin (TMIC)

Transit Mutual Insurance Corporation of Wisconsin (TMI) is a municipal mutual insurance corporation, which insures auto liability and auto physical damage for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The city insures its transit systems' auto liability and physical damage with TMI and is an owner of the corporation.

The city's auto liability insurance policy has a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,500,000 and reinsures \$4,500,000 with Genesis Insurance. In addition, the city's policy provides for \$25,000 per person and \$50,000 per accident in uninsured motorist insurance.

The physical damage policy issued by TMI to the city provides collision and comprehensive coverage for the lesser of the agreed value or the cost of repairs minus a \$500 per accident deductible for private passenger and service units and a \$1,000 per accident deductible for bus units.

Management of TMI consists of a board of directors comprised of one representative for each member. The city does not exercise any control over the activities of the corporation beyond its representation on the board of directors.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

B. Risk Management (cont.)

Transit Mutual Insurance Corporation of Wisconsin (TMIC) (cont.)

Premiums are determined in advance of each premium year, which begins on January 1. TMI is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the premium year. Members are required by Wisconsin statute and TMI bylaws to fund any deficit attributable to a premium year during which they were a member. TMI was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums.

The city's share of this corporation is 1.97% for auto liability and 2.29% of physical damage liability. A list of the other members and their share of participation is available in the TMI report which can be obtained directly from TMI's offices.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

In 2006, the city committed to a municipal revenue obligation as part of a development agreement with Northpoint Center, LLC. The amount of the obligation is \$556,062, and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 5. Payments are scheduled through the year 2025, and carry an interest rate of 5.5%. The interest payment on the liability is included in the maximum obligation of \$556,062. The obligation does not constitute a charge upon any funds of the city, in the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end has not been determined. \$47,961 was paid to the developer during 2016. As of December 31, 2016, a total of \$482,229 has been paid out on the agreement.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

In 2007, the city entered into a developer agreement with Executive Place at Point, LLC. The city agreed to make a contribution of \$1,000,000 to the project, which was paid in 2007 out of TID No. 6. In consideration for the city's contribution, the developer agreed to pay a minimum real estate tax payment for 2008 through 2028. In 2014, the agreement was amended to require the developer to provide \$147,000 to the city to pay down debt related to the agreement. In exchange, the city released collateral securing the agreement and removed the requirement to make minimum real estate tax payments

In 2008, the city committed to a municipal revenue obligation as part of a development agreement with Gerrard Corporation. The amount of the obligation may be up to \$244,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 5. Payments are scheduled through the year 2022, and carry an interest rate of 6%. The interest payment on the liability is included in the maximum obligation of \$244,000. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end has not been determined. \$35,181 was paid to the developer during 2016. As of December 31, 2016, a total of \$208,756 has been paid out on the agreement.

In 2008, the city entered into a developer agreement with Meridian TG LLC. The city agreed to make a developer incentive payment of \$1,000,000 and contribute \$530,000 for site work. The site work payment of \$530,000 and \$757,313 of developer incentive payment were expended in 2009. The city also agreed to make tenant incentive payments through 2028 contingent upon the tenant maintaining certain employment levels. The tenant incentive payments are payable solely from excess revenues generated by TID No. 7. The tenant incentive payments are not considered general obligation debt. After 2028, there is no further liability to the city. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end has not been determined. \$199,217 was paid by the city as a tenant incentive during 2016. This project was sold to American International Realty Corp and as of December 31, 2016, \$1,244,126 has been paid out.

In 2013, the city entered into a developer agreement with Service Cold Storage, LLC. The city agreed to make a contribution of \$419,000 to the project, as well as reimburse the developer \$19,200 for clearing vegetation from the Development site for a total of \$438,200, which was paid in 2013 by TID No. 9. In consideration for the city contribution, the developer will contemplate expending approximately \$15,750,000 in total on the construction of a cold storage warehouse building. Upon completion, the property shall have an assessed value of at least \$10,000,000. During 2013, the city also gave Service Cold Storage, LLC land as part of this agreement. The value of the land was estimated to be \$807,500. In 2016, this agreement was amended. The developer paid the city \$2,005,210 in 2016 in exchange for switching the agreement to a pay as you go development agreement. The city will pay 70% of the tax increment to the developer annually until 2033. The balance of the commitment outstanding at year end has not been determined. As of December 31, 2016, no amounts have been paid out on the amended agreement.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

In 2014, the city committed to a municipal revenue obligation as part of a development agreement with SkyGroup, LLC. The city will reimburse the developer for improvements made up to the amount of increments earned by the development. This obligation is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 9. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end has not been determined. \$2,751 was paid to the developer during 2016. As of December 31, 2016, \$2,751 has been paid out on the agreement.

In 2015, the city entered into a developer agreement with KI Properties, LLC. The city agreed to loan the developer's parent company, KI Mobility, LLC \$475,000. The loan has a term of eleven (11) years and carries an interest rate of 3%. The loan will be repaid with 75% of the increase in tax increment generated by the development. The city will repay any surplus to the developer and the developer will repay any deficiency to the city. The loan was issued during 2016. No repayments have been made to the city at December 31, 2016.

In 2016, the city entered into a developer agreement with Cobblestone Hotel Development, LLC. The city agreed to make a grant of \$850,000 to Cobblestone. Upon closing, the Redevelopment Authority agreed to transfer the development site to the developer for \$1. In consideration for the city's contribution, the developer agreed to make private improvements of approximately \$5,000,000 and pay a minimum real estate tax payment of \$102,500 until 2028. As of December 31, 2016, no amounts have been paid out on the agreement.

D. JOINT VENTURE

Stevens Point-Plover Municipal Court

The City of Stevens Point and the Village of Plover jointly operate the local municipal court which is called the Stevens Point-Plover Municipal Court and provides non-criminal citation processing.

The communities share in the annual operation of the municipal court based on the joint venture agreement as follows:

	Municipality	Participation
City of Stevens Point		75%
Village of Plover		25
Total		100%

The governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2016 is available directly from the municipal court in Stevens Point, Wisconsin.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

D. JOINT VENTURE (cont.)

Stevens Point-Plover Municipal Court (cont.)

The city accounts for its share of operation in the general fund. The city has an equity interest in the organization equal to its share of participation. The equity interest relative to capital assets is reported in the governmental activities.

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The city has adopted a plan that provides postemployment medical benefits for retirees and their dependents. Upon retirement, individuals are eligible to continue to receive coverage under the employer-provided group medical plan. This results in another 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. For fiscal year 2016, total member contributions were \$90,837.

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

Annual required contribution	\$ 161,736
Interest on net OPEB obligation	73,522
Adjustment to annual required contribution	<u>(127,190)</u>
Annual OPEB cost	108,068
Contributions made	<u>(90,837)</u>
Increase in Net OPEB Obligation	17,231
Net OPEB Obligation – Beginning of Year	<u>1,838,034</u>
Net OPEB Obligation – End of Year	<u>\$ 1,855,265</u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
	\$ 219,593	41%	\$ 1,796,565
	113,607	63	1,838,034
	108,068	84	1,855,265

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

The funded status of the plans as of January 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,287,933
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,287,933</u>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$ 13,068,706
UAAL as a percentage of covered payroll	9.90%

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The 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 unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return and an annual healthcare cost trend rate of 8.0% initially, increased by decrements to an ultimate rate of 5.5% after 10 years. The plan's unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The amortization period at December 31, 2016 was 23 years.

F. SIGNIFICANT CUSTOMERS

Water Utility

The water utility has one significant customer who is responsible for 19% of operating revenues in 2016.

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

G. SUBSEQUENT EVENT

On April 4, 2017, the city issued a \$3,050,000 general obligation promissory note with an interest rate of 2.03% to finance public projects.

In January 2017, the Water Department approved a contract for design services on the water garage project not to exceed \$126,000.

In February 2017, the Wastewater Department approved a contract for design services for the wastewater treatment plant upgrades not to exceed \$1,280,000. The Wastewater Department also approved a sewer lining contract not to exceed \$216,000 in April 2017.

H. RELATED ORGANIZATION

Housing Authority

The city's officials are responsible for appointing board members of the Stevens Point Housing Authority, but the city's accountability for this organization does not extend beyond making the appointments.

I. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or an entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or citizens of those governments.

The city through its Tax Incremental Financing Districts (TID) Nos. 5, 7, 8, and 9, has entered into tax abatement agreements with developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

The following is a summary of agreements that include tax abatements at December 31, 2016:

<u>Agreement Description</u>	<u>Calculation Method</u>	<u>Developer Commitment</u>	<u>2016 Payments</u>
TID No. 5	Available increment	Construction of improvements	\$ 35,181
TID No. 5	Available increment	Construction of improvements	47,961
TID No. 7	Available increment	Construction of improvements	199,217
	\$56,659 is forgiven annually if increment is sufficient		
TID No. 8	Available increment	Construction of improvements	-
TID No. 9	70%	Construction of improvements	2,751
TID No. 9		Construction of improvements	-

CITY OF STEVENS POINT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STEVENS POINT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Property taxes	\$ 10,851,908	\$ 10,851,908	\$ 10,854,541	\$ 2,633
Mobile home taxes	70,000	70,000	54,250	(15,750)
Sales taxes retained	100	100	120	20
Fuel tax refund	6,000	6,000	8,152	2,152
Payment in lieu of tax	94,878	94,878	111,612	16,734
Interest on taxes	25,000	25,000	28,583	3,583
TOTALS	11,047,886	11,047,886	11,057,258	9,372
SPECIAL ASSESSMENTS	71,000	71,000	208,239	137,239
INTERGOVERNMENTAL REVENUES				
State shared revenue	3,348,839	3,348,839	3,343,854	(4,985)
State exempt computer aid	320,000	320,000	312,715	(7,285)
Fire insurance	67,000	67,000	74,307	7,307
State transportation aid	1,327,393	1,327,393	1,326,743	(650)
State connecting street aid	103,597	103,597	102,554	(1,043)
State expenditure restraint aid	427,884	427,884	427,883	(1)
State payment for municipal services	459,817	459,817	457,880	(1,937)
Other state aid	7,040	7,040	6,400	(640)
Other local payments	58,268	58,268	55,834	(2,434)
TOTALS	6,119,838	6,119,838	6,109,670	(10,168)
LICENSES AND PERMITS				
Operator licenses	18,000	18,000	17,206	(794)
Liquor licenses	39,000	39,000	41,329	2,329
Dog and cat licenses	2,500	2,500	2,366	(134)
Other nonbusiness licenses	5,888	5,888	8,473	2,585
Business and occupational licenses	70,210	70,210	7,057	(63,153)
Building and zoning permits	126,514	126,514	302,177	175,663
Other permits	-	-	20	20
TOTALS	262,112	262,112	378,628	116,516
FINES, FORFEITURES AND PENALTIES				
Court fees	292,000	292,000	299,121	7,121
Parking fines	130,000	130,000	156,800	26,800
Other	200	200	7,085	6,885
TOTALS	422,200	422,200	463,006	40,806

See independent auditors' report and accompanying notes to required supplementary information. Page 75

CITY OF STEVENS POINT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (cont.)
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Clerk fees	3,500	3,500	10,326	6,826
Public safety	22,250	22,250	39,435	17,185
Public works	3,000	3,000	107	(2,893)
Engineering	1,500	1,500	69	(1,431)
Parking related revenues	36,000	36,000	33,796	(2,204)
Cemetery	3,000	3,000	4,500	1,500
Recreation department	14,400	14,400	9,218	(5,182)
Parks	48,700	48,700	45,452	(3,248)
Swimming	40,000	40,000	45,541	5,541
Other charges for services	15,900	15,900	29,470	13,570
TOTALS	188,250	188,250	217,914	29,664
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Cell tower rent	-	-	17,007	17,007
Public housing	31,584	31,584	31,584	-
Local utilities	-	-	3,490	3,490
Stormwater street sweeping subsidy	70,000	70,000	70,000	-
County ambulance subsidy	1,939,072	1,939,072	1,939,072	-
School district police liaison	158,840	158,840	161,222	2,382
Other public safety	2,500	2,500	3,775	1,275
TOTALS	2,201,986	2,201,986	2,226,150	24,164
INVESTMENT INCOME				
Investments	202,000	202,000	246,005	44,005
Special assessments	-	-	2,718	2,718
TOTALS	202,000	202,000	248,723	46,723
MISCELLANEOUS				
Equipment and property rental	41,000	41,000	51,015	10,015
Insurance recoveries	-	-	7,226	7,226
Donations	-	-	20,280	20,280
Material sales	2,000	2,000	6,019	4,019
Other	150,328	150,328	176,960	26,632
TOTALS	193,328	193,328	261,500	68,172
OTHER FINANCING SOURCES				
Equipment and vehicle sales	-	-	2,867	2,867
Transfer in	310,000	310,000	345,382	35,382
Transfer in - tax equivalent	790,000	790,000	786,317	(3,683)
TOTALS	1,100,000	1,100,000	1,134,566	34,566
TOTAL REVENUES AND OTHER SOURCES	21,808,610	21,808,610	22,305,654	497,044

See independent auditors' report and accompanying notes to required supplementary information. Page 76

CITY OF STEVENS POINT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (cont.)
For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
Common council	\$ 60,348	\$ 60,348	\$ 59,200	\$ 1,148
Legal	189,929	183,039	183,039	6,890
Mayor	109,603	107,603	107,959	1,644
Comptroller-Treasurer	385,227	385,227	380,410	4,817
Clerk	237,130	237,130	236,311	819
Personnel	191,220	191,220	189,490	1,730
Elections	65,800	65,800	67,862	(2,062)
Information technology	203,990	203,990	203,520	470
Audit	60,000	60,000	63,026	(3,026)
Assessor	229,083	229,083	227,580	1,503
City hall	300,100	300,100	219,507	80,593
Municipal memberships	7,700	7,700	7,461	239
Police and fire commission	6,010	6,010	3,152	2,858
Insurance	200,000	200,000	129,443	70,557
Other general government	311,888	311,888	248,448	66,440
TOTALS	2,558,028	2,558,028	2,324,408	233,620
PUBLIC SAFETY				
Police	5,186,689	5,186,689	5,049,240	137,449
Fire stations	41,694	41,694	35,637	6,057
Fire department operations	2,635,298	2,635,298	2,528,545	106,753
Fire protection administration	239,080	239,080	239,880	(800)
Fire safety and education	53,875	53,875	43,852	10,023
Ambulance	1,939,072	1,939,072	1,939,205	(133)
Municipal court	108,599	108,599	103,136	5,463
Inspection	577,392	577,392	535,065	42,327
TOTALS	10,781,699	10,781,699	10,474,560	307,139

See independent auditors' report and accompanying notes to required supplementary information. Page 77

CITY OF STEVENS POINT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (cont.)
For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC WORKS				
Public works administration	\$ 1,574,122	\$ 1,574,122	\$ 1,541,760	\$ 32,362
Fleet maintenance	821,638	821,638	860,810	160,828
Public works - eligible	2,435,854	2,435,854	2,475,895	(40,041)
Public works - ineligible	116,099	116,099	77,114	38,985
Special events	12,000	12,000	6,656	5,344
City owned property expenses	33,213	33,213	35,179	(1,966)
Downtown maintenance	48,500	48,500	56,884	(8,384)
Weed harvester	9,878	9,878	6,771	3,107
Refuse and garbage collections	438,380	438,380	445,803	(7,423)
Recycling	119,059	119,059	55,597	63,462
TOTALS	5,608,743	5,608,743	5,362,469	246,274
HEALTH AND HUMAN SERVICES				
Humane Society	78,000	78,000	77,226	774
Cemetery	20,797	20,797	25,297	(4,500)
TOTALS	98,797	98,797	102,523	(3,726)
CULTURE, RECREATION AND EDUCATION				
Parks and recreation	810,372	810,372	739,351	71,021
Recreation programs	499,053	499,053	497,229	1,824
Celebrations	6,100	6,100	6,100	-
Historical society program	1,000	1,000	1,000	-
Winter recreation	33,720	33,720	19,953	13,767
Swimming pool	127,709	127,709	118,621	9,088
TOTALS	1,477,954	1,477,954	1,382,254	95,700
CONSERVATION AND DEVELOPMENT				
Forestry	275,776	275,776	347,284	(71,508)

See independent auditors' report and accompanying notes to required supplementary information. Page 78

CITY OF STEVENS POINT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (cont.)
For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final		Final	Budget
CAPITAL OUTLAY					
General Government					
City hall	\$ 103,000	\$ 103,000	\$ 201,827	\$ (98,827)	
Financial administration	57,600	57,600	75,913	(18,313)	
Total General Government	160,600	160,600	277,740	(117,140)	
Public Safety					
Police	93,000	93,000	49,817	43,183	
Fire protection	56,000	56,000	86,979	(30,979)	
Inspection	4,000	4,000	573	3,427	
Total Public Safety	153,000	153,000	137,369	15,631	
Public Works					
Engineering	70,000	70,000	50,587	19,413	
Garbage and recycling	26,000	26,000	25,570	430	
Transit	159,700	159,700	-	159,700	
Total Public Works	255,700	255,700	76,157	179,543	
Culture, Recreation and Education					
Parks	59,500	59,500	41,758	17,742	
Pools	76,500	76,500	45,956	30,544	
Total Culture, Recreation and Education	136,000	136,000	87,714	48,286	
TOTALS	705,300	705,300	578,980	126,320	
OTHER FINANCING USES					
Transfer out	675,785	675,785	1,062,665	(386,880)	
TOTAL EXPENDITURES AND OTHER USES	22,182,082	22,182,082	21,635,143	546,939	
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(373,472)	(373,472)	670,511	1,043,983	
FUND BALANCE - BEGINNING OF YEAR	19,920,640	19,920,640	19,920,640	-	
FUND BALANCE - END OF YEAR	\$ 19,547,168	\$ 19,547,168	\$ 20,591,151	\$ 1,043,983	

See independent auditors' report and accompanying notes to required supplementary information. Page 79

CITY OF STEVENS POINT
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDED STATUS
For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAAL)	Funded Ratio	Covered Payroll	UAAAL as a Percentage of Covered Payroll
1/01/2012	\$ -	\$ 3,950,741	\$ 3,950,741	0%	\$ 11,940,741	33.1%
1/01/2013	-	2,205,471	2,205,471	0%	12,079,924	18.3%
1/01/2015	-	1,287,933	1,287,933	0%	13,068,706	9.9%

See independent auditors' report and accompanying notes to required supplementary information. Page 80

CITY OF STEVENS POINT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY -
WISCONSIN RETIREMENT SYSTEM**
For the Year Ended December 31, 2016

Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered		Proportionate Share of the Net Pension (Asset) Liability as a Percentage of the Total Pension (Asset) Liability	
			Payroll	Payroll	Covered Payroll	Net Position as a Percentage of the Total Pension (Asset) Liability
12/31/15	0.11795330%	\$ (2,897,256)	\$ 12,351,569	-23.46%		102.74%
12/31/16	0.11803414%	1,918,032	12,683,970	-15.12%		98.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Fiscal Year Ending	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	Contributions as a Percentage of Covered Payroll	
				Covered Payroll	Payroll
12/31/15	\$ 1,146,347	\$ 1,146,347	\$ -	12,684,005	9.04%
12/31/16	1,170,735	1,170,735	-	13,248,212	8.84%

See independent auditors' report and accompanying notes to the required supplementary information. Page 81

CITY OF STEVENS POINT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2016

BUDGETARY INFORMATION

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

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$2,349,958. Budgets are adopted at the functional level of expenditure in the general fund and total expenditure level for other funds.

Prior to December 31, the Comptroller/Treasurer submits to the Board a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year.

The appropriated budget is prepared by fund, function, and department. The Comptroller/Treasurer is authorized to transfer budget amounts between departments within any fund; however, the Board must approve revisions that alter the total expenditures of any fund.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The city is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

See independent auditors' report. Page 82

SUPPLEMENTARY INFORMATION

CITY OF STEVENS POINT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds									
	Hotel/Motel Room Tax	McDill Lake Management	CAP Loan Levy	Fuel Dispenser System Replacement	Riverfront Festival	State EMS Act 102 Grant	Blight Elimination	Soil Remediation	Department of Administration	
ASSETS										
Cash and investments	\$ 741,697	\$ 30,353	\$ 2,335	\$ 57,150	\$ 19,531	\$ 94,085	\$ 22,513	\$ -	\$ 64,565	
Taxes receivable	-	-	-	-	-	-	-	-	-	
Property taxes	-	-	-	-	-	-	-	-	-	
Special assessments	-	-	-	-	-	-	-	-	-	
Accounts receivable	186,684	-	-	-	-	-	-	-	-	
Sundry	-	-	-	-	-	-	-	24,537	-	
Due from other governments	10,000	-	-	-	12,890	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	
Prepaid items	-	-	-	-	-	-	-	-	-	
Notes receivable	-	-	47,623	-	-	-	-	-	2,401,526	
TOTAL ASSETS	\$ 938,381	\$ 30,353	\$ 49,958	\$ 57,150	\$ 32,421	\$ 94,085	\$ 22,513	\$ 24,537	\$ 2,466,091	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities										
Accounts payable	\$ 5,464	-	\$ -	-	\$ -	-	\$ -	-	\$ -	
Accrued liabilities	-	-	-	-	-	-	-	-	-	
Due to other governments	221	-	-	-	-	-	-	-	-	
Due to other funds	12,890	-	-	-	10,000	-	-	8,639	-	
Unearned revenue	-	-	-	-	-	15,837	-	-	-	
Advances from other funds	-	-	-	-	-	-	-	-	-	
Total Liabilities	18,575	-	-	-	10,000	15,837	-	8,639	-	
Deferred Inflows of Resources										
Unearned revenue	-	-	-	-	-	-	-	-	-	
Unavailable revenue	-	-	47,623	-	-	-	-	24,536	2,401,526	
Total Deferred Inflows of Resources	-	-	47,623	-	-	-	-	24,536	2,401,526	
Fund Balances (Deficit)										
Nonspendable	-	-	-	-	-	-	-	-	-	
Restricted	919,806	-	-	-	-	78,248	-	-	64,565	
Committed	-	-	2,335	57,150	22,421	-	22,513	-	-	
Assigned	-	30,353	-	-	-	-	-	-	-	
Unassigned (deficit)	-	-	-	-	-	-	-	(8,638)	-	
Total Fund Balances (Deficit)	919,806	30,353	2,335	57,150	22,421	78,248	22,513	(8,638)	64,565	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 938,381	\$ 30,353	\$ 49,958	\$ 57,150	\$ 32,421	\$ 94,085	\$ 22,513	\$ 24,537	\$ 2,466,091	

CITY OF STEVENS POINT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2016

	Special Revenue Funds									
	HRRP Project Grant	Federal Forfeiture	Drug Task Force	Telecom-munications	Police Grants	Fire Grants	Museum	Community Rehab Program	Willet Ice Arena	
ASSETS										
Cash and investments	\$ 58,080	\$ 66,609	\$ 48,631	\$ 745,340	\$ 107,337	\$ 500	\$ 29,250	\$ 122,463	\$ 296,579	
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Sundry	-	-	-	-	-	-	-	-	29,510	-
Due from other governments	-	-	-	-	10,640	-	-	-	-	-
Due from other funds	-	-	-	-	1,882	-	-	-	-	-
Prepaid items	-	-	-	1,751	-	-	-	-	-	-
Notes receivable	47,779	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 105,859	\$ 66,609	\$ 48,631	\$ 747,091	\$ 119,859	\$ 500	\$ 29,250	\$ 122,463	\$ 326,089	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ 298	\$ -	\$ 6,637	\$ -	\$ -	\$ 335	\$ -	\$ 16,221	
Accrued liabilities	-	-	-	135	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	940	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	298	-	6,772	-	-	335	-	17,161	
Deferred Inflows of Resources										
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Unavailable revenue	47,779	-	-	-	2,050	-	-	-	-	-
Total Deferred Inflows of Resources	47,779	-	-	-	2,050	-	-	-	-	-
Fund Balances (Deficit)										
Nonspendable	-	-	-	1,751	-	-	-	-	-	-
Restricted	58,080	66,311	48,631	-	117,809	500	-	-	-	-
Committed	-	-	-	738,568	-	-	28,915	122,463	308,928	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	58,080	66,311	48,631	740,319	117,809	500	28,915	122,463	308,928	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 105,859	\$ 66,609	\$ 48,631	\$ 747,091	\$ 119,859	\$ 500	\$ 29,250	\$ 122,463	\$ 326,089	

CITY OF STEVENS POINT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2016

	Special Revenue Funds					Capital Projects Funds				
	Cell Tower Rent	Park Trust	Funds in Lieu of Parks	Section A-125	Special Assessments	Capital Projects Fund (Pre-2011)	Fire Safety Smoke House	TID No. 5		
ASSETS										
Cash and investments	\$ 251,287	\$ 11,382	\$ 37,387	\$ -	\$ 313,397	\$ 191,530	\$ 541	\$ 638,125		
Taxes receivable	-	-	-	-	-	-	-	417,416		
Property taxes	-	-	-	-	102,990	-	-	-		
Special assessments	-	-	-	-	-	-	-	-		
Accounts receivable	-	-	-	-	-	2,192	-	-		
Sundry	-	-	-	-	-	-	-	-		
Due from other governments	-	-	-	-	-	-	-	-		
Due from other funds	-	-	-	13,101	-	-	-	-		
Prepaid items	-	-	-	-	-	-	-	-		
Notes receivable	-	-	-	-	-	-	-	-		
TOTAL ASSETS	\$ 251,287	\$ 11,382	\$ 37,387	\$ -	\$ 416,387	\$ 193,722	\$ 541	\$ 1,055,541		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,690	\$ -	\$ -	\$ -		
Accounts payable	-	-	-	-	-	-	-	-		
Accrued liabilities	-	-	-	-	-	-	-	-		
Due to other governments	-	-	-	-	-	-	-	-		
Due to other funds	-	-	-	13,101	-	-	-	-		
Unearned revenue	-	-	-	-	-	-	-	-		
Advances from other funds	-	-	-	-	-	-	-	-		
Total Liabilities	-	-	-	13,101	1,690	-	-	-		
Deferred Inflows of Resources	-	-	-	-	-	-	-	417,416		
Unearned revenue	-	-	-	-	102,990	-	-	-		
Unavailable revenue	-	-	-	-	102,990	-	-	-		
Total Deferred Inflows of Resources	-	-	-	-	102,990	-	-	417,416		
Fund Balances (Deficit)	-	-	-	-	-	-	-	-		
Nonspendable	-	-	37,387	-	-	155,139	-	638,125		
Restricted	-	-	-	-	-	-	541	-		
Committed	251,287	11,382	-	-	311,707	-	-	-		
Assigned	-	-	-	-	-	38,583	-	-		
Unassigned (deficit)	-	-	-	(13,101)	-	-	-	-		
Total Fund Balances (Deficit)	251,287	11,382	37,387	(13,101)	311,707	193,722	541	638,125		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 251,287	\$ 11,382	\$ 37,387	\$ -	\$ 416,387	\$ 193,722	\$ 541	\$ 1,055,541		

CITY OF STEVENS POINT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2016

	Capital Projects Funds				Permanent Funds				Total Nonmajor Funds
	TID No. 8	TID No. 9	Subdivision Development Construction	Vehicle/Equipment	United Way	Library General Endowment Trust	Willet Trust Parks	Smongeski Trust	
ASSETS									
Cash and investments	\$ 4,766	\$ 2,382,909	\$ 1,790,259	\$ 152,799	\$ 15,135	\$ 58,007	\$ 5,130	\$ 137,550	\$ 8,497,222
Taxes receivable									
Property taxes	51,161	1,029,737	-	-	-	-	-	-	1,498,314
Special assessments									102,990
Accounts receivable									
Sundry									218,386
Due from other governments									35,177
Due from other funds									24,772
Prepaid items									1,751
Notes receivable									2,496,928
TOTAL ASSETS	\$ 55,927	\$ 3,412,646	\$ 1,790,259	\$ 152,799	\$ 15,135	\$ 58,007	\$ 5,130	\$ 137,550	\$ 12,875,540
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts payable	\$ -	\$ 15,900	\$ -	\$ -	\$ 135	\$ 622	\$ -	\$ -	\$ 47,302
Accrued liabilities									135
Due to other governments									1,161
Due to other funds									44,630
Unearned revenue									15,837
Advances from other funds	852,936								852,936
Total Liabilities	852,936	15,900			135	622			962,001
Deferred Inflows of Resources									
Unearned revenue	51,161	1,029,737							1,498,314
Unavailable revenue									2,626,504
Total Deferred Inflows of Resources	51,161	1,029,737							4,124,818
Fund Balances (Deficit)									
Nonspendable									216,816
Restricted		2,367,009				57,385	5,130	137,550	4,551,610
Committed			1,790,259	152,799					3,821,268
Assigned									68,936
Unassigned (deficit)	(848,170)								(869,909)
Total Fund Balances (Deficit)	(848,170)	2,367,009	1,790,259	152,799	15,000	57,385	5,130	137,550	7,788,721
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 55,927	\$ 3,412,646	\$ 1,790,259	\$ 152,799	\$ 15,135	\$ 58,007	\$ 5,130	\$ 137,550	\$ 12,875,540

CITY OF STEVENS POINT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds									
	Hotel/Motel Room Tax	Industrial Park Improvements	Special Land Purchase	McDill Lake Management	CAP Loan Levy	Fuel Dispenser System Replacement	Riverfront Festival	State EMS Act 102 Grant		
REVENUES										
Taxes	\$ 864,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	5,700
Public charges for services	-	-	-	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	5,598	-	-	-	-
Investment income (loss)	7,371	-	-	-	1	-	23	-	-	-
Miscellaneous revenues	19,353	-	-	-	-	-	145,869	-	-	-
Total Revenues	890,762	-	-	-	1	5,598	145,892	-	-	5,700
EXPENDITURES										
Current										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	1,689
Public works	-	-	-	-	-	2,724	-	-	-	-
Culture, recreation and education	82,843	-	-	-	-	-	136,767	-	-	-
Conservation and development	396,531	-	-	-	54	-	-	-	-	-
Capital Outlay	97,220	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	576,594	-	-	-	54	2,724	136,767	-	-	1,689
Excess (deficiency) of revenues over expenditures	314,168	-	-	-	(53)	2,874	9,125	-	-	4,011
OTHER FINANCING SOURCES (USES)										
Sale of city property	11,018	-	-	-	-	-	-	-	-	-
Transfer In	-	-	-	-	-	-	12,890	-	-	-
Transfer out	(850,442)	(168,808)	(225,173)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(839,424)	(168,808)	(225,173)	-	-	-	12,890	-	-	-
Net Change in Fund Balance	(525,256)	(168,808)	(225,173)	-	(53)	2,874	22,015	-	-	4,011
FUND BALANCE (DEFICIT) - Beginning of Year	1,445,062	168,808	225,173	30,353	2,388	54,276	406	-	-	74,237
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 919,806	\$ -	\$ -	\$ 30,353	\$ 2,335	\$ 57,150	\$ 22,421	\$ -	\$ -	\$ 78,248

CITY OF STEVENS POINT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2016

	Special Revenue Funds									
	Blight Elimination	Soil Remediation	Department of Administration	HRRP Project Grant	Federal Forfeiture	Drug Task Force	Telecom-munications	Police Grants		
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	10,220	-	-	-	21,805
Public charges for services	-	-	-	-	-	-	248,662	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	-	-	75	1,472	-	-	-	-	-	-
Miscellaneous revenues	-	-	156,370	3,373	19,956	-	100	-	-	-
Total Revenues	-	-	156,445	4,845	19,956	10,220	248,762	-	-	21,805
EXPENDITURES										
Current										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	5,587	2,410	-	-	-	24,527
Public works	-	42,803	-	-	-	-	-	-	-	-
Culture, recreation and education	-	-	-	-	-	-	156,288	-	-	-
Conservation and development	-	-	172,980	8,344	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	42,803	172,980	8,344	5,587	2,410	156,288	-	-	24,527
Excess (deficiency) of revenues over expenditures	-	(42,803)	(16,535)	(3,499)	14,369	7,810	92,474	-	-	(2,722)
OTHER FINANCING SOURCES (USES)										
Sale of city property	-	-	-	-	-	-	-	-	-	-
Transfer In	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	(90,000)	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(90,000)	-	-	-
Net Change in Fund Balance	-	(42,803)	(16,535)	(3,499)	14,369	7,810	2,474	-	-	(2,722)
FUND BALANCE (DEFICIT) - Beginning of Year	22,513	34,165	81,100	61,579	51,942	40,821	737,845	-	-	120,531
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 22,513	\$ (8,638)	\$ 64,565	\$ 58,080	\$ 66,311	\$ 48,631	\$ 740,319	\$	\$	\$ 117,809

CITY OF STEVENS POINT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2016

	Special Revenue Funds							Funds in Lieu of Parks
	Fire Grants	Museum	Community Rehab Grant Program	Willett Ice Arena	Cell Tower Rent	Park Trust		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Public charges for services	-	-	-	314,117	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	10,570	-	-	17,402	-	-	1,750
Total Revenues	-	10,570	-	314,117	17,402	-	-	1,750
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture, recreation and education	-	2,057	-	437,359	9,716	-	-	-
Conservation and development	-	-	30	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	3,785
Debt Service	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	-	2,057	30	437,359	9,716	-	-	3,785
Excess (deficiency) of revenues over expenditures	-	8,513	(30)	(123,242)	7,686	-	-	(2,035)
OTHER FINANCING SOURCES (USES)								
Sale of city property	-	-	-	-	-	-	-	-
Transfer In	-	-	-	432,170	243,601	-	-	-
Transfer out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	432,170	243,601	-	-	-
Net Change in Fund Balance	-	8,513	(30)	308,928	251,287	-	-	(2,035)
FUND BALANCE (DEFICIT) - Beginning of Year	500	20,402	122,493	-	-	11,382	-	39,422
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 500	\$ 28,915	\$ 122,463	\$ 308,928	\$ 251,287	\$ 11,382	\$ 11,382	\$ 37,387

CITY OF STEVENS POINT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2016

	Special Revenue Funds		Capital Projects Funds				
	Section A-125	Special Assessments	General Capital Projects Fund (Pre-2011)	Fire Safety Smoke House	TID No. 5	TID No. 8	TID No. 9
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 401,277	\$ -	\$ 525,477
Special assessments	-	87,468	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	10,758	6,315	7,163
Public charges for services	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-
Investment income (loss)	-	149	150	-	-	-	-
Miscellaneous revenues	70,470	-	20,586	-	-	-	2,005,610
Total Revenues	70,470	87,617	20,736	-	412,035	6,315	2,538,250
EXPENDITURES							
Current							
General government	77,554	-	5	-	1,450	1,449	1,300
Public safety	-	-	-	-	-	-	-
Public works	-	16,405	-	-	-	-	-
Culture, recreation and education	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	83,142	475,000	2,901
Capital Outlay	-	-	455	-	-	-	645,879
Debt Service	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	205,000
Interest and fiscal charges	-	-	-	-	-	-	55,420
Total Expenditures	77,554	16,405	460	-	84,592	476,449	910,500
Excess (deficiency) of revenues over expenditures	(7,084)	71,212	20,276	-	327,443	(470,134)	1,627,750
OTHER FINANCING SOURCES (USES)							
Sale of city property	-	-	-	-	-	-	-
Transfer In	10,000	-	-	-	-	-	-
Transfer out	-	-	(41,884)	-	-	-	-
Total Other Financing Sources (Uses)	10,000	-	(41,884)	-	-	-	-
Net Change in Fund Balance	2,916	71,212	(21,608)	-	327,443	(470,134)	1,627,750
FUND BALANCE (DEFICIT) - Beginning of Year	(16,017)	240,495	215,330	541	310,682	(378,036)	739,259
FUND BALANCE (DEFICIT) - END OF YEAR	(13,101)	311,707	193,722	541	638,125	(848,170)	2,367,009

CITY OF STEVENS POINT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2016**

	Capital Projects Fund				Permanent Funds				Totals
	Subdivision Development Construction	Vehicle/Equipment	United Way	Library General Endowment Trust	Willett Trust Parks	Smongeski Trust			
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,790,792
Special assessments	-	-	-	-	-	-	-	-	87,468
Intergovernmental revenues	-	-	-	-	-	-	-	-	61,961
Public charges for services	-	-	-	-	-	-	-	-	562,779
Intergovernmental charges for services	-	-	-	-	-	-	-	-	5,598
Investment income (loss)	-	-	135	(2,231)	-	7,017	-	-	14,162
Miscellaneous revenues	-	23,878	-	-	-	-	-	-	2,495,287
Total Revenues	-	23,878	135	(2,231)	-	7,017	-	-	5,018,047
EXPENDITURES									
Current									
General government	-	-	135	-	-	-	-	-	81,893
Public safety	-	-	-	-	-	-	-	-	34,213
Public works	-	-	-	-	-	-	-	-	61,932
Culture, recreation and education	-	-	-	622	-	-	-	-	830,407
Conservation and development	-	-	-	-	-	4,755	-	-	1,138,982
Capital Outlay	-	10,078	-	-	-	-	-	-	757,417
Debt Service	-	-	-	-	-	-	-	-	205,000
Principal retirement	-	-	-	-	-	-	-	-	55,420
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	10,078	135	622	-	4,755	-	-	3,165,264
Excess (deficiency) of revenues over expenditures	-	13,800	-	(2,853)	-	2,262	-	-	1,852,783
OTHER FINANCING SOURCES (USES)									
Sale of city property	22,980	12,000	-	-	-	-	-	-	45,998
Transfer In	-	80,550	-	-	-	-	-	-	779,211
Transfer out	-	-	-	-	-	-	-	-	(1,376,307)
Total Other Financing Sources (Uses)	22,980	92,550	-	-	-	-	-	-	(551,098)
Net Change in Fund Balance	22,980	106,350	-	(2,853)	-	2,262	-	-	1,301,685
FUND BALANCE (DEFICIT) - Beginning of Year	1,767,279	46,449	15,000	60,238	5,130	135,288	-	-	6,487,036
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 1,790,259	\$ 152,799	\$ 15,000	\$ 57,385	\$ 5,130	\$ 137,550	\$ -	\$ -	\$ 7,788,721

CITY OF STEVENS POINT

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2016

	Airport Fund	Edgewater Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 182,686	\$ 465,090	\$ 647,776
Accounts Receivable			
Customers	65	20,516	20,581
Rescheduled assets			
Receivables	-	40,201	40,201
Inventory and prepaid items	36,909	-	36,909
Total Current Assets	219,660	525,807	745,467
NONCURRENT ASSETS			
Capital Assets			
Land	307,468	87,036	394,504
Construction in progress	-	18,106	18,106
Land improvements	-	2,037	2,037
Buildings and improvements	1,421,756	2,429,975	3,851,731
Equipment	1,272,496	9,960	1,282,456
Runway infrastructure	6,998,900	-	6,998,900
Accumulated depreciation	(6,730,923)	(2,085,094)	(8,816,017)
Total Noncurrent Assets	3,269,697	462,020	3,731,717
Total Assets	3,489,357	987,827	4,477,184
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	64,881	-	64,881
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	8,114	26,466	34,580
Accrued liabilities	1,734	3,154	4,888
Due to other funds	6,603	44,276	50,879
Current liabilities payable from restricted assets			
Deposits	-	40,201	40,201
Total Current Liabilities	16,451	114,097	130,548
NONCURRENT LIABILITIES			
Advance from municipality	16,000	-	16,000
Accrued sick leave and vacation	5,893	-	5,893
Net pension liability	11,754	-	11,754
Other postemployment benefits liability	17,875	-	17,875
Total Non-Current Liabilities	51,522	-	51,522
Total Liabilities	67,973	114,097	182,070
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	24,736	-	24,736
NET POSITION			
Net investment in capital assets	3,265,697	462,020	3,727,717
Unrestricted	191,852	411,710	603,562
TOTAL NET POSITION	\$ 3,461,529	\$ 873,730	\$ 4,335,259

CITY OF STEVENS POINT

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2016

	Airport Fund	Edgewater Fund	Totals
OPERATING REVENUES			
Public charges for services			
Airport revenues	\$ 250,113	\$ -	\$ 250,113
Edgewater revenues	-	545,465	545,465
Other	-	17,510	17,510
Total Operating Revenues	250,113	562,975	813,088
OPERATING EXPENSES			
General government			
Edgewater	-	350,967	350,967
Public works			
Airport	452,501	-	452,501
Depreciation	435,894	61,491	497,385
Total Operating Expenses	888,395	412,458	1,300,853
Operating Income (Loss)	(638,282)	150,517	(487,765)
NONOPERATING REVENUES			
Property taxes	150,000	-	150,000
Investment income	-	138	138
Other items	14,638	-	14,638
Total Nonoperating Revenues	164,638	138	164,776
Income (Loss) Before Transfers and Contributions	(473,644)	150,655	(322,989)
TRANSFER IN			
CAPITAL CONTRIBUTIONS			
	60,966	-	60,966
	637,370	-	637,370
CHANGE IN NET POSITION			
	224,692	150,655	375,347
NET POSITION - Beginning of Year	3,236,837	723,075	3,959,912
NET POSITION - END OF YEAR			
	\$ 3,461,529	\$ 873,730	\$ 4,335,259

CITY OF STEVENS POINT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2016

	Airport Fund	Edgewater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 273,190	\$ 556,613	\$ 829,803
Paid to suppliers for goods and services	(273,650)	(333,726)	(607,376)
Paid to employees for services	(83,440)	-	(83,440)
Net Cash Flows From Operating Activities	<u>(83,900)</u>	<u>222,887</u>	<u>138,987</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
General property taxes	150,000	-	150,000
Net Cash Flows From Noncapital Financing Activities	<u>150,000</u>	<u>-</u>	<u>150,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	138	138
Net Cash Flows From Investing Activities	<u>-</u>	<u>138</u>	<u>138</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(6,181)	(40,653)	(46,834)
Net Cash Flows From Capital and Related Financing Activities	<u>(6,181)</u>	<u>(40,653)</u>	<u>(46,834)</u>
Net Change in Cash and Cash Equivalents	59,919	182,372	242,291
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>122,767</u>	<u>282,718</u>	<u>405,485</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 182,686</u>	<u>\$ 465,090</u>	<u>\$ 647,776</u>

	Airport Fund	Edgewater Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (638,282)	\$ 150,517	\$ (487,765)
Miscellaneous nonoperating revenue	14,638	-	14,638
Noncash items included in income (loss)			
Depreciation	435,894	61,491	497,385
Other postemployment benefits liability	914	-	914
Operating expenses paid by municipality	60,966	-	60,966
Change in Assets, Liabilities, Deferred Inflows and Outflows of Resources			
Accounts receivable	8,439	(7,670)	769
Inventories	30,305	-	30,305
Accounts payable and accrued liabilities	(3,010)	7,822	4,812
Due to other funds	(6)	9,419	9,413
Deposits	-	1,308	1,308
Accrued sick leave and vacation	1,087	-	1,087
Pension related amounts	5,155	-	5,155
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (83,900)</u>	<u>\$ 222,887</u>	<u>\$ 138,987</u>

	Airport Fund	Edgewater Fund	Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 182,686	\$ 465,090	\$ 647,776
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 182,686</u>	<u>\$ 465,090</u>	<u>\$ 647,776</u>

	Airport Fund	Edgewater Fund	Totals
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	\$ 637,370	\$ -	\$ 637,370

CITY OF STEVENS POINT

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2016

	Employee Self Insurance	Worker's Comp Self Insurance	Property/ Liability Reserve	Employee Sick Leave	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 3,134,556	\$ 430,010	\$ 68,879	\$ 885,874	\$ 4,519,319
Accounts receivable	49,082	-	-	-	49,082
Total Assets	3,183,638	430,010	68,879	885,874	4,568,401
LIABILITIES					
Current Liabilities					
Accounts payable	5,713	-	3,774	31,649	41,136
Claims payable	331,968	-	-	-	331,968
Total Liabilities	337,681	-	3,774	31,649	373,104
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	280,880	-	-	-	280,880
NET POSITION					
Unrestricted	2,565,077	430,010	65,105	854,225	3,914,417
TOTAL NET POSITION	\$ 2,565,077	\$ 430,010	\$ 65,105	\$ 854,225	\$ 3,914,417

CITY OF STEVENS POINT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2016

	Employee Self Insurance	Worker's Comp Self Insurance	Property/ Liability Reserve	Employee Sick Leave	Totals
OPERATING REVENUES					
Local charges for services	\$ 3,701,998	\$ 506,789	\$ -	\$ -	\$ 4,208,787
Total Operating Revenue	3,701,998	506,789	-	-	4,208,787
OPERATING EXPENSES					
General government	3,291,620	76,779	9,895	83,521	3,461,815
Total Operating Expenses	3,291,620	76,779	9,895	83,521	3,461,815
Operating Income (Loss)	410,378	430,010	(9,895)	(83,521)	746,972
NONOPERATING REVENUES					
Investment income	-	-	-	13,895	13,895
Total Nonoperating Revenues	-	-	-	13,895	13,895
Net Income (Loss) Before Transfers	410,378	430,010	(9,895)	(69,626)	760,867
Transfers in	-	-	75,000	225,000	300,000
Change in Net Position	410,378	430,010	65,105	155,374	1,060,867
TOTAL NET POSITION - Beginning of Year	2,154,699	-	-	698,851	2,853,550
TOTAL NET POSITION - END OF YEAR	\$ 2,565,077	\$ 430,010	\$ 65,105	\$ 854,225	\$ 3,914,417

CITY OF STEVENS POINT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2016

	Employee Self Insurance	Worker's Comp Self Insurance	Property Liability Reserve	Employee Sick Leave	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 3,733,292	\$ 506,789	\$ -	\$ -	\$ 4,240,081
Paid to suppliers for goods and services	(3,106,741)	(76,779)	(6,121)	(51,872)	(3,241,513)
Net Cash Flows From Operating Activities	626,551	430,010	(6,121)	(51,872)	998,568
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	75,000	225,000	300,000
Net Cash Flows From Noncapital Financing Activities	-	-	75,000	225,000	300,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	-	-	13,895	13,895
Net Cash Flows From Investing Activities	-	-	-	13,895	13,895
Change in Cash and Cash Equivalents	626,551	430,010	68,879	187,023	1,312,463
CASH AND CASH EQUIVALENTS - Beginning of Year	2,508,005	-	-	698,851	3,206,856
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,134,556	\$ 430,010	\$ 68,879	\$ 885,874	\$ 4,519,319
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Income (Loss) from operations	\$ 410,378	\$ 430,010	\$ (9,895)	\$ (83,521)	\$ 746,972
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Change in assets, liabilities and deferred inflows of resources:					
Accounts receivable	45,443	-	-	-	45,443
Prepaid items	55,952	-	-	-	55,952
Accounts payable	1,236	-	3,774	31,649	36,659
Claims payable	127,691	-	-	-	127,691
Unearned revenues	(14,149)	-	-	-	(14,149)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 626,551	\$ 430,010	\$ (6,121)	\$ (51,872)	\$ 998,568
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
None.					

FORM OF LEGAL OPINION

(See following pages)

December __, 2017

City of Stevens Point
1515 Strongs Avenue
Stevens Point, Wisconsin 54481

Subject: \$6,685,000
City of Stevens Point, Wisconsin
General Obligation Corporate Purpose Bonds, Series 2017B

We have acted as bond counsel to the City of Stevens Point, Wisconsin (the “**Issuer**”) in connection with the issuance of its \$6,685,000 General Obligation Corporate Purpose Bonds, Series 2017B, dated December 27, 2017 (the “**Obligations**”).

We examined the law, a certified copy of the proceedings relating to the issuance of the Obligations, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon the certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Obligations are valid and binding general obligations of the Issuer.
2. All taxable property in the Issuer’s territory is subject to *ad valorem* taxation without any limit as to rate or amount to pay the principal and interest coming due on the Obligations. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Obligations except to the extent that the Issuer has deposited other funds, or there is otherwise surplus money, in the account within the debt service fund created for the Obligations under Wisconsin law.
3. Interest on the Obligations is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Obligations is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The Issuer must comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), that must be satisfied after the Obligations are

December __, 2017

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issued for interest on the Obligations to be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has agreed to comply with those requirements. Its failure to do so may cause interest on the Obligations to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Obligations were issued. The Issuer has designated the Obligations as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. We express no opinion about other federal tax law consequences relating to the Obligations.

The rights of the owners of the Obligations and the enforceability of the Obligations 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 an equitable proceeding).

We express no opinion as to the truth or completeness of any official statement or other disclosure document used in connection with the offer and sale of the Obligations.

Our opinion is given as of the date of this letter. We assume no duty to update our opinion to reflect any facts or circumstances that later come to our attention or any subsequent changes in law. In acting as bond counsel, we have established an attorney-client relationship only with the Issuer.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (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 maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.
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. Principal and interest 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 principal and interest 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. 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.
10. 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.
11. 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 AGREEMENT

(See following pages)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of December 27, 2017 (this “**Disclosure Agreement**”), is executed and delivered by the City of Stevens Point, Wisconsin (the “**Issuer**”), a municipal securities issuer and a governmental entity located in the State of Wisconsin. The Issuer covenants and agrees as follows:

Section 1. Definitions.

The following capitalized terms have the following meanings:

“**Annual Financial Information**” means the Issuer’s financial information or operating data, for the preceding fiscal year, of the type included in the Final Official Statement as further described in Section 3(b) hereof.

“**Commission**” means the U.S. Securities and Exchange Commission.

“**Dissemination Agent**” means any agent responsible for assisting the Issuer in carrying out its obligations under this Disclosure Agreement, which has been designated as a dissemination agent in writing by the Issuer, and has filed with the Issuer a written acceptance of such designation, and the successors and assigns of such dissemination agent.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

“**Event Notice**” means a notice of occurrence of a Listed Event provided under Section 4(b) hereof or a notice provided under Sections 3(d), 4(c), or 8 hereof, each of which shall be transmitted as described in Section 5 hereof.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“**Final Official Statement**” means the offering document prepared and distributed to a Participating Underwriter in connection with the primary offering of the Obligations.

“**Issuer**” means the municipal securities issuer named above.

“**Listed Event**” means any of the events listed in Section 4(a) of this Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board, which serves as the sole repository for all required filings of all secondary market disclosures under the Rule.

“**Obligations**” means the Issuer’s not to exceed \$6,685,000 General Obligation Corporate Purpose Bonds, Series 2017B, dated December 27, 2017.

“**Owners**” means the beneficial owners from time to time of the Obligations.

“**Participating Underwriter**” means any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as an underwriter in a primary offering of the Obligations.

“**Resolution**” means collectively, the resolutions relating to the Obligations adopted by the governing body of the Issuer on November 13, 2017, pursuant to which the Obligations are issued.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

Section 2. Purpose of this Disclosure Agreement.

The purpose of this Disclosure Agreement is to assist Participating Underwriters in complying with the Rule when acting as an underwriter in a primary offering of the Obligations.

Section 3. Annual Financial Information.

- (a) The Issuer shall submit its Annual Financial Information to the MSRB not later than one year following the close of the Issuer’s fiscal year (currently December 31), beginning with the 2017 Annual Financial Information.
- (b) The Annual Financial Information will consist of (i) the Issuer’s audited annual financial statements prepared using generally accepted accounting principles, and (ii) the following operating data:
 - 1. direct debt,
 - 2. equalized value/assessed value,
 - 3. other obligations,
 - 4. debt limit, and
 - 5. tax levies and collections.
- (c) If the Issuer’s audited annual financial statements are not available on the date the Annual Financial Information is submitted, then the Issuer shall submit the statements to the MSRB within ten business days after they are publicly available.
- (d) If the Issuer fails to submit its Annual Financial Information to the MSRB by the date required in subsection (a) above, then the Issuer shall promptly send an Event Notice of such failure to the MSRB.

Section 4. Reporting of Listed Events; Event Notices.

- (a) This Section 4 shall govern the submission of an Event Notice after the occurrence of any of the following Listed Events with respect to the Obligations:
1. Principal and interest payment delinquencies.
 2. Non-payment related defaults, if material under the Exchange Act.
 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 Obligations, or other material events affecting the tax status of the Obligations.
 7. Modifications to rights of Owners, if material under the Exchange Act.
 8. Redemptions of the Obligations, if material under the Exchange Act, and tender offers.
 9. Defeasances.
 10. Release, substitution, or sale of property securing repayment of the Obligations, if material under the Exchange Act.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership, or similar event of the Issuer (for the purposes of this event, 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 the assets or business of the Issuer).

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all 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 under the Exchange Act.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material under the Exchange Act.
- (b) The Issuer shall submit an Event Notice to the MSRB within ten business days after the occurrence of any Listed Event.
- (c) If the Issuer determines that it failed to submit an Event Notice of an occurrence of a Listed Event as required by subsection (b) above, then it shall promptly submit an Event Notice with respect to such occurrence to the MSRB.

Section 5. Transmittal of Annual Financial Information and Event Notices.

Annual Financial Information and Event Notices shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB requires that all submissions of secondary disclosure be made through EMMA. The Annual Financial Information may be submitted as a single document or as a package comprising separate documents. Any or all the items constituting the Annual Financial Information may be incorporated by reference from other documents available to the public on the MSRB's internet website or filed with the Commission. The Issuer shall clearly identify each document that is incorporated by reference.

Section 6. Duty to Confirm MSRB's Filing Format and Procedure.

The Issuer shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information for submissions. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's website at www.emma.msrb.org.

Section 7. Termination of Disclosure Agreement and Reporting Obligation.

This Disclosure Agreement and the Issuer's disclosure obligations under this Disclosure Agreement with respect to the Obligations shall terminate upon the legal defeasance (if applicable), prior redemption, or payment in full of all the Obligations or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction.

Section 8. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if the following conditions are met:

- (a) 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 an obligated person, or the type of business conducted;
- (b) This Disclosure Agreement, as amended or waived, would have complied with the requirements of the Rule on the date of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of Owners, as determined either by parties unaffiliated with the Issuer (such as the fiscal agent, trustee, or bond counsel), or by approving vote of the Owners pursuant to the terms of the Resolution at the time of the amendment.

In the event this Disclosure Agreement 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 Financial Information 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 Financial Information 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. Dissemination Agent.

The Issuer may, from time to time, appoint or engage a Dissemination Agent and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Additional Information.

The Issuer may from time to time choose to disseminate other information, using the means of transmittal set forth in Section 5 hereof or any other means of communication, or to include other information with its Annual Financial Information or Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information with its Annual Financial Information or Event Notice in addition to that which is specifically required by this Disclosure Agreement, then the Issuer shall have no obligation

under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

Section 11. Default.

The sole remedy of the Owners under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries.

The Issuer intends to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Owners, and shall create no rights in any other person or entity.

Section 13. Recordkeeping.

The Issuer shall maintain records of all Annual Financial Information and Event Notices submitted to the MSRB pursuant to this Disclosure Agreement, including the content and the date of filing of such submissions, until the last Obligation is retired.

Section 14. Responsible Officer.

The Issuer's Comptroller shall be the officer, representative, agency, or agent of the Issuer ultimately responsible for submitting Annual Financial Information and Event Notices to the MSRB, to the extent required hereunder, regardless of whether a Dissemination Agent has been appointed. Any inquiries regarding this Disclosure Agreement should be directed to:

Comptroller
City of Stevens Point
1515 Strongs Avenue
Stevens Point, Wisconsin 54481
Telephone: (715) 346-1574
Fax: (715) 346-1683
Email: cladick@stevenspoint.com

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Disclosure Agreement to be executed by its duly authorized officer or representative as of the date written above.

CITY OF STEVENS POINT, WISCONSIN
Issuer

By: _____
Title: Comptroller

NOTICE OF SALE

**\$6,685,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017B
CITY OF STEVENS POINT, WISCONSIN**

Bids for the purchase of \$6,685,000* General Obligation Corporate Purpose Bonds, Series 2017B (the "Bonds") of the City of Stevens Point, 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 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on December 13, 2017, (the "Sale Date"), at which time they will be opened, read and tabulated. The Common Council of the City adopted a resolution on November 13, 2017 (the "Bond Resolution") which authorized the Mayor or the Comptroller/Treasurer of the City to accept bids for the Bonds and to award the sale of the Bonds to the best bidder whose bid meets the parameters and conditions set forth in the Bond Resolution and restated in this Notice of Sale. In accordance with the Bond Resolution, the parameters and conditions set forth in the Bond Resolution are not met through competitive bids received on the Sale Date, than neither the Mayor nor the Comptroller/Treasurer will have the authority to award the sale of the Bonds and all bids will be rejected.

PURPOSE

The Bonds are being issued pursuant to Chapter 67, Wisconsin Statutes, to finance a portion of the City's 2018 capital projects and to refund certain obligations of the City. The Bonds are valid and binding general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated December 27, 2017, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$260,000	2024	\$615,000	2029	\$480,000
2020	275,000	2025	700,000	2030	500,000
2021	375,000	2026	700,000	2031	500,000
2022	380,000	2027	755,000		
2023	380,000	2028	765,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the sale date, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, 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 partial redemption, so long as the amount of principal maturing or subject to mandatory partial redemption in each year conforms to the maturity schedule set forth above.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing September 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. **The interest 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 a multiple of 5/100 or 1/8 of 1%.

PARAMETERS AND CONDITIONS

Under the Bond Resolution, certain parameters and conditions for the sale and award of the bonds were established. The purchase price to be paid to the City for the Bonds shall not be less than 98.75% nor more than 102% of the principal amount of the Bonds. The true interest cost on the Bonds (computed taking the bidder's compensation and costs of issuance into account) shall not exceed 3.50%. The present value savings (i) for the portion of the Bonds allocable to the refunding as compared to the Series 2011A Bonds shall not be less than 4.00% of the par amount of the Refunded Bonds (as defined in the Preliminary Official Statement) and (ii) for the portion of each maturity of the Bonds allocable to the refunding as compared to the corresponding maturity of the Series 2011A Bonds shall be a positive amount. The present value shall be determined using a discount rate based on the all-in cost (including the bidder's compensation and costs of issuance).

BOOK-ENTRY-ONLY FORMAT

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 March 1, 2028 shall be subject to redemption prior to maturity on March 1, 2027 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part. If redemption is in part, then 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 Fiscal Agent 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 redemption shall be sent by first-class mail not more than 60 days and not less than 30 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 maintained by the Fiscal Agent.

A notice of optional redemption may be revoked by sending a notice, by first class mail, not less than 15 days prior to the proposed redemption date to the registered owners of the Bonds which have been called for redemption.

DELIVERY

On or about December 27, 2017 (the "Closing Date"), the Bonds will be delivered without cost to the winning bidder at DTC. On the Closing Date, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, a tax certificate, and a certificate 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 Closing Date in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Foley & Lardner LLP, Bond Counsel to the City, and will be available on the Closing Date. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general 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).

SUBMISSION OF BIDS

Bids must not be for less than \$6,601,437 (98.75%), nor more than \$6,818,700 (102%), plus accrued interest, if any, on the principal amount of \$6,685,000 from date of the Bonds to Closing Date. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 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 good faith deposit in the amount of \$133,700 ("Deposit") 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 on the Sale Date. The City reserves the right to award the Bonds to a winning bidder whose wire transfer has been 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 winning bidder fails to comply therewith.

The City and the winning bidder hereby irrevocably agree that Ehlers shall hold the Deposit in escrow subject only to the following conditions and duties: 1) All income earned thereon shall be retained by Ehlers 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; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder on the Closing Date; 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 on the Sale Date.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis subject to the Parameters and Conditions described in this Notice of Sale having been met. 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

A policy of municipal bond insurance or commitment therefor may be purchased at the option of the winning bidder, provided that the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole expense of the winning bidder and provided that the no insurer language is required to be included in the Bond Resolution. Any increased costs of issuance for the Bonds resulting from the purchase of bond insurance shall be paid by the winning bidder, except that, if the Issuer has requested and received a rating on the Bonds from a rating agency, then the Issuer will pay that rating fee. Any other rating agency fees shall be 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 accuracy 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 caused as a result of printing CUSIP numbers on the Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the winning bidder in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an Agreement for the benefit of the owners of the Bonds. The Agreement is in substantially the form set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE PRIOR TO CLOSING

The winning bidder shall assist the Issuer in establishing the issue price of the Obligations and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Obligations, together with the supporting pricing wires or equivalent communications, and compliance with the representations and covenants below, and identifying all underwriters for purposes of the issue price rules.

The Issuer 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 Obligations) will apply to the initial sale of the Obligations (the “**competitive sale requirements**”) because:

1. the Issuer shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Issuer expects to 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 Issuer anticipates awarding the sale of the Obligations to the bidder who submits a firm offer to purchase the Obligations at the lowest true 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 Obligations, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the winning bidder. In that event, the winning bidder shall be required to elect at the time of the acceptance of the bid whether to comply with its obligations to assist the Issuer in establishing the “issue price” of the Obligations on the basis of the “general rule” or on the basis of the “hold-the-offering price” rule, as further described below. If the winning bidder makes no express election, it shall be treated as having elected to apply the “general rule”.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Obligations will be subject to either the “general rule” or the “hold-the-offering price” rule, as applicable, to establish the issue price of the Obligations.

For purposes of the agreements and representations of the underwriters, the “**10 percent test**” is met when the first 10% of a maturity is first sold to the public at a single price. The winning bidder shall advise the Issuer if any maturity of the Obligations satisfies the 10% test as of the date and time of the award of the Obligations. The winning bidder shall also promptly advise the Issuer, at or before the time of award of the Obligations, which maturities of the Obligations shall be subject to the “general rule” and which shall be subject to the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**general rule**”, the Issuer intends treat the first price at which 10% of a maturity of the Obligations is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The Issuer, however, may in its sole discretion choose to apply one or more different interpretations of the issue price rule for purposes of its federal income tax compliance (for example, by averaging the prices at which the first 10% is sold). Until the 10% test has been satisfied as to each maturity of the Obligations, the winning bidder agrees to promptly report to the Issuer and to its financial advisor the prices at which the unsold Obligations of that maturity 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 the Obligations of that maturity or until all Obligations of that maturity have been sold. If such election is made, the Issuer will not require bidders to comply with the “hold-the-offering-price rule”.

If the winning bidder elects to comply on the basis of the “**hold-the-offering-price rule**”, the Issuer may determine to treat (i) the first price at which 10% of a maturity of the Obligations is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the Sale Date of any maturity of the Obligations as the issue price of that maturity, in each case applied on a maturity-by-maturity basis.

By electing the hold-the-offering-price rule, the winning bidder (i) agrees to confirm that the underwriters have offered or will offer the Obligations 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) agrees, on behalf of the underwriters participating in the purchase of the Obligations, that the underwriters will neither offer nor sell unsold Obligations 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 Obligations 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 Issuer and its financial advisor when the underwriters have sold 10% of that maturity of the Obligations 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 Issuer acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires and representations relating to actual sales, (ii) in the event a selling group has been created in connection with the initial sale of the Obligations 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 representations relating to actual sales, 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 Obligations to the public, the agreement of each broker-dealer that is a 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, and representations relating to actual sales.

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 Obligations 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 a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Obligations 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 Obligations of that maturity or all Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations of that maturity or all Obligations 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 or such underwriter and as set forth in the related pricing wires.

Sales of any Obligations 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 section of the Notice of Sale:

(i) “**public**” means any person (including any individual, trust, estate, partnership, association or corporation) other than an underwriter or a related party,

(ii) “**underwriter**” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations 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 Obligations 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 Obligations to the public).

(iii) a winning bidder of any of the Obligations is a “**related party**” to an underwriter if the underwriter and the winning bidder are subject, directly or indirectly, to (A) 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), (B) 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 (C) 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),

(iv) “**sale date**” means the date that the Obligations are awarded by the Issuer to the winning bidder, and

(v) “**maturity**” means each maturity of substantially identical Obligations. For this purpose, Obligations are not treated as substantially identical if they have different credit or payment terms. For example, Obligations having the same nominal maturity are not treated as having the same “maturity” for this purpose if they have different interest rates.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain 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 representative of the winning bidder will be provided with an electronic version of the Final Official Statement within seven business days after the bid acceptance. Up to 10 paper copies of the Final Official Statement will be provided upon request. Additional paper 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

John Moe, Clerk
City of Stevens Point, Wisconsin

BID FORM

**The Common Council
City of Stevens Point, Wisconsin**

December 13, 2017

RE: \$6,685,000* General Obligation Corporate Purpose Bonds, Series 2017B
DATED: December 27, 2017

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Book-Entry Only System as stated in this Preliminary Official Statement, we will pay you \$_____ (not less than \$6,601,437, nor more than \$6,818,700) plus accrued interest, if any, to date of delivery for fully registered Bonds bearing interest rates and maturing on March 1 in the stated years as follows:

% due 2019	% due 2024	% due 2029
% due 2020	% due 2025	% due 2030
% due 2021	% due 2026	% due 2031
% due 2022	% due 2027	
% due 2023	% due 2028	

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, 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%.

If we are the winning bidder, we will wire our Deposit in the amount of \$133,700 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. 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, the Deposit shall be promptly returned to us. We agree to the conditions and duties of Ehlers for holding the Deposit in escrow 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 27, 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 the Bonds.

We have received and reviewed the Preliminary 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 information necessary for the establishment of the issue price by the times described in the Notice of Sale.

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 27, 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 Stevens Point, Wisconsin, on December 13, 2017.

By: _____ By: _____
Title: _____ Title: _____