

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 12, 2018

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

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: Moody's Investors Service, Inc.

CITY OF WISCONSIN RAPIDS, WISCONSIN (Wood County)

\$2,135,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A

BID OPENING: June 19, 2018, 9:30 A.M., C.T.

CONSIDERATION: June 19, 2018, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$2,135,000* General Obligation Promissory Notes, Series 2018A (the "Notes") of the City of Wisconsin Rapids, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of street improvement projects, bike path projects, sidewalk projects, parks projects, storm sewer construction and library improvements. The Notes are 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 Notes 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 Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: July 11, 2018

MATURITY: June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$100,000	2023	\$250,000	2027	\$295,000
2020	100,000	2024	285,000	2028	300,000
2021	100,000	2025	290,000		
2022	125,000	2026	290,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Notes 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" herein.

INTEREST: June 1, 2019 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on June 1, 2026 and thereafter are subject to call for prior optional redemption on June 1, 2025 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$2,113,650.

MAXIMUM BID: \$2,263,100.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$42,700 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: May be named by the City.

BOND COUNSEL AND DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. 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. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.



REPRESENTATIONS

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

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

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 Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

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

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

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

CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, 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 Notes, (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 Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes 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.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT. 1</p> <p>THE NOTES. 1</p> <p style="padding-left: 20px;">GENERAL. 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION. 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE. 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES. 2</p> <p style="padding-left: 20px;">SECURITY. 2</p> <p style="padding-left: 20px;">RATING. 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE. 3</p> <p style="padding-left: 20px;">LEGAL MATTERS. 4</p> <p style="padding-left: 20px;">TAX EXEMPTION. 4</p> <p style="padding-left: 20px;">ORIGINAL ISSUE DISCOUNT. 5</p> <p style="padding-left: 20px;">BOND PREMIUM. 6</p> <p style="padding-left: 20px;">QUALIFIED TAX-EXEMPT OBLIGATIONS. 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR. 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES. 7</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS. 7</p> <p style="padding-left: 20px;">RISK FACTORS. 7</p> <p>VALUATIONS. 9</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES. 9</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS. 10</p> <p style="padding-left: 20px;">2017 EQUALIZED VALUE BY CLASSIFICATION. 10</p> <p style="padding-left: 20px;">TREND OF VALUATIONS. 10</p> <p style="padding-left: 20px;">LARGER TAXPAYERS. 11</p> <p>DEBT. 12</p> <p style="padding-left: 20px;">DIRECT DEBT. 12</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT. 13</p> <p style="padding-left: 20px;">SCHEDULE OF SEWER REVENUE DEBT. 15</p> <p style="padding-left: 20px;">DEBT LIMIT. 16</p> <p style="padding-left: 20px;">OVERLAPPING DEBT. 16</p> <p style="padding-left: 20px;">DEBT RATIOS. 17</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY. 17</p> <p style="padding-left: 20px;">FUTURE FINANCING. 17</p> <p>TAX LEVIES AND COLLECTIONS. 18</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS. 18</p> <p style="padding-left: 20px;">PROPERTY TAX RATES. 19</p> <p style="padding-left: 20px;">LEVY LIMITS. 19</p>	<p>THE ISSUER. 21</p> <p style="padding-left: 20px;">CITY GOVERNMENT. 21</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS. 21</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS. 23</p> <p style="padding-left: 20px;">LITIGATION. 23</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY. 23</p> <p style="padding-left: 20px;">FUNDS ON HAND. 25</p> <p style="padding-left: 20px;">ENTERPRISE & SPECIAL REVENUE FUNDS. 26</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION. 27</p> <p>GENERAL INFORMATION. 28</p> <p style="padding-left: 20px;">LOCATION. 28</p> <p style="padding-left: 20px;">LARGER EMPLOYERS. 28</p> <p style="padding-left: 20px;">BUILDING PERMITS. 29</p> <p style="padding-left: 20px;">U.S. CENSUS DATA. 30</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA. 30</p> <p>FINANCIAL STATEMENTS. A-1</p> <p>FORM OF LEGAL OPINION. B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM. C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE. D-1</p> <p>NOTICE OF SALE. E-1</p> <p>BID FORM</p>
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**CITY OF WISCONSIN RAPIDS
COMMON COUNCIL**

		<u>Term Expires</u>
Zachary Vruwink	Mayor	April 2020
Thaddeus Kubisiak	Council President	April 2019
Joe Zurfluh	Alderman	April 2019
Lee Graf	Alderman	April 2020
Scott Kellogg	Alderman	April 2019
Thomas Rayome	Alderman	April 2020
Steve Koth	Alderman	April 2019
Jacob Cattanaach	Alderman	April 2020
Shane Blaser	Alderman	April 2020

ADMINISTRATION

Tim Desorcy, Finance Director/Treasurer

Paul R. Przybelski, City Clerk

PROFESSIONAL SERVICES

Susan Schill, City Attorney, Wisconsin Rapids, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure 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 Wisconsin Rapids, Wisconsin (the "City") and the issuance of its \$2,135,000* General Obligation Promissory Notes, Series 2018A (the "Notes"). Any descriptions or summaries of the Notes, 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 Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Common Council on June 19, 2018.

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 link to the Bond Sales and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of July 11, 2018. The Notes will mature on June 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2019, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes 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 Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes 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 Notes shall be payable as provided in the Authorizing Resolution.

The City may select a bank or trust company to act as paying agent (the "Paying Agent"). If a Paying Agent is selected, the City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after June 1, 2026 shall be subject to optional redemption prior to maturity on June 1, 2025 or on any date thereafter, at a price of par plus accrued interest.

* Preliminary, subject to change.

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

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

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of street improvement projects, bike path projects, sidewalk projects, parks projects, storm sewer construction and library improvements.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$2,135,000	
Estimated Interest Earnings	<u>5,164</u>	
Total Sources		\$2,140,164
Uses		
Estimated Underwriter's Discount	\$21,350	
Costs of Issuance	51,675	
Deposit to Project Construction Fund	2,065,568	
Rounding Amount	<u>1,571</u>	
Total Uses		\$2,140,164

*Preliminary, subject to change

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources 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 Notes when it becomes due and also to pay and discharge the principal on the Notes 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 is currently rated "Aa3" by Moody's Investors Service, Inc. ("Moody's").

The City has requested a rating on the Notes 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 Notes.

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

CONTINUING DISCLOSURE

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

The City's operating data filings for the fiscal years ended December 31, 2012, December 31, 2013 and December 31, 2014 failed to include all required information. The City has since filed such information. The City failed to timely file notice of certain bond insurer rating changes during the previous five years. Except to the extent the preceding is deemed to be material, in the previous five years the City believes that it has not failed to comply in all material respects with its previous undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

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

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

LEGAL MATTERS

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

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

TAX EXEMPTION

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

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

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

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

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect

the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, 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 Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. 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 paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have 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, and the draft basic financial statements of the City for the fiscal year ended December 31, 2017 have been audited by Schenck SC, Certified Public Accountants, Wausau, Wisconsin, independent auditors (the "Auditor"). The City expects delivery of the draft basic financial statements for the fiscal year ended December 31, 2017 substantially in the form attached hereto, but such financial statements are subject to final review by the City. The reports 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 reports included herein, any procedures on the financial statements addressed in the reports. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Notes 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 Notes 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 Notes. 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, either possibility resulting in a reduction in the value of the Notes 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 Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. 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 Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

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

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 Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes 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 Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes 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	\$1,018,531,400
2017 Equalized Value Reduced by Tax Increment Valuation	\$1,003,568,900
2017 Assessed Value	\$1,005,378,600

2017 EQUALIZED VALUE BY CLASSIFICATION

	2017 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 537,030,800	52.726%
Commercial	341,480,700	33.527%
Manufacturing	90,453,200	8.881%
Agricultural	11,400	0.001%
Undeveloped	6,400	0.001%
Ag Forest	277,200	0.027%
Forest	562,100	0.055%
Other	224,000	0.022%
Personal Property	48,485,600	4.760%
Total	<u>\$ 1,018,531,400</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2013	\$1,003,823,900	\$ 997,745,200	-2.02%
2014	1,002,761,500	1,000,004,300	0.23%
2015	999,810,100	1,011,657,700	1.17%
2016	1,000,970,700	982,701,000	-2.86%
2017	1,005,378,600	1,018,531,400	3.65%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2017 Equalized Value ¹	Percent of City's Total Equalized Value
Verso/Newpage, StoraEnso, Consolidated Papers, Consolidated Water Power Co.	Paper manufacturing	\$ 60,929,362	5.98%
Aspirus Riverview Hospitals & Clinics, Inc.	Health care	16,372,838	1.61%
Rapids Warehouse Inc., Rapids/Cooler Warehouse LLC, WOW Logistics	Warehousing	14,434,109	1.42%
S.C. Swiderski LLC	Real estate	13,316,352	1.31%
Wal-Mart Real Estate Bus. Trust	Retail	11,799,909	1.16%
Ocean Spray Cranberries Inc.	Food processing	11,606,948	1.14%
Wisconsin Rapids Real Estate	Nursing home	9,930,363	0.98%
Koala Bear Ventures LLC, Grizzly Bear Ventures LLC, Panda Bear Ventures LLC, Polar Bear Ventures LLC	Assisted living	9,725,753	0.95%
Renaissance Learning Inc.	Educational software	9,064,215	0.89%
Ruesch Companies LLC	Real estate	7,146,049	0.70%
Total		\$164,325,898	16.13%
City's Total 2017 Equalized Value ²		\$1,018,531,400	

Source: The City.

¹ Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the City.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u>\$ 20,774,961</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$ 23,826,785</u>
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*Preliminary, subject to change.

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of July 11, 2018)

Fiscal Year Ending	G.O. Ref. Bds Series 2011A		G.O. Ref. Bds Series 2011B		G.O. Prom Notes		Tax. GO Ref. Bds Series 2012A		State Trust Fund Loan		G.O. Ref. Bds Series 2012C	
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity
2018												
2019	175,000	5/1	125,000	5/1	150,000	5/1	390,000	6/1	51,385	3/15	215,000	3/1
2020	175,000	5/1	125,000	5/1	150,000 (1)	5/1	420,000	6/1	52,913	3/15	165,000	3/1
2021	175,000 (1)	5/1	125,000 (1)	5/1	100,000 (1)	5/1	445,000	6/1	54,514	3/15	190,000	3/1
2022	175,000 (1)	5/1	125,000 (1)	5/1	125,000 (1)	5/1	485,000	6/1	56,149	3/15	205,000	3/1
2023	175,000 (1)	5/1	125,000 (1)	5/1	125,000 (1)	5/1	505,000	6/1	57,575	3/15	205,000	3/1
2024	175,000 (1)	5/1	125,000 (1)	5/1	125,000 (1)	5/1	505,000	6/1	57,575	3/15	205,000	3/1
2025	175,000 (1)	5/1	125,000 (1)	5/1	125,000 (1)	5/1	505,000	6/1	57,575	3/15	205,000	3/1
2026	175,000 (1)	5/1	125,000 (1)	5/1	125,000 (1)	5/1	505,000	6/1	57,575	3/15	205,000	3/1
2027	175,000 (1)	5/1	125,000 (1)	5/1	125,000 (1)	5/1	505,000	6/1	57,575	3/15	205,000	3/1
2028												
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
2037												
	1,400,000		500,000		400,000		2,245,000		214,961		1,430,000	
					22,500		190,150		16,374		93,988	

(1) Mandatory redemption amounts. (continued on following page)

CITY OF WISCONSIN RAPIDS, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of July 11, 2018)

Dated Amount	G.O. Prom Notes Series 2012D		G.O. Prom Notes Series 2015A		G.O. Ref. Bds Series 2015B		G.O. Prom Notes Series 2016A		G.O. Corp Purp Bds, Series 2017A		G.O. Prom Notes Series 2018A		Principal Outstanding*	Principal %Paid*	Year				
	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal				Interest			
2018	11/13/2012	\$1,010,000	3/1	6/10/2015	\$995,000	6/1	9/22/2015	\$7,475,000	4/1	7/14/2016	\$1,120,000	6/1	6/8/2017	\$4,515,000	6/1	7/11/2018	\$2,135,000*	6/1	
2019		100,000	2,545		100,000	6,494		495,000	129,069		95,000	13,413		155,000	66,056		100,000	76,833	
2020		100,000	3,515		100,000	11,013		510,000	119,019		105,000	12,334		190,000	124,613		100,000	52,990	
2021		105,000	2,258		100,000	9,488		510,000	108,819		105,000	11,074		200,000	118,763		100,000	50,815	
2022		105,000	788		100,000	7,788		520,000	98,519		105,000	9,709		200,000	112,763		125,000	48,221	
2023					105,000	5,838		535,000	87,969		125,000	8,063		265,000	105,788		250,000	43,690	
2024					105,000	3,659		545,000	77,169		130,000	6,085		300,000	97,313		285,000	36,994	
2025					110,000	1,265		555,000	65,822		135,000	3,864		310,000	88,163		290,000	29,518	
2026								570,000	53,513		145,000	1,341		325,000	78,638		290,000	21,615	
2027								580,000	40,213					340,000	68,663		295,000	13,278	
2028								595,000	25,888					370,000	61,013		300,000	4,500	
2029								615,000	9,225					175,000 (1)	55,838				
2030														185,000	50,438				
2031														195,000	44,738				
2032														200,000	38,813				
2033														210,000	32,663				
2034														215,000 (1)	26,153				
2035														225,000 (1)	19,278				
2036														240,000 (1)	11,863				
2037														245,000 (1)	3,981				
		410,000	13,695		720,000	57,905		6,030,000	882,231		945,000	72,825		4,345,000	1,335,319		2,135,000	378,453	
																	20,774,961	3,349,484	24,124,445

(1) Mandatory redemption amounts.

* Preliminary, subject to change.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewer Utility Revenues
(As of July 11, 2018)

Dated Amount	Tax. Sewerage Sys Revenue Bds Series 2008		Tax. Sewerage Sys Revenue Bds Series 2018		Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
	12/23/2008 \$26,966,344	5/1	5/23/2018 \$7,027,469	5/1						
	Principal	Interest	Principal	Interest						
2018	0	285,420	57,676		0	343,096	343,096	23,826,785	0.00%	2018
2019	1,438,761	546,396	131,414		1,438,761	677,810	2,116,570	22,388,024	6.04%	2019
2020	1,487,650	496,676	311,455		1,799,104	625,178	2,424,282	20,588,920	13.59%	2020
2021	1,538,200	445,267	317,279		1,855,479	567,890	2,423,369	18,733,441	21.38%	2021
2022	1,590,468	392,111	323,212		1,913,680	508,746	2,422,425	16,819,761	29.41%	2022
2023	1,644,512	337,149	329,256		1,973,768	447,683	2,421,451	14,845,993	37.69%	2023
2024	1,700,393	280,319	335,413		2,035,806	384,638	2,420,444	12,810,188	46.24%	2024
2025	1,758,172	221,558	341,685		2,099,857	319,546	2,419,403	10,710,330	55.05%	2025
2026	1,817,915	160,800	348,075		2,165,989	252,339	2,418,329	8,544,341	64.14%	2026
2027	1,879,687	97,978	354,584		2,234,271	182,947	2,417,218	6,310,070	73.52%	2027
2028	1,943,559	33,021	361,215		2,304,774	111,297	2,416,071	4,005,296	83.19%	2028
2029			367,969		367,969	71,459	439,428	3,637,327	84.73%	2029
2030			374,850		374,850	64,513	439,363	3,262,477	86.31%	2030
2031			381,860		381,860	57,438	439,298	2,880,617	87.91%	2031
2032			389,001		389,001	50,230	439,231	2,491,616	89.54%	2032
2033			396,275		396,275	42,888	439,163	2,095,341	91.21%	2033
2034			403,685		403,685	35,408	439,094	1,691,656	92.90%	2034
2035			411,234		411,234	27,789	439,023	1,280,421	94.63%	2035
2036			418,924		418,924	20,027	438,951	861,497	96.38%	2036
2037			426,758		426,758	12,120	438,878	434,739	98.18%	2037
2038			434,739		434,739	4,065	438,803	0	100.00%	2038
	16,799,316	3,296,697	7,027,469	1,510,411	23,826,785	4,807,108	28,633,892			

DEBT LIMIT

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

Equalized Value	\$1,018,531,400
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 50,926,570
Less: General Obligation Debt (includes the Notes)*	<u>(20,774,961)</u>
Unused Debt Limit*	<u><u>\$ 30,151,609</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2017 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Wood County	\$ 4,993,169,200	20.3985%	\$ 24,905,000	\$ 5,080,246
Wisconsin Rapids School District	2,259,740,735	45.0729%	34,690,000	15,635,789
Mid-State Technical College	13,388,377,952	7.6076%	29,855,000	<u>2,271,249</u>
City's Share of Total Overlapping Debt				<u><u>\$22,987,284</u></u>

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

² Includes tax increment valuation.

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

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,018,531,400	Debt/ Per Capita 18,546¹
Total General Obligation Debt*	\$ 20,774,961	2.04%	\$ 1,120.19
City's Share of Total Overlapping Debt	<u>22,987,284</u>	<u>2.26%</u>	<u>1,239.47</u>
Total*	\$ 43,762,245	4.30%	\$ 2,359.66

*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

In the next 12 months, the City is considering issuing approximately \$2,500,000 in general obligation debt to supplement fundraising efforts to construct a new aquatics center. The timing of the project and the amount the City would need to borrow depend on the outcome of the fundraising effort. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

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
2013/14	\$11,438,418	100%	\$11.58
2014/15	11,550,601	100%	11.75
2015/16	11,659,058	100%	11.71
2016/17	11,808,325	100%	12.19
2017/18	12,228,133	[In process]	12.18

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
2013/14	\$12.17	\$4.69	\$11.58	\$0.17	\$28.61
2014/15	11.28	4.80	11.75	0.17	28.00
2015/16	11.37	4.81	11.71	0.17	28.06
2016/17	11.68	5.09	12.19	0.17	29.13
2017/18	11.28	5.13	12.18	0.00	28.59

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

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

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

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

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

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

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

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

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

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1900 and is governed by a Mayor and an eight-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 appointed Finance Director/Treasurer and elected City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 225 full-time, 38 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 generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees’ required contribution. During the fiscal year ended December 31, 2015 (“Fiscal Year 2015”), the fiscal year ended December 31, 2016 (“Fiscal Year 2016”) and the fiscal year ended December 31, 2017 (“Fiscal Year 2017”), the City’s portion of contributions to WRS (not including any employee contributions) totaled \$1,248,019, \$1,218,145 and \$1,229,654, respectively.

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

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

As of December 31, 2016, the total pension liability of the WRS was calculated as \$93.4 billion and the fiduciary net position was calculated as \$92.6 billion, resulting in a net pension liability of \$0.8 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 2017, the City reported a liability of \$1,050,462 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 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 0.12744633% of the aggregate WRS net pension liability as of December 31, 2016.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 3.H. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

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

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

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

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
IAFF Local 425 (firefighters)	December 31, 2018
WRPPA (police)	December 31, 2018
AFSCME Local 1075 (DPW)	December 31, 2018

OTHER POST EMPLOYMENT BENEFITS

The City provides “other post-employment benefits” (“OPEB”) (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the City and have satisfied specified eligibility standards. Membership in the plan consisted of 46 retirees receiving benefits and 174 active plan members as of January 1, 2016, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years. Prior to June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board (“GASB 45”) regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations are required to be prepared in accordance with Statement No. 74 and 75 of the Governmental Accounting Standards Board (“GASB 74/75”). An actuarial study for the plan prepared in accordance with GASB 45 was last completed by Key Benefit Concepts, LLC in January 2017 with an actuarial valuation date of January 1, 2016.

Under GASB 45, the City is required to expense the estimated yearly cost of providing post-retirement benefits representing a level of funding that, if paid on an ongoing basis, is projected to cover costs and amortize unfunded actuarial liabilities over a given period not to exceed 30 years. Such annual accrual expense is referred to as the “annual required contribution.”

As shown in the City's audited financial statements for Fiscal Year 2017, the City's annual required contribution for Fiscal Year 2017 was \$1,049,953. For Fiscal Year 2017, contributions to the plan totaled \$336,313, which was 32.031% of the annual required contribution. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

As of the latest actuarial valuation date, January 1, 2016, the actuarial accrued liability for benefits was \$12,051,884 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$12,051,884 and a funded ratio of 0%.

For more information, see Note 3.I. in “APPENDIX A - FINANCIAL STATEMENTS.”

LITIGATION

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

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 Notes 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 Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

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 Notes would not occur.

FUNDS ON HAND (as of April 30, 2018)

Fund	Total Cash and Investments
General	\$ 12,665,746
River Cities Community Access Fund	345,559
Debt Service Fund	737,595
TID 6 Fund	553,891
TID 7 Fund	13,932
Municipal Building Fund	285,600
Airport Fund	259,867
Sewer Utility Fund	6,657,375
Health Insurance Fund	737,242
Water and Light Utility	8,776,550
Facilities and Fleet Maintenance Fund	322,481
HCRI Program Fund	25,896
Centralia Center Fund	588,659
Housing Rehabilitation Fund	194,544
Retiree Health Insurance Fund	567,837
Public Works Construction Fund	1,717,169
Stormwater Utility Fund	302,579
EMS Fund	390,044
Grants and Donations Fund	385,733
Equipment Replacement Fund	1,028,098
Aquatics & Riverfront Fund	3,363,040
Room Tax Fund	<u>272,024</u>
Total Funds on Hand	<u><u>\$ 40,191,461</u></u>

ENTERPRISE & SPECIAL REVENUE FUNDS

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

	2015	2016	Draft 2017
Water & Light Enterprise Fund			
Total Operating Revenues	\$ 32,962,020	\$ 33,249,756	\$ 31,766,704
Less: Operating Expenses	(28,980,037)	(28,944,336)	(28,630,369)
Operating Income	\$ 3,981,983	\$ 4,305,420	\$ 3,136,335
Plus: Depreciation	2,969,461	2,975,887	3,166,729
Interest Income	498,701	608,422	748,029
Revenues Available for Debt Service	<u>\$ 7,450,145</u>	<u>\$ 7,889,729</u>	<u>\$ 7,051,093</u>
Airport Enterprise Fund			
Total Operating Revenues	\$ 157,191	\$ 201,607	\$ 259,608
Less: Operating Expenses	(231,530)	(312,373)	(401,948)
Operating Income	\$ (74,339)	\$ (110,766)	\$ (142,340)
Plus: Depreciation	111,676	112,758	119,457
Interest Income	434	1,187	2,425
Revenues Available for Debt Service	<u>\$ 37,771</u>	<u>\$ 3,179</u>	<u>\$ (20,458)</u>
Sewer Special Revenue Fund			
Total Operating Revenues	\$ 5,231,145	\$ 5,271,321	\$ 6,201,280
Less: Operating Expenses	(2,236,933)	(2,474,093)	(2,255,660)
Operating Income	\$ 2,994,212	\$ 2,797,228	\$ 3,945,620
Plus: Depreciation	0	0	0
Interest Income	0	0	0
Revenues Available for Debt Service	<u>\$ 2,994,212</u>	<u>\$ 2,797,228</u>	<u>\$ 3,945,620</u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2016 audited financial statements and 2017 draft audited financial statements.

FISCAL YEAR ENDING DECEMBER 31

COMBINED STATEMENT	2014 Audited	2015 Audited	2016 Audited	2017 Draft Audited	2018 Adopted Budget ¹
Revenues					
Taxes	\$ 9,092,306	\$ 9,321,265	\$ 9,342,497	\$ 9,383,530	\$ 11,728,291
Special assessments	145,475	272,027	322,070	251,568	243,855
Intergovernmental	6,266,641	6,310,044	6,325,273	6,262,523	6,366,085
Licenses and permits	303,060	290,609	154,584	262,542	215,625
Fines and forfeitures	238,105	260,808	210,087	255,545	232,750
Public charges for services	1,524,692	1,489,975	385,059	464,448	380,095
Miscellaneous general revenues	227,581	126,344	100,332	246,428	240,225
Total Revenues	\$ 17,797,860	\$ 18,071,072	\$ 16,839,902	\$ 17,126,584	\$ 19,406,926
Expenditures					
Current:					
General government	\$ 1,665,960	\$ 2,308,119	\$ 2,373,213	\$ 2,580,752	\$ 2,333,120
Public safety	8,900,083	9,086,284	7,791,474	8,082,295	8,247,114
Public works	4,221,972	3,747,668	5,071,536	4,668,898	5,042,113
Health and human services	287,222	292,829	321,958	340,141	364,315
Culture and recreation	2,578,411	2,676,513	2,693,722	2,695,241	3,006,650
Conservation and development	201,694	229,120	216,855	245,161	253,177
Capital outlay	567,122	734,511	223,253	193,896	405,596
Total Expenditures	\$ 18,422,464	\$ 19,075,044	\$ 18,692,011	\$ 18,806,384	\$ 19,652,085
Excess of revenues over (under) expenditures	\$ (624,604)	\$ (1,003,972)	\$ (1,852,109)	\$ (1,679,800)	\$ (245,159)
Other Financing Sources (Uses)					
Proceeds from capital lease/assets	22,456	40,057	26,122	2,699	0
Proceeds of long-term debt/fund balance	0	0	0	0	1,497,417
Operating transfers in	1,775,280	1,854,630	1,803,863	1,845,967	(\$154,659) ²
Operating transfers out	(378,413)	0	(1,856,915)	(1,866,873)	(1,097,599)
Total Other Financing Sources (Uses)	\$ 1,419,323	\$ 1,894,687	\$ (26,930)	\$ (18,207)	\$ 245,159
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 794,719	\$ 890,715	\$ (1,879,039)³	\$ (1,698,007)⁴	\$ 0
General Fund Balance January 1	13,784,713	14,579,432	15,470,147	13,591,108	
General Fund Balance December 31	\$ 14,579,432	\$ 15,470,147	\$ 13,591,108	\$ 11,893,101	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	116,536	262,165	344,315	349,255	
Restricted	0	0	0	0	
Committed	5,608,946	6,200,031	2,768,973	784,494	
Assigned	330,939	205,910	1,409,650	1,497,417	
Unassigned	8,523,011	8,802,041	9,068,170	9,261,935	
Total	\$ 14,579,432	\$ 15,470,147	\$ 13,591,108	\$ 11,893,101	

¹ The 2018 budget was adopted on November 21, 2017.

² Represents a budgeted contingency which the City does not expect to spend. Any excess funds may be used to fund an increase in the City's health insurance premiums.

³ In 2016, the City created the following funds: EMS Service Fund, Donations and Grants Fund and Equipment Replacement Funds, which funds were formerly part of the General Fund. The City made transfers to these new funds from the General Fund.

⁴ In 2017, the City made transfers into the Equipment Replacement Fund and the Health Insurance Fund. As of July 1, 2018, the City will no longer be self-insured for health insurance.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 18,367 and a current estimated population of 18,546 comprises an area of 14.67 square miles and is located in the center of the State of Wisconsin, approximately 50 miles south of the City of Wausau and 20 miles southwest of the City of Stevens Point. The City of Wisconsin Rapids is the County Seat of Wood County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Verso Corp.	Paper manufacturing	950
Wisconsin Rapids School District	Elementary and secondary education	863
Wood County	County government and services	677
Riverview Hospital Association	Medical services	650
Renaissance Learning	Educational computer software	500
Wal-Mart	Retail	420
Opportunity Development Center	Manufacturing/outsourcing	375
The City	Municipal government and services	296
Mid-State Technical College	Post-secondary vocational education	250
Corenso North America Corp.	Core board mill	152

Source: *ReferenceUSA, written and telephone survey (June 2018), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development*

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

BUILDING PERMITS

	2014	2015	2016	2017	2018 ¹
<u>New Single Family Homes</u>					
No. of building permits	5	4	9	4	1
Valuation	\$721,300	\$783,000	\$1,493,800	\$595,000	\$244,000
<u>New Multiple Family Buildings</u>					
No. of building permits	3	21	1	0	5
Valuation	\$4,265,000	\$6,749,456	\$100,000	\$0	\$4,410,000
<u>New Commercial/Industrial</u>					
No. of building permits	0	8	5	6	4
Valuation	\$0	\$1,108,836	\$309,645	\$5,606,170	\$3,013,388
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	2,558	1,826	837	713	265
Valuation	\$23,527,411 ²	\$29,460,315 ³	\$8,405,401	\$29,116,891	\$30,461,038

Source: The City.

¹ As of May 18, 2018.

² 2014 hail damage repairs = \$15,305,316

³ 2015 hail damage repairs = \$8,484,215

U.S. CENSUS DATA

Population Trend: City

2000 U.S. Census	18,435
2010 U.S. Census	18,367
2017 Estimated Population	18,546
Percent of Change 2000 - 2010	-0.37%

Income and Age Statistics

	City	Wood County	State of Wisconsin	United States
2016 per capita income	\$23,305	\$27,687	\$29,253	\$29,829
2016 median household income	\$35,775	\$49,926	\$54,610	\$55,322
2016 median family income	\$48,968	\$65,078	\$69,925	\$67,871
2016 median gross rent	\$662	\$634	\$789	\$949
2016 median value owner occupied units	\$84,600	\$124,000	\$167,000	\$184,700
2016 median age	41.5 yrs.	43.7 yrs.	39.1 yrs.	37.7 yrs.
		State of Wisconsin	United States	
City % of 2016 per capita income		79.67%	78.13%	
City % of 2016 median family income		70.03%	72.15%	

Housing Statistics

	<u>City</u>		
	2000	2016	Percent of Change
All Housing Units	8,426	9,055	7.47%

Source: 2000 and 2010 Census of Population and Housing, and 2016 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

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

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Wood County	Wood County	Wood County	State of Wisconsin
2014	32,453	6.7%	6.7%	5.4%
2015	32,552	5.5%	5.5%	4.5%
2016	33,112	4.7%	4.7%	4.0%
2017	33,985	3.8%	3.8%	3.3%
2018, April	34,765	3.3%	3.3%	2.7%

Source: Wisconsin Department of Workforce Development.

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, 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 Wisconsin Rapids, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2017

City of Wisconsin Rapids, Wisconsin

DECEMBER 31, 2017

Table of Contents

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sewer Special Revenue Fund	14
Statement of Net Position - Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Notes to Basic Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress - Other Postemployment Benefit Plan	48
Schedule of Employer Contributions - Other Postemployment Benefit Plan	49
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	50
Schedule of Contributions - Wisconsin Retirement System	50
Notes to Required Supplementary Information	51
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	56
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	60
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61

Independent auditors' report

To the City Council
City of Wisconsin Rapids, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wisconsin Rapids, Wisconsin (the "City") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Sewer Special Revenue Fund 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 schedules relating to pensions and other postemployment benefits on pages 48 through 51 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

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

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

REPORT ON SUMMARIZED FINANCIAL INFORMATION

We have previously audited the City's 2016 financial statements, and our report dated June 5, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Certified Public Accountants

Wausau, Wisconsin

[REDACTED], 2018

City of Wisconsin Rapids, Wisconsin

STATEMENT OF NET POSITION

DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Totals	
			2017	2016
ASSETS				
Cash and investments	\$ 31,789,154	\$ 10,876,397	\$ 42,665,551	\$ 38,519,039
Receivables				
Taxes	20,868,399	-	20,868,399	21,037,666
Accounts, net	1,749,944	4,341,105	6,091,049	6,179,099
Special assessments	727,850	-	727,850	722,092
Loans	2,743,208	500,000	3,243,208	3,452,515
Internal balances	2,117,972	(2,117,972)	-	-
Due from other governments	259,275	-	259,275	208,900
Inventories and prepaid items	204,871	1,701,328	1,906,199	1,797,724
Investment in American Transmission Company	-	6,842,124	6,842,124	6,343,230
Assets held for future use	-	104,755	104,755	104,755
Preliminary survey and investigation	-	107,885	107,885	107,885
Conservation and other programs	-	8,436	8,436	4,969
Restricted assets				
Cash and investments	1,798,781	403,500	2,202,281	2,175,473
Capital assets, nondepreciable	5,028,543	1,751,947	6,780,490	6,883,984
Capital assets, depreciable, net	90,111,418	62,066,854	152,178,272	149,688,965
Total assets	157,399,415	86,586,359	243,985,774	237,226,296
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	-	770,092	770,092	838,841
Pension related amounts	6,624,763	1,509,383	8,134,146	11,405,233
Total deferred outflows of resources	6,624,763	2,279,475	8,904,238	12,244,074
LIABILITIES				
Accounts payable	1,297,263	1,782,913	3,080,176	2,891,746
Accrued and other current liabilities	939,407	251,749	1,191,156	862,198
Due to other governments	16,675,497	-	16,675,497	16,618,798
Accrued interest payable	217,331	35,930	253,261	200,854
Compensated absences	-	253,585	253,585	252,516
Special deposits	74,198	659,620	733,818	783,670
Unearned revenues	-	222	222	1,703
Long-term obligations				
Due within one year	3,025,256	491,533	3,516,789	3,315,435
Due in more than one year	30,986,380	6,096,693	37,083,073	35,875,612
Net pension liability	853,293	197,169	1,050,462	2,041,239
Other postemployment benefits	3,555,608	846,567	4,402,175	3,704,588
Total liabilities	57,624,233	10,615,981	68,240,214	66,548,359
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	12,834,339	-	12,834,339	12,431,070
Pension related amounts	2,710,674	626,350	3,337,024	4,295,753
Total deferred inflows of resources	15,545,013	626,350	16,171,363	16,726,823
NET POSITION				
Net investment in capital assets	65,243,215	57,230,575	122,473,790	118,733,450
Restricted	7,556,311	-	7,556,311	5,149,154
Unrestricted	18,055,406	20,392,928	38,448,334	42,312,584
Total net position	\$ 90,854,932	\$ 77,623,503	\$ 168,478,435	\$ 166,195,188

City of Wisconsin Rapids, Wisconsin

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,827,340	\$ 1,206,575	\$ -	\$ -
Public safety	11,347,658	1,389,991	291,276	102,858
Public works	12,640,807	7,151,958	1,902,933	10,632
Health and human services	353,084	-	-	-
Culture and recreation	2,961,846	108,928	509,087	575,000
Conservation and development	759,249	163,210	37,321	-
Interest and fiscal charges	1,050,687	-	-	-
Total governmental activities	32,940,671	10,020,662	2,740,617	688,490
BUSINESS-TYPE ACTIVITIES				
Electric utility	25,010,630	26,783,172	-	68,195
Water utility	3,831,153	4,983,532	-	36,248
Airport	401,948	259,608	-	-
Total business-type activities	29,243,731	32,026,312	-	104,443
Total	\$ 62,184,402	\$ 42,046,974	\$ 2,740,617	\$ 792,933

General revenues
 Taxes
 Property taxes
 Tax increments
 Other taxes
 Federal and state grants and other contributions
 not restricted to specific functions
 Interest and investment earnings
 Miscellaneous
 Gain on sale of asset
 Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

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

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

Governmental Activities	Business-type Activities	Totals	
		2017	2016
\$ (2,620,765)	\$ -	\$ (2,620,765)	\$ (3,167,781)
(9,563,533)	-	(9,563,533)	(9,153,508)
(3,575,284)	-	(3,575,284)	(4,409,637)
(353,084)	-	(353,084)	(329,259)
(1,768,831)	-	(1,768,831)	(2,501,339)
(558,718)	-	(558,718)	(449,550)
(1,050,687)	-	(1,050,687)	(976,877)
<u>(19,490,902)</u>	<u>-</u>	<u>(19,490,902)</u>	<u>(20,987,951)</u>
-	1,840,737	1,840,737	2,601,566
-	1,188,627	1,188,627	1,679,586
-	<u>(142,340)</u>	<u>(142,340)</u>	<u>(110,766)</u>
<u>-</u>	<u>2,887,024</u>	<u>2,887,024</u>	<u>4,170,386</u>
<u>(19,490,902)</u>	<u>2,887,024</u>	<u>(16,603,878)</u>	<u>(16,817,565)</u>
11,808,325	-	11,808,325	11,659,058
431,567	-	431,567	423,414
509,440	-	509,440	419,189
4,241,395	-	4,241,395	4,418,877
232,799	750,454	983,253	652,180
750,077	13,510	763,587	626,991
149,558	-	149,558	71,855
<u>1,845,967</u>	<u>(1,845,967)</u>	<u>-</u>	<u>-</u>
<u>19,969,128</u>	<u>(1,082,003)</u>	<u>18,887,125</u>	<u>18,271,564</u>
478,226	1,805,021	2,283,247	1,453,999
<u>90,376,706</u>	<u>75,818,482</u>	<u>166,195,188</u>	<u>164,741,189</u>
<u>\$ 90,854,932</u>	<u>\$ 77,623,503</u>	<u>\$ 168,478,435</u>	<u>\$ 166,195,188</u>

City of Wisconsin Rapids, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	<u>General</u>	<u>Sewer</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>
ASSETS				
Cash and investments	\$ 19,514,398	\$ 3,536,257	\$ 209,255	\$ 8,529,244
Restricted cash and investments	-	1,798,781	-	-
Receivables				
Taxes	17,892,428	-	1,471,633	1,504,338
Accounts, net	350,667	907,816	-	491,461
Special assessments	727,850	-	-	-
Loans	-	-	-	2,743,208
Due from other funds	1,968,779	672,043	4,001	349,810
Due from other governments	2,801	-	-	256,474
Inventories and prepaid items	204,871	-	-	-
	<u>40,661,794</u>	<u>6,914,897</u>	<u>1,684,889</u>	<u>13,874,535</u>
Total assets	<u>\$ 40,661,794</u>	<u>\$ 6,914,897</u>	<u>\$ 1,684,889</u>	<u>\$ 13,874,535</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 647,681	\$ 111,402	\$ -	\$ 538,180
Accrued and other current liabilities	862,133	20,722	-	56,552
Due to other funds	105,330	382,961	-	388,370
Due to other governments	16,675,497	-	-	-
Special deposits	31,732	-	-	42,466
	<u>18,322,373</u>	<u>515,085</u>	<u>-</u>	<u>1,025,568</u>
Total liabilities	<u>18,322,373</u>	<u>515,085</u>	<u>-</u>	<u>1,025,568</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	9,858,368	-	1,471,633	1,504,338
Loans receivable	-	-	-	2,743,208
Special assessments	587,952	-	-	-
	<u>10,446,320</u>	<u>-</u>	<u>1,471,633</u>	<u>4,247,546</u>
Total deferred inflows of resources	<u>10,446,320</u>	<u>-</u>	<u>1,471,633</u>	<u>4,247,546</u>
Fund balances				
Nonspendable	349,255	-	-	-
Restricted	-	1,798,781	213,256	3,058,322
Committed	784,494	4,601,031	-	5,903,329
Assigned	1,497,417	-	-	-
Unassigned	9,261,935	-	-	(360,230)
	<u>11,893,101</u>	<u>6,399,812</u>	<u>213,256</u>	<u>8,601,421</u>
Total fund balances	<u>11,893,101</u>	<u>6,399,812</u>	<u>213,256</u>	<u>8,601,421</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,661,794</u>	<u>\$ 6,914,897</u>	<u>\$ 1,684,889</u>	<u>\$ 13,874,535</u>

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

Totals	
2017	2016
\$ 31,789,154	\$ 27,919,362
1,798,781	1,783,683
20,868,399	21,037,666
1,749,944	1,459,813
727,850	722,092
2,743,208	2,952,515
2,994,633	2,502,927
259,275	208,900
204,871	207,864
<u>\$ 63,136,115</u>	<u>\$ 58,794,822</u>
\$ 1,297,263	\$ 1,000,232
939,407	658,981
876,661	647,192
16,675,497	16,618,798
74,198	71,032
<u>19,863,026</u>	<u>18,996,235</u>
12,834,339	12,431,070
2,743,208	2,952,515
587,952	581,168
<u>16,165,499</u>	<u>15,964,753</u>
349,255	344,315
5,070,359	2,414,306
11,288,854	10,644,854
1,497,417	1,409,650
8,901,705	9,020,709
<u>27,107,590</u>	<u>23,833,834</u>
<u>\$ 63,136,115</u>	<u>\$ 58,794,822</u>

City of Wisconsin Rapids, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	2017	2016
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 27,107,590	\$ 23,833,834
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	95,139,961	94,092,534
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	587,952	581,168
Loans receivable	2,743,208	2,952,515
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	6,624,763	9,399,302
Deferred inflows related to pensions	(2,710,674)	(3,547,527)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(32,410,643)	(30,719,828)
Premium on debt	(199,881)	(36,154)
Capital leases	(9,622)	(18,758)
Compensated absences	(1,391,490)	(1,351,548)
Net pension liability	(853,293)	(1,685,700)
Other postemployment benefit	(3,555,608)	(2,964,465)
Accrued interest on long-term obligations	(217,331)	(158,667)
Net position of governmental activities as reported on the statement of net position (see page 4)	\$ 90,854,932	\$ 90,376,706

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

City of Wisconsin Rapids, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Sewer</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>
REVENUES				
Taxes	\$ 9,383,530	\$ -	\$ 1,210,635	\$ 2,155,167
Special assessments	251,568	-	-	-
Intergovernmental	6,262,523	-	-	785,026
Licenses and permits	262,542	-	-	354,537
Fines and forfeits	255,545	-	-	-
Public charges for services	464,448	6,170,305	-	2,038,787
Intergovernmental charges for services	-	-	-	444,054
Miscellaneous	246,428	30,975	73,600	1,931,948
	<u>17,126,584</u>	<u>6,201,280</u>	<u>1,284,235</u>	<u>7,709,519</u>
Total revenues				
EXPENDITURES				
Current				
General government	2,580,752	-	-	737,429
Public safety	8,082,295	-	-	1,726,981
Public works	4,668,898	2,255,660	-	2,163,085
Health and human services	340,141	-	-	-
Culture and recreation	2,695,241	-	-	23,215
Conservation and development	245,161	-	-	486,079
Debt service				
Principal	-	-	2,833,322	-
Interest and fiscal charges	-	-	894,949	107,721
Capital outlay	193,896	397,002	-	5,332,301
	<u>18,806,384</u>	<u>2,652,662</u>	<u>3,728,271</u>	<u>10,576,811</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>(1,679,800)</u>	<u>3,548,618</u>	<u>(2,444,036)</u>	<u>(2,867,292)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	4,515,000
Premium on debt issued	-	-	-	174,375
Proceeds from sale of capital assets	2,699	-	-	178,225
Transfers in	1,845,967	-	2,589,772	3,301,356
Transfers out	(1,866,873)	(2,839,460)	(500,000)	(684,795)
	<u>(18,207)</u>	<u>(2,839,460)</u>	<u>2,089,772</u>	<u>7,484,161</u>
Total other financing sources (uses)				
Net change in fund balances	(1,698,007)	709,158	(354,264)	4,616,869
Fund balances - January 1	<u>13,591,108</u>	<u>5,690,654</u>	<u>567,520</u>	<u>3,984,552</u>
Fund balances - December 31	<u>\$ 11,893,101</u>	<u>\$ 6,399,812</u>	<u>\$ 213,256</u>	<u>\$ 8,601,421</u>

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

Totals	
<u>2017</u>	<u>2016</u>
\$ 12,749,332	\$ 12,501,661
251,568	322,070
7,047,549	6,915,721
617,079	452,286
255,545	210,087
8,673,540	7,581,879
444,054	521,054
<u>2,282,951</u>	<u>1,236,881</u>
<u>32,321,618</u>	<u>29,741,639</u>
3,318,181	3,102,977
9,809,276	9,224,586
9,087,643	8,895,328
340,141	321,958
2,718,456	2,715,013
731,240	709,267
2,833,322	2,777,198
1,002,670	998,158
<u>5,923,199</u>	<u>3,824,982</u>
<u>35,764,128</u>	<u>32,569,467</u>
<u>(3,442,510)</u>	<u>(2,827,828)</u>
4,515,000	1,120,000
174,375	-
180,924	71,855
7,737,095	6,685,470
<u>(5,891,128)</u>	<u>(4,881,607)</u>
<u>6,716,266</u>	<u>2,995,718</u>
3,273,756	167,890
<u>23,833,834</u>	<u>23,665,944</u>
<u>\$ 27,107,590</u>	<u>\$ 23,833,834</u>

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 3,273,756	\$ 167,890
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	5,152,136	2,563,648
Depreciation expense reported in the statement of activities	(3,988,158)	(3,906,102)
Net book value of disposals	(116,551)	(559,786)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(202,523)	138,500
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(4,515,000)	(1,120,000)
Premium on debt issued	(174,375)	5,580
Principal repaid	2,824,185	2,768,520
Capital leases paid	9,136	8,678
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(58,664)	15,701
Amortization of premiums, discounts and loss on advance refunding	10,648	-
Compensated absences	(39,942)	(132,906)
Net pension liability	832,407	(4,211,358)
Deferred outflows of resources related to pensions	(2,774,539)	6,792,291
Deferred inflows of resources related to pensions	836,853	(3,547,527)
Other postemployment benefits	(591,143)	(551,263)
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	<u>\$ 478,226</u>	<u>\$ (1,568,134)</u>

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 9,359,607	\$ 9,359,607	\$ 9,383,530	\$ 23,923	\$ 9,342,497
Special assessments	193,400	193,400	251,568	58,168	322,070
Intergovernmental	6,254,605	6,254,605	6,262,523	7,918	6,325,273
Licenses and permits	214,195	214,195	262,542	48,347	154,584
Fines and forfeits	255,250	255,250	255,545	295	210,087
Public charges for services	373,870	373,870	464,448	90,578	385,059
Miscellaneous	161,675	161,675	246,428	84,753	100,332
Total revenues	16,812,602	16,812,602	17,126,584	313,982	16,839,902
EXPENDITURES					
Current					
General government	2,567,302	2,279,320	2,580,752	(301,432)	2,373,213
Public safety	8,026,674	8,028,112	8,082,295	(54,183)	7,791,474
Public works	4,630,245	4,691,129	4,668,898	22,231	5,071,536
Health and human services	336,582	336,582	340,141	(3,559)	321,958
Culture and recreation	2,856,791	2,930,984	2,695,241	235,743	2,693,722
Conservation and development	338,502	338,277	245,161	93,116	216,855
Capital outlay	168,310	286,002	193,896	92,106	223,253
Total expenditures	18,924,406	18,890,406	18,806,384	84,022	18,692,011
Excess of revenues under expenditures	(2,111,804)	(2,077,804)	(1,679,800)	398,004	(1,852,109)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	2,699	2,699	26,122
Transfers in	1,841,775	1,841,775	1,845,967	4,192	1,803,863
Transfers out	(1,139,621)	(1,144,621)	(1,866,873)	(722,252)	(1,856,915)
Total other financing sources (uses)	702,154	697,154	(18,207)	(715,361)	(26,930)
Net change in fund balance	(1,409,650)	(1,380,650)	(1,698,007)	(317,357)	(1,879,039)
Fund balance - January 1	13,591,108	13,591,108	13,591,108	-	15,470,147
Fund balance - December 31	\$ 12,181,458	\$ 12,210,458	\$ 11,893,101	\$ (317,357)	\$ 13,591,108

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

City of Wisconsin Rapids, Wisconsin

**SEWER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
REVENUES					
Public charges for services	\$ 5,639,506	\$ 5,639,506	\$ 6,170,305	\$ 530,799	\$ 5,253,348
Miscellaneous	15,000	15,000	30,975	15,975	17,973
Total revenues	<u>5,654,506</u>	<u>5,654,506</u>	<u>6,201,280</u>	<u>546,774</u>	<u>5,271,321</u>
EXPENDITURES					
Current					
Public works	2,388,370	2,388,370	2,255,660	132,710	2,322,111
Capital outlay	<u>668,500</u>	<u>668,500</u>	<u>397,002</u>	<u>271,498</u>	<u>165,192</u>
Total expenditures	<u>3,056,870</u>	<u>3,056,870</u>	<u>2,652,662</u>	<u>404,208</u>	<u>2,487,303</u>
Excess of revenues over expenditures	2,597,636	2,597,636	3,548,618	950,982	2,784,018
OTHER FINANCING USES					
Transfers out	<u>(2,871,136)</u>	<u>(3,360,176)</u>	<u>(2,839,460)</u>	<u>520,716</u>	<u>(2,505,622)</u>
Net change in fund balance	(273,500)	(762,540)	709,158	1,471,698	278,396
Fund balance - January 1	<u>5,690,654</u>	<u>5,690,654</u>	<u>5,690,654</u>	-	<u>5,412,258</u>
Fund balance - December 31	<u>\$ 5,417,154</u>	<u>\$ 4,928,114</u>	<u>\$ 6,399,812</u>	<u>\$ 1,471,698</u>	<u>\$ 5,690,654</u>

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2017
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	Waterworks and Lighting Commission	Non-Major Airport	Totals	
			2017	2016
ASSETS				
Current assets				
Cash and investments	\$ 2,644,536	\$ 240,331	\$ 2,884,867	\$2,645,656
Receivables				
Customer accounts, net	3,636,884	3,237	3,640,121	3,991,174
Other	700,984	-	700,984	728,112
Due from other funds	517,891	-	517,891	569,911
Inventories and prepaid items	1,682,002	19,326	1,701,328	1,589,860
Total current assets	9,182,297	262,894	9,445,191	9,524,713
Noncurrent assets				
Restricted cash and investments	403,500	-	403,500	391,790
Depreciation fund	7,991,530	-	7,991,530	7,954,021
Total noncurrent assets	8,395,030	-	8,395,030	8,345,811
Other assets				
Notes receivable	500,000	-	500,000	500,000
Investment in American Transmission Company	6,842,124	-	6,842,124	6,343,230
Preliminary survey and investigation	107,885	-	107,885	107,885
Conservation and other programs	8,436	-	8,436	4,969
Assets held for future use	104,755	-	104,755	104,755
Total other assets	7,563,200	-	7,563,200	7,060,839
Capital assets				
Nondepreciable	1,546,527	205,420	1,751,947	2,702,985
Depreciable, net	61,502,680	564,174	62,066,854	59,777,430
Total capital assets	63,049,207	769,594	63,818,801	62,480,415
Total assets	88,189,734	1,032,488	89,222,222	87,411,778
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	770,092	-	770,092	838,841
Pension related amounts	1,499,585	9,798	1,509,383	2,005,931
Total deferred outflows of resources	2,269,677	9,798	2,279,475	2,844,772

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Waterworks and Lighting Commission	Nonmajor Fund Airport	Totals	
			2017	2016
LIABILITIES				
Current liabilities				
Accounts payable	1,731,427	51,486	1,782,913	1,891,514
Accrued and other current liabilities	246,583	5,166	251,749	203,217
Due to other funds	2,634,403	1,460	2,635,863	2,425,646
Accrued interest	35,930	-	35,930	38,280
Compensated absences	253,585	-	253,585	252,516
Special deposits	659,620	-	659,620	716,545
Unearned revenue	-	222	222	1,703
Current portion of long-term debt	491,533	-	491,533	476,533
Total current liabilities	6,053,081	58,334	6,111,415	6,005,954
Long-term obligations, less current portion				
General obligation debt	6,096,693	-	6,096,693	6,588,226
Net pension liability	196,251	918	197,169	355,539
Other postemployment benefits	846,567	-	846,567	740,123
Total long-term liabilities	7,139,511	918	7,140,429	7,683,888
Total liabilities	13,192,592	59,252	13,251,844	13,689,842
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	623,434	2,916	626,350	748,226
NET POSITION				
Net investment in capital assets	56,460,981	769,594	57,230,575	55,415,656
Unrestricted	20,182,404	210,524	20,392,928	20,402,826
Total net position	\$ 76,643,385	\$ 980,118	\$ 77,623,503	\$ 75,818,482

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Waterworks and Lighting Commission	Non-Major Airport	Totals	
			2017	2016
OPERATING REVENUES				
Charges for services	\$ 31,217,549	\$ 99,382	\$ 31,316,931	\$ 32,743,550
Intergovernmental charges for services	-	160,226	160,226	150,225
Other	549,155	-	549,155	557,588
	<u>31,766,704</u>	<u>259,608</u>	<u>32,026,312</u>	<u>33,451,363</u>
OPERATING EXPENSES				
General and administrative	-	45,122	45,122	92,833
Operation and maintenance	25,075,678	237,369	25,313,047	25,694,730
Depreciation	3,166,729	119,457	3,286,186	3,088,645
Taxes	387,962	-	387,962	380,501
	<u>28,630,369</u>	<u>401,948</u>	<u>29,032,317</u>	<u>29,256,709</u>
Operating income (loss)	<u>3,136,335</u>	<u>(142,340)</u>	<u>2,993,995</u>	<u>4,194,654</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	748,029	2,425	750,454	609,609
Interest and fiscal charges	(149,198)	-	(149,198)	(153,577)
Amortization of debt discount/premium	6,533	-	6,533	6,533
Amortization of loss on refunding	(68,749)	-	(68,749)	(68,500)
Other nonoperating revenues (expenses)	9,363	4,147	13,510	26,479
	<u>545,978</u>	<u>6,572</u>	<u>552,550</u>	<u>420,544</u>
Income (loss) before contributions and transfers	3,682,313	(135,768)	3,546,545	4,615,198
Capital contributions	104,443	-	104,443	210,798
Transfers out	(1,845,967)	-	(1,845,967)	(1,803,863)
Change in net position	1,940,789	(135,768)	1,805,021	3,022,133
Net position - January 1	<u>74,702,596</u>	<u>1,115,886</u>	<u>75,818,482</u>	<u>72,796,349</u>
Net position - December 31	<u>\$ 76,643,385</u>	<u>\$ 980,118</u>	<u>\$ 77,623,503</u>	<u>\$ 75,818,482</u>

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

City of Wisconsin Rapids, Wisconsin

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Waterworks and Lighting Commission	Non-Major Airport	Totals	
			2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 32,084,693	\$ 255,361	\$ 32,340,054	\$ 33,187,577
Cash paid for employee wages and benefits	(2,141,883)	(73,915)	(2,215,798)	(2,253,577)
Cash paid to suppliers	(22,737,467)	(201,308)	(22,938,775)	(23,371,680)
Nonoperating revenues	9,363	4,147	13,510	26,479
Net cash provided (used) by operating activities	<u>7,214,706</u>	<u>(15,715)</u>	<u>7,198,991</u>	<u>7,588,799</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to municipality for tax equivalent	<u>(1,845,967)</u>	<u>-</u>	<u>(1,845,967)</u>	<u>(1,803,863)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(4,687,598)	(60,750)	(4,748,348)	(5,093,940)
Contributions from property owners	104,443	-	104,443	242,615
Salvage expense and other sale proceeds	(39,184)	-	(39,184)	107,542
Principal paid on revenue bonds	(470,000)	-	(470,000)	(490,000)
Interest paid on revenue bonds	<u>(149,897)</u>	<u>-</u>	<u>(149,897)</u>	<u>(163,924)</u>
Net cash used by capital and related financing activities	<u>(5,242,236)</u>	<u>(60,750)</u>	<u>(5,302,986)</u>	<u>(5,397,707)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(3,436,000)	-	(3,436,000)	(920,059)
Investments sold and matured	1,175,000	-	1,175,000	735,000
Investment in American Transmission Company	(284,943)	-	(284,943)	(265,053)
Interest received on investments	515,230	2,425	517,655	364,854
Net cash provided (used) by investing activities	<u>(2,030,713)</u>	<u>2,425</u>	<u>(2,028,288)</u>	<u>(85,258)</u>
Change in cash and cash equivalents	(1,904,210)	(74,040)	(1,978,250)	301,971
Cash and cash equivalents - January 1	<u>8,084,533</u>	<u>314,371</u>	<u>8,398,904</u>	<u>8,096,933</u>
Cash and cash equivalents - December 31	<u>\$ 6,180,323</u>	<u>\$ 240,331</u>	<u>\$ 6,420,654</u>	<u>\$ 8,398,904</u>

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

City of Wisconsin Rapids, Wisconsin

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Waterworks and Lighting Commission	Non-Major Airport	Totals	
			2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,136,335	\$ (142,340)	\$ 2,993,995	\$ 4,194,654
Nonoperating revenues	9,363	4,147	13,510	26,479
Adjustments to reconcile operating income (loss) to net cash provided by (used) by operating activities				
Depreciation	3,166,729	119,457	3,286,186	3,088,645
Depreciation charged to other utilities and clearing accounts	345,814	-	345,814	351,977
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	218,943	(2,641)	216,302	257,257
Change in operating assets and liabilities				
Customer accounts receivable	354,290	(2,766)	351,524	(157,578)
Accounts receivable	39,825	-	39,825	(110,990)
Inventories and prepaid items	(115,870)	4,402	(111,468)	(88,845)
Other assets	(3,467)	-	(3,467)	-
Due from other funds	52,020	-	52,020	(39,224)
Accounts payable	(111,000)	2,399	(108,601)	31,002
Special deposits	(58,576)	-	(58,576)	(104,054)
Accrued and other current liabilities	46,200	2,332	48,532	(4,062)
Compensated absences	1,069	-	1,069	(31,537)
Other postemployment benefits	106,444	-	106,444	110,413
Due to other funds	26,587	776	27,363	64,393
Unearned revenue	-	(1,481)	(1,481)	269
Net cash provided (used) by operating activities	<u>\$ 7,214,706</u>	<u>\$ (15,715)</u>	<u>\$ 7,198,991</u>	<u>\$ 7,588,799</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	\$ 2,644,536	\$ 240,331	\$ 2,884,867	\$ 2,645,656
Cash and cash equivalents in noncurrent assets	<u>8,395,030</u>	<u>-</u>	<u>8,395,030</u>	<u>8,345,811</u>
Total cash and cash equivalents	11,039,566	240,331	11,279,897	10,991,467
Less: Long-term cash and investments	<u>(4,859,243)</u>	<u>-</u>	<u>(4,859,243)</u>	<u>(2,592,563)</u>
Cash and cash equivalents - December 31	<u>\$ 6,180,323</u>	<u>\$ 240,331</u>	<u>\$ 6,420,654</u>	<u>\$ 8,398,904</u>
Noncash capital and related financing activities				
Increase in investment in American Transmission Company	<u>\$ 498,894</u>	<u>\$ -</u>	<u>\$ 498,894</u>	<u>\$ 441,287</u>

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The City is a municipal corporation governed by an elected 19 member board. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

B. JOINT VENTURE

The City of Wisconsin Rapids is a participant with the City of Nekeoosa, Village of Port Edwards, and the Town of Grand Rapids in a joint venture to operate an airport. The municipalities are obligated by agreement to finance operating and capital outlay costs of the service. The joint operation is governed by a five member board composed of one member from each municipality. Complete financial statements for the joint venture can be obtained from the City's office at 444 West Grand Avenue, Wisconsin Rapids, Wisconsin 54495.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fund activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Special Revenue Fund - Sewer

This fund accounts for the financial resources used and acquired to account for the sewer utility. The major source of revenue is public charges for services.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Debt Service Fund

This fund is used to account for repayment of debt for the City.

The City reports the following major enterprise fund:

Water Works and Lighting Commission (the "Commission")

This fund accounts for the financial activities related to the operation of the City's water and electric utility.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE**
- Cash and Investments**
Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.
 - Property Taxes**
Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

In addition to its levy, the City also levies and collects taxes for the Wisconsin Rapids School District, Wood County, Mid State Technical College, and the State of Wisconsin.

- Accounts Receivable**
Accounts receivable have been shown net of allowance for uncollectible amounts of \$570,949 in governmental activities and \$573,639 in business-type activities.
- Special Assessments**
Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2017 tax roll are recognized as revenue in 2018).

- Loans Receivable**
The City has received Federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

- Interfund Receivables and Payables**
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

- Inventories**
Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

- Prepaid Items**
Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.
Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.
- Investment in American Transmission Company (ATC)**
The City is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The City owns less than 1 percent of ATC.
The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. From time to time, the City has the option to contribute additional funds to maintain its proportionate share of ownership. The investment in American Transmission Company LLC is recorded at cost since it is privately held and has no readily available fair market value. The City's ownership share is valued at \$6,842,124 as of December 31, 2017, and is reported on the Statement of Net Position as an asset.

10. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	Governmental		Business-type	
	Activities	Years	Activities	Years
Buildings and improvements	25 - 50	-	-	-
Machinery and equipment	3 - 20	-	-	-
Infrastructure	20 - 100	-	-	-
Electric plant	-	-	22 - 45	-
Distribution	-	-	4 - 34	-
General	-	-	31 - 56	-
Water plant	-	-	23 - 31	-
Source of supply	-	-	30 - 31	-
Pumping	-	-	18 - 77	-
Water treatment	-	-	4 - 34	-
Transmission and distribution	-	-	-	4 - 34
General	-	-	-	4 - 34
Common plant	-	-	-	4 - 34
General	-	-	-	15 - 20
Airport	-	-	-	30
Land improvements	-	-	-	10
Buildings	-	-	-	10
Equipment	-	-	-	10

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- 11. **Assets Held for Future Use**
Assets held for future use or sale consists of land held by the City to sell to the State of Wisconsin for a Highway 54 connector and land options on a future substation site. Assets held for future use or sale are valued as cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.
- 12. **Compensated Absences**
It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.
- 13. **Other Postemployment Benefits**
The City provides postemployment health insurance benefits to all eligible employees. Eligibility is based on full-time employment. The benefits are based on contractual agreements with employee group, local ordinances, or employee benefit policies.
- 14. **Deferred Outflows/Inflows of Resources**
Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.
Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.
- 15. **Long-term Obligations**
In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.
In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.
- 16. **Pensions**
For purposes of measuring the net pension liability (asset), 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.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- 17. **Fund Equity**
Governmental Fund Financial Statements
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:
 - ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
 - ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
 - ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
 - ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has authorized the Finance Director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
 - ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.
 The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.
- Government-Wide and Proprietary Fund Statements**
Equity is classified as net position and displayed in three components:
 - ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources; less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
 - ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
 - ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.
- F. SALES TAX**
The City collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The City's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.
- G. USE OF ESTIMATES**
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

H. PRIOR YEAR INFORMATION
Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

I. RECLASSIFICATIONS
Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING
The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2017.

B. DEFICIT FUND EQUITY
The following fund had a deficit fund balance as of December 31, 2017:

Fund	Deficit Fund Balance
Wastewater project	\$ 360,230

The City anticipates funding the above deficit from future grants, donations, and general revenues.

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

C. PROPERTY TAX LEVY LIMIT
Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2017 budget was 0.65%. The actual limit for the City for the 2018 budget was 0.98%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:
Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled \$44,867,832 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 11,023
Deposits with financial institutions	11,719,251
Great Lakes Utility rate stabilization fund investments	340,136
Wisconsin local government investment pool	17,501,855
Repurchase agreements	3,643,196
US agencies	5,732,216
State and municipal bonds	74,559
Money market mutual funds	4,548
Negotiable certificates of deposit	5,837,148
Wood Co. telephone stock	3,900
	<u>\$ 44,867,832</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	\$ 42,665,551
Cash and investments	2,202,281
Restricted cash and investments	<u>\$ 44,867,832</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2017:

Investments	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Federal Home Loan Mortgage Corp.	\$ -	\$ 2,741,013	\$ -
Federal Home Loan Bank	-	840,382	-
Federal Farm Credit Bank	-	2,150,821	-
State and municipal bonds	-	74,559	-
Negotiable certificates of deposit	1,672,912	4,164,236	-
Wood Co. telephone stock	-	-	3,900
	<u>\$ 1,672,912</u>	<u>\$ 9,971,011</u>	<u>\$ 3,900</u>

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$3,351,866 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

On December 31, 2017, the City held repurchase agreement investments of \$3,643,196 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	AA+	AA	A-1	A-2	A-3	Not Rated
Federal Home Loan Mortgage Corp.	\$ 2,741,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Bank	840,382	-	-	-	-	-	-
Federal Farm Credit Bank	2,150,821	-	-	-	-	-	-
State and municipal bonds	74,559	-	74,559	-	-	-	-
Negotiable certificates of deposit	5,837,148	-	-	491,516	245,831	1,733,252	3,115,696
Wisconsin local government investment pool	17,501,855	-	-	-	-	-	-
Totals	<u>\$ 29,145,778</u>	<u>\$ 5,232,216</u>	<u>\$ 74,559</u>	<u>\$ 491,516</u>	<u>\$ 245,831</u>	<u>\$ 1,733,252</u>	<u>\$ 3,115,696</u>

Concentration of Credit Risk

The investment policy of the City states that no more than 50% of total investments may be invested in a single security type or with a single financial institution for extended periods of time. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal Farm Credit Bank	Bonds	\$ 2,150,821	6.6%
Federal Home Loan Mortgage Corp	Bonds and notes	2,741,013	8.4%

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal Home Loan Mortgage Corp.	\$ 2,741,013	\$ -	\$ -	\$ 2,741,013	\$ -
Federal Home Loan Bank	840,382	-	399,921	440,461	-
Federal Farm Credit Bank	2,150,821	-	-	2,150,821	-
State and municipal bonds	74,559	-	-	74,559	-
Negotiable certificates of deposit	5,837,148	1,234,509	3,144,647	1,457,992	-
Wisconsin local government investment pool	17,501,855	17,501,855	-	-	-
Totals	<u>\$ 29,145,778</u>	<u>\$ 18,736,364</u>	<u>\$ 3,544,568</u>	<u>\$ 6,864,846</u>	<u>\$ -</u>

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City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$ 2,741,013

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$17,501,855 at year-end. 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, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

B. RECEIVABLES

Receivables as of year-end for the City's governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Sewer	Centrella Center	Emergency Medical Services	Grants and Donations	River Cities Community Access	Public Works Construction	Total
Municipal Court	\$ 340,482	-	-	-	-	-	-	\$ 340,482
Accounts	118,825	907,816	10,869	740,141	4,097	79,204	40,000	1,900,952
Self-insurance	79,459	-	-	-	-	-	-	79,459
Gross receivables	538,766	907,816	10,869	740,141	4,097	79,204	40,000	2,320,893
Less: Allowance for uncollectibles	(188,099)	-	-	(382,820)	-	-	-	(570,949)
Net total receivables	\$ 350,667	\$ 907,816	\$ 10,869	\$ 357,291	\$ 4,097	\$ 79,204	\$ 40,000	\$ 1,749,944

Customer accounts receivable in the proprietary funds totaled \$4,213,760 and are shown net of an allowance for uncollectible accounts of \$573,639 as of year-end.

C. RESTRICTED ASSETS

Restricted assets on December 31, 2017 totaled \$2,202,281 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Sewer	\$ 1,798,781	Resources accumulated for capital improvements
Water Works and Lighting Commission	-	
Electric utility	-	
Debt service	403,500	Future principal and interest payment
Total restricted assets	\$ 2,202,281	

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City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 3,994,744	\$ 5,793	\$ 105,793	\$ 3,894,744
Construction in progress	186,255	1,003,767	56,323	1,133,799
Total capital assets, nondepreciable	4,180,999	1,009,560	162,016	5,028,543
Capital assets, depreciable:				
Land improvements	385,096	-	-	385,096
Buildings and improvements	45,016,202	823,890	-	45,840,092
Machinery and equipment	21,445,202	2,018,872	791,760	22,672,314
Infrastructure	90,365,286	1,356,037	-	91,721,323
Subtotals	157,211,786	4,198,799	791,760	160,618,825
Less accumulated depreciation for:				
Land improvements	239,025	12,179	-	251,204
Buildings and improvements	13,047,669	1,166,552	-	14,214,221
Machinery and equipment	12,593,812	1,212,769	781,002	13,025,579
Infrastructure	41,419,745	1,596,658	-	43,016,403
Subtotals	67,300,251	3,988,158	781,002	70,507,407
Total capital assets, depreciable, net	89,911,535	210,641	10,758	90,111,418
Governmental activities capital assets, net	\$ 94,092,534	\$ 1,220,201	\$ 172,774	\$ 95,139,961
Less: Capital related debt	-	-	-	29,696,865
Less: Debt premium	-	-	-	199,881
Net investment in capital assets	\$ 65,243,215	\$ 65,243,215	\$ 65,243,215	\$ 65,243,215
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 1,287,081	\$ 5,396,721	\$ 6,347,759	\$ 1,287,081
Construction in progress	1,210,484	-	-	259,446
Land - Airport	205,420	-	-	205,420
Total capital assets, nondepreciable	2,702,985	5,396,721	6,347,759	1,751,947
Capital assets, depreciable:				
Electric utility	57,886,211	4,593,885	991,908	61,488,188
Water utility	42,891,484	1,229,344	93,011	44,027,727
Airport	3,781,934	60,750	-	3,842,684
Subtotals	104,559,629	5,883,879	1,084,919	109,358,599
Less accumulated depreciation for:				
Electric utility	26,075,345	2,544,616	1,163,118	27,456,843
Water utility	15,547,811	1,102,728	94,147	16,556,392
Airport	3,159,053	119,457	-	3,278,510
Subtotals	44,782,209	3,766,801	1,257,265	47,291,745
Total capital assets, depreciable, net	59,777,420	2,117,078	(172,346)	62,066,854
Business-type activities capital assets, net	\$ 62,480,415	\$ 7,513,799	\$ 6,175,413	\$ 63,818,801
Less: Capital related debt	-	-	-	6,515,000
Less: Debt premium	-	-	-	73,226
Net investment in capital assets	\$ 57,230,575	\$ 57,230,575	\$ 57,230,575	\$ 57,230,575

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Depreciation expense was charged to functions of the City as follows:

Governmental activities	\$ 189,479
General government	262,601
Public safety	3,287,164
Public works	248,914
Culture and recreation	-
Total depreciation expense - governmental activities	<u>\$ 3,988,158</u>
Business-type activities	\$ 3,166,729
Waterworks and Lighting Commission	91,000
Depreciation expense	254,814
Depreciation expense charged to sewer	134,801
Depreciation expense charged to clearing accounts	3,647,344
Salvage and other adjustments	119,457
Total Waterworks and Lighting Commission	<u>\$ 3,766,801</u>
Airport	-
Total increase in accumulated depreciation - business-type activities	<u>\$ 3,766,801</u>

E. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2017 are detailed below:

	Interfund Receivables	Interfund Payables
Operating accounts between funds	\$ 1,968,779	\$ 105,330
General	672,043	382,961
Special Revenue	-	657
Sewer	-	5,450
Emergency Medical Services	288,409	1,149
Centralia Center	61,401	20,884
Capital Projects	-	360,230
Public works construction	-	-
Storm water management	4,001	-
Wastewater project	-	-
Debt Service	-	1,460
Enterprise Funds	-	-
Airport	517,891	2,634,403
Waterworks and Lighting Commission	-	-
Totals	<u>\$ 3,512,524</u>	<u>\$ 3,512,524</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Interfund transfers for the year ended December 31, 2017 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 1,845,967	\$ 1,866,873
Special Revenue	-	70,043
Centralia Center	380,743	-
Emergency medical services	-	2,839,460
Sewer	4,250	-
Grants and donations	854,553	100,000
Capital Projects	65,000	317,630
Public works construction	1,004,449	74,000
TIF District No. 6	900,000	-
TIF District No. 7	92,361	123,122
Equipment replacement	-	-
Aquatics and riverfront construction	2,589,772	500,000
Wastewater project	-	-
Debt Service	-	1,845,967
Enterprise	-	7,737,095
Waterworks and Lighting Commission	<u>\$ 7,737,095</u>	<u>\$ 7,737,095</u>

Interfund transfers were made for the following purposes:

Tax equivalent payment made by Waterworks and Lighting Commission to General Fund	\$ 1,845,967
Transfer from Sewer to Debt Service for debt retirement	2,004,977
Transfer from Aquatics and Riverfront Construction to Debt Service for debt retirement	123,122
Transfer from Centralia Center to Debt Service for debt retirement	70,043
Transfer from TIF District No. 6 to Debt Service for debt retirement	317,630
Transfer from TIF District No. 7 to Debt Service for debt retirement	74,000
Transfer from General Fund to Emergency Medical Services for operations	380,743
Transfer from General Fund to Public Works Construction for capital projects	112,431
Transfer from Sewer to Public Works Construction for capital projects	742,122
Transfer from General Fund to TIF District No. 7 to cover various expenditures	65,000
Transfer from General Fund to Aquatics and Riverfront Construction for capital projects	400,000
Transfer from Debt Service to Aquatics and Riverfront Construction for capital projects	500,000
Transfer from Public Works Construction to Equipment Replacement for capital purchase	100,000
Transfer from General Fund to Equipment Replacement for capital purchases	904,449
Transfer from Sewer to Wastewater Project for capital projects	92,361
Transfer from General Fund to Grants and Donations to cover various expenditures	4,250
Totals	<u>\$ 7,737,095</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2017:

Governmental activities:	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
General obligation debt:					
Bonds	\$ 7,230,000	\$ 4,515,000	\$ 800,000	\$ 10,945,000	\$ 1,025,000
Notes	3,640,000	-	630,000	3,010,000	535,000
State trust fund loans	313,284	-	48,435	264,849	49,888
Total general obligation debt	11,183,284	4,515,000	1,478,435	14,219,849	1,609,888
Environmental improvement fund loan	19,536,544	-	1,345,750	18,190,794	1,391,478
Debt premium	36,154	174,375	10,648	199,881	14,268
Capital leases	18,758	-	9,136	9,622	9,622
Governmental activities	1,351,548	65,090	25,148	1,391,490	
Long-term obligations	\$ 32,126,288	\$ 4,754,465	\$ 2,869,117	\$ 34,011,636	\$ 3,025,256

Business-type activities:

General obligation debt	\$ 6,985,000	\$ -	\$ 470,000	\$ 6,515,000	\$ 485,000
Bonds	79,759	-	6,533	73,226	6,533
Debt premium					
Business-type activities	\$ 7,064,759	\$ -	\$ 476,533	\$ 6,588,226	\$ 491,533
Long-term obligations					

Total interest paid during the year on long-term debt totaled \$1,038,142.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
General obligation notes	5/1/08	5/1/18	3.5 - 4.0%	\$ 1,000,000	\$ 100,000
General obligation notes	5/27/11	5/1/21	2.0 - 3.0%	1,300,000	550,000
General obligation bonds	5/27/11	5/1/22	2.0 - 3.625%	1,225,000	625,000
General obligation bonds	5/27/11	5/1/26	2.0 - 4.125%	2,715,000	1,575,000
General obligation bonds	5/10/12	6/1/23	1.0 - 3.0%	3,930,000	2,610,000
State trust fund loan	8/30/12	3/15/21	3.00%	500,000	264,849
General obligation notes	11/13/12	3/1/22	0.3 - 1.5%	1,010,000	510,000
General obligation bonds	11/13/12	3/1/25	0.3 - 1.8%	2,310,000	1,620,000
General obligation notes	6/10/15	6/1/25	0.5 - 2.3%	995,000	815,000
General obligation bonds	9/22/15	4/1/29	2.0 - 3.0%	7,475,000	6,515,000
General obligation notes	7/14/16	6/1/26	0.8 - 1.85%	1,120,000	1,035,000
General obligation bonds	6/8/17	6/1/37	3.0 - 3.25%	4,515,000	4,515,000
Total outstanding general obligation debt					\$ 20,734,849

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Annual principal and interest maturities of the outstanding general obligation debt of \$20,734,849 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,609,888	\$ 412,509	\$ 485,000	\$ 138,869	\$ 2,094,888	\$ 551,378
2019	1,556,385	312,438	495,000	129,069	2,051,385	441,507
2020	1,582,913	277,485	510,000	119,019	2,092,913	396,504
2021	1,599,514	240,096	510,000	108,819	2,109,514	348,915
2022	1,556,149	201,290	520,000	98,519	2,076,149	299,809
2023 - 2027	4,255,000	554,653	2,785,000	324,684	7,040,000	879,337
2028 - 2032	925,000	250,838	1,210,000	35,113	2,135,000	285,951
2033 - 2037	1,135,000	93,938	-	-	1,135,000	93,938
	\$ 14,219,849	\$ 2,343,247	\$ 6,515,000	\$ 954,092	\$ 20,734,849	\$ 3,297,339

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2017 was \$30,404,977 as follows:

Equalized valuation of the City	\$ 1,018,531,400
Statutory limitation percentage	(6) %
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	50,926,570
Total outstanding general obligation debt applicable to debt limitation	\$ 20,734,849
Less: Amounts available for financing general obligation debt	
Debt service fund	
Net outstanding general obligation debt applicable to debt limitation	213,256
Legal margin for new debt	\$ 30,404,977

Advance Refunding

In prior years, the City advance refunded \$7,250,000 of a 2009 electric system revenue bond issue. As a result, the refunded bonds are also considered to be defeased and the liability has been removed from the financial statements. At December 31, 2017, \$6,500,000 of outstanding electric system revenue bonds are considered defeased.

Environmental Improvement Fund Loan

Environmental Improvement Fund Loan outstanding on December 31, 2017 was comprised of the following issue:

Environmental Improvement Fund Loan	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
	12/23/08	5/1/28	3.398%	\$ 26,615,595	\$ 18,190,794

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Annual principal and interest maturities of the outstanding environmental improvement fund loan of \$18,190,794 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		Total
	Principal	Interest	
2018	\$ 1,391,478	\$ 594,482	\$ 1,985,960
2019	1,438,761	546,396	1,985,157
2020	1,487,650	496,676	1,984,326
2021	1,538,200	445,267	1,983,467
2022	1,590,468	392,111	1,982,579
2023-2027	8,800,679	1,097,804	9,898,483
2028	1,943,558	33,021	1,976,579
	<u>\$ 18,190,794</u>	<u>\$ 3,605,757</u>	<u>\$ 21,796,551</u>

Capital Lease

The City is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The cost of the capital assets under the capital lease is \$227,152 and the related accumulated depreciation is \$107,897 as of December 31, 2017.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2017:

	Year Ending	Governmental Activities
December 31, 2018		\$ 10,128
Less: Amount representing interest		506
Present value of future minimum lease payments		<u>\$ 9,622</u>

G. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2017, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,078,770.

H. PENSION PLAN

1. 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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

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.

2. 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
2007	3%	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
2016	0.5	(5)

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employees are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

During the reporting period ending December 31, 2016, the WRS recognized \$1,229,654 in contributions from the City.

Contribution rates for the reporting period are:

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

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

At December 31, 2017, the City reported a liability of \$1,050,462 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the City's proportion was 0.12744633%, which was an increase of 0.0018301% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$2,698,454.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 400,541	\$ 3,303,612
Net differences between projected and actual earnings on pension plan investments	5,228,867	-
Changes in assumptions	1,058,239	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,333	33,412
Employer contributions subsequent to the measurement date	1,397,106	-
Total	\$ 8,134,146	\$ 3,337,024

\$1,397,106 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. 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,	Expense
2017	\$ 1,388,458
2018	1,388,458
2019	943,899
2020	(322,226)
2021	1,427
Total	\$ 3,400,016

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2015
Measurement date of net pension liability (asset):	December 31, 2016
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.2%
Discount rate:	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actual 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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Global equities	50%	45%	8.3%	5.4%
Fixed income	24.5%	37%	4.2%	1.4%
Inflation sensitive assets	15.5%	20%	4.3%	1.5%
Real estate	8%	7%	6.5%	3.6%
Private equity/debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund Variable Fund Asset Class	110%	120%	7.4%	4.5%
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%

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 3.78%. 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 members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) 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 liability (asset)	\$ 13,819,502	\$ 1,050,462	\$ (8,782,277)

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>.

6. Payables to the Pension Plan

At December 31, 2017, the City reported a payable of \$2,070,059 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

I. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City provides health care insurance coverage for employees as follows:

- **Association of Survey & Civil Engineering Technicians (ASCET)** - At least age 57 with a minimum of 25 years of service; the City will contribute 50% of the medical premiums on behalf of the retiree until age 65.
- **Police** - A minimum of 25 years of service; the City will contribute 50% of the medical and dental insurance premiums on behalf of the retiree until Medicare-eligibility.
- **Firefighters** - A minimum of 20 years of service; the City will contribute towards a retiree's medical and dental insurance premiums until age 65. The amount of this contribution ranges from 40% for those with 20 years of service to 50% for those with 25 or more years of service.
- **AFL-CIO, AFSCME** - At least age 57 with a minimum of 25 years of service; the City will contribute 50% of the medical premiums on behalf of the retiree until age 65. Employees covered by the Wisconsin Rapids Health Plan for at least 24 months immediately preceding retirement may also use the monies resulting from their unused sick days accumulated upon retirement, up to the maximum of 150 days, for continued medical coverage. Employees not covered by the Wisconsin Rapids Health Plan for the 24 months immediately preceding their retirement shall receive 55% of their unused sick days converted to a monetary value and paid in cash. Sick leave banks are frozen for all employees as of January 1, 2013 with no additional sick days to be accrued after that date. Employees hired after December 31, 2012 are not eligible for retiree health insurance through the City.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- **Non-Union Clerical** - Employees covered by the Wisconsin Rapids Health Plan for at least 24 months immediately preceding retirement may also use the monies resulting from their unused sick days accumulated upon retirement, up to the maximum of 150 days, for continued medical coverage. Employees not covered by the Wisconsin Rapids Health Plan for the 24 months immediately preceding their retirement shall receive 55% of their unused sick days converted to a monetary value and paid in cash. Sick leave banks are frozen for all employees as of January 1, 2013 with no additional sick days to be accrued after that date. Employees hired after December 31, 2012 are not eligible for retiree health insurance through the City.
- **Non-represented (Non-Union)** - In return for every 2 years of service, the City will contribute toward the retiree's medical premiums for 1 year. The amount of this contribution will be determined by years of service wherein for every year of service, the City will contribute 2% of the premium amount on behalf of the retiree. For those hired after March 2004, the City's contribution will not exceed 50% of the premium amount or extend beyond age 65. Employees covered by the Wisconsin Rapids Health Plan for at least 24 months immediately preceding retirement may also use the monies resulting from their unused sick days accumulated upon retirement, up to the maximum of 150 days, for continued medical coverage. Employees not covered by the Wisconsin Rapids Health Plan for the 24 months immediately preceding their retirement shall receive 55% of their unused sick days converted to a monetary value and paid in cash. Sick leave banks are frozen for all employees as of January 1, 2013 with no additional sick days to be accrued after that date. Employees hired after December 31, 2012 are not eligible for retiree health insurance through the City.
- **Water Works and Lighting Commission** - Upon retirement, the City will pay the full premium amount (100%) of the medical premium on behalf of the retiree for a period of 3 years. After exhaustion of this benefit, any employee with 15 years or more of service and at least age 55 or a retiree with at least 30 years of continuous employment may continue coverage on the City's insurance plan paying 100% of the premium.

There are 226 active and 46 retired employees in the plan.

The City funds this cost on a pay-as-you-go or cash basis, recognizing the cost in their fund financial statements when paid.

Annual OPEB Cost and Net OPEB Obligation. The City's other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 1,049,953
Interest on net OPEB	111,138
Adjustment to annual required contribution	(122,191)
Annual OPEB cost (expense)	1,033,900
Contributions made	336,313
Change in net OPEB obligation	697,587
OPEB obligation - beginning of year	3,704,588
OPEB obligation - end of year	\$ 4,402,175

The annual required contribution for the current year was determined as part of the December 31, 2016 actuarial valuation using the entry age normal - level percent of salary method. The actuarial assumptions included (a) 3% discount rate, and (b) projected salary increases at 3%.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage amount, on an open basis, of projected payroll. The remaining amortization period at December 31, 2017 is 30 years, and the remaining amount is \$12,501,884.

Trend Information. The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	\$ 909,379	30.57%	\$ 3,042,912
12/31/16	1,006,186	34.24%	3,704,589
12/31/17	1,033,900	32.53%	4,402,175

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2016, the most recent actuarial valuation date, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAI) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAI as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ -	\$ 7,530,783	\$ 7,530,783	0.00%	\$ 13,561,601	55.53%
12/31/14	-	10,555,249	10,555,249	0.00%	14,870,293	70.98%
12/31/16	-	12,051,884	12,051,884	0.00%	14,557,762	82.79%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

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

In the December 31, 2016 actuarial valuation, entry age normal - level percent of salary method was used. The actuarial assumptions include a rate of 3.0% to discount expected liabilities to the valuation date. The initial medical care trend rate was 7.50% followed by decreasing by 0.5% per year down to an ultimate rate of 6.5%, then decreasing by 0.10% down to 5.0% thereafter. The initial dental care trend is level at 5%. Implicit in both trends is an assumed rate of inflation of 2.50%. The UAAI is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2017 was 30 years.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

J. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2017, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventories and prepaid items	\$ 204,871
County held special assessments	50,434
Water special assessments	86,815
County held delinquent utility tax	7,135
Total nonspendable fund balance	\$ 349,255

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2017, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Sewer capital improvements	\$ 1,798,781
Housing rehabilitation loan program	204,193
HCRN loan program	31,057
Total Special Revenue Fund restricted fund balance	2,034,031
Debt Service Fund	
Restricted for	
Retirement of long-term debt	213,256
Capital Projects Funds	
Restricted for	
Aquatics and Riverfront capital projects	2,823,072
Total restricted fund balance	\$ 5,070,359

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City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Committed Fund Balance
In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2017, governmental fund balance was committed as follows:

General Fund	
Committed for	
Future unreported medical claims	\$ 137,482
City hall operations and maintenance	135,794
Machinery and equipment maintenance and replacement	511,218
Total General Fund committed fund balance	<u>784,494</u>
Special Revenue Funds	
Committed for	
Sewer operations and maintenance	4,601,031
Centralia center operations and maintenance	495,620
Emergency medical services	339,516
Undistributed room tax collections - tourism promotion	203,475
Retiree health insurance - City portion of insurance premiums	466,852
Grants and donations projects	377,522
River cities community access operations and maintenance	450,087
Mass transit fund operations	117,249
Total Special Revenue Funds committed fund balance	<u>7,051,352</u>
Capital Projects Funds	
Committed for	
Public works construction activities	1,173,221
TIF District No. 6 economic development and debt service	73,540
TIF District No. 7 economic development and debt service	13,953
Aquatics and riverfront construction	827,755
Storm water management	341,774
Municipal building improvement and construction	284,810
Equipment replacement	737,955
Total Capital Projects Funds committed fund balance	<u>3,453,008</u>
Total committed fund balance	<u>\$ 11,288,954</u>

Assigned Fund Balance
Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

General Fund	
Assigned for subsequent years budget	\$ 1,497,417
Minimum General Fund Balance Policy	
The City has also adopted a minimum fund balance policy of 25% - 30% of the annual General Fund budgeted expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:	
Budgeted 2017 General Fund expenditures	\$ 18,890,406
Minimum Fund balance %	(x) 25% - 30%
Minimum fund balance amount	<u>\$4,722,602 to \$5,667,122</u>

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City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Position
The City reports restricted net position at December 31, 2017 as follows:

Governmental activities	
Restricted for	
Sewer capital improvements	\$ 1,798,781
Development loans	2,934,458
Aquatics and Riverfront capital projects	<u>2,823,072</u>
Total restricted net position	<u>\$ 7,556,311</u>

NOTE 4: OTHER INFORMATION

A. TAX INCREMENTAL FINANCING DISTRICTS

The City has established separate capital projects funds for Tax Incremental District (TID) No. 6 and No. 7 which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's Districts are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2017, the City can recover \$3,530,005 from future excess tax increment revenues of the following:

	Recoverable
	Costs
TID No. 6	\$ 2,880,941
TID No. 7	649,064
	<u>\$ 3,530,005</u>

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	Termination
	Year
TID No. 6	2027
TID No. 7	2032

B. TAX ABATEMENTS

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

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

For the year ended December 31, 2017, the City abated property taxes totaling \$29,733 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$29,733 to a developer for a building expansion within Tax Incremental District No. 6.

C. WHOLESALE POWER SUPPLY CONTRACTS

On January 6, 2000, the Commission entered into a contract for the establishment and operation of Great Lakes Utilities (GLU), a municipal electric company formed pursuant to Section 66.073 of the Wisconsin Statutes. It is a separate electric company of 17 Wisconsin municipal electric utilities to purchase and sell power and energy from and to its members and others. The GLU Board of Directors voted on September 30, 2003, to accept assignments of power supply contracts from five of its members including Wisconsin Rapids Water Works and Lighting Commission effective February 1, 2004. The current contract with GLU was signed on August 29, 2007 for a 25 year term.

D. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. A description of the City's risk management programs is presented below.

Health Self-Insurance Fund

City employees are eligible for medical benefits from a health self-insurance program. Funding is provided by charges to City departments. The program is supplemented by stop loss protection, which limits the City's annual liability. Fund expenses consist of payments to a third-party administrator for medical claims, stop loss insurance premiums and administrative fees. On December 31, 2017, the program had committed fund balance of \$137,482 for future unreported medical claims.

The claims liability of \$392,814 reported in the general fund at December 31, 2017 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount are as follows:

	Current Year			
	Liability January 1	Changes in Estimates	Claims Payments	Liability December 31
2016	\$ 348,391	\$ 5,106,465	\$ 5,116,088	\$ 338,768
2017	338,768	5,344,228	5,290,182	392,814

The City has purchased commercial insurance policies for various risks of loss. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the City. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

E. CONTINGENCIES

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

F. UPCOMING ACCOUNTING PRONOUNCEMENTS

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

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City of Wisconsin Rapids, Wisconsin

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Actual Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Liability (UAL) (2)-(1)	(5) Covered Payroll	UAL as a Percentage of Covered Payroll (4)/(5)
December 31, 2012	\$ -	\$ 7,530,783	0.00%	\$ 7,530,783	\$ 13,561,601	55.53%
2014	-	10,555,249	0.00%	10,555,249	14,870,293	70.98%
2016	-	12,051,884	0.00%	12,051,884	14,557,762	82.79%

See notes to required supplementary information.

City of Wisconsin Rapids, Wisconsin

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2015	\$ 278,036	\$ 906,359	30.68%
2016	344,509	1,019,372	33.80%
2017	336,313	1,049,953	32.03%

See notes to required supplementary information.

City of Wisconsin Rapids, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Covered-Employee Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.12563247%	\$ (3,085,878)	\$ 14,261,723	21.64%	102.74%
12/31/16	0.12561623%	2,041,239	14,370,306	14.20%	98.20%
12/31/17	0.12744633%	1,050,462	14,878,296	7.06%	99.12%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll (fiscal year)	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	\$ 1,218,145	\$ 1,218,145	\$ -	\$ 14,370,306	8.48%
12/31/16	1,229,654	1,229,654	-	14,878,296	8.26%
12/31/17	1,397,106	1,397,106	-	15,303,790	9.13%

See notes to required supplementary information.

City of Wisconsin Rapids, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

A. WISCONSIN RETIREMENT SYSTEM

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

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

B. SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLAN

The change in the City's unfunded actuarial accrued liability from the December 31, 2014 actuarial valuation to the December 31, 2016 actuarial valuation is due to the following factor:

- The investment rate of return decreased from 4% in the 2014 valuation to 3% in the 2016 valuation causing the unfunded actuarial accrued liability to increase approximately \$425,000 in the 2016 valuation.

SUPPLEMENTARY INFORMATION

City of Wisconsin Rapids, Wisconsin

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Centralia Center	Housing Rehabilitation	Emergency Medical Services
ASSETS			
Cash and investments	\$ 500,823	\$ 204,193	\$ 36,168
Receivables	84,369	-	-
Taxes	10,869	-	357,291
Accounts, net	-	2,659,693	-
Loans	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total assets	\$ 596,061	\$ 2,863,886	\$ 393,459
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 8,119	\$ -	\$ 13,373
Accrued and other current liabilities	1,757	-	39,913
Due to other funds	5,450	-	657
Special deposits	746	-	-
Total liabilities	16,072	-	53,943
Deferred inflows of resources			
Property taxes levied for subsequent year	84,369	-	-
Loans receivable	-	2,659,693	-
Total deferred inflows of resources	84,369	2,659,693	-
Fund balances			
Restricted	-	204,193	-
Committed	495,620	-	339,516
Unassigned	-	-	-
Total fund balances	495,620	204,193	339,516
Total liabilities, deferred inflows of resources, and fund balances	\$ 596,061	\$ 2,863,886	\$ 393,459

	Room Tax	Retiree Health Insurance	HCRI Program	Grants and Donations	River Cities Community Access	Mass Transit
ASSETS						
Cash and investments	\$ 204,945	\$ 466,852	\$ 31,057	\$ 352,266	\$ 387,509	\$ 5,337
Receivables	-	152,915	-	-	-	14,131
Taxes	-	-	-	4,097	79,204	-
Accounts, net	-	-	39,515	-	-	-
Loans	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	25,000	-	136,216
Total assets	\$ 204,945	\$ 619,767	\$ 70,572	\$ 381,363	\$ 466,713	\$ 155,684
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 970	\$ -	\$ -	\$ 3,841	\$ 6,795	\$ 24,304
Accrued and other current liabilities	-	-	-	-	9,831	-
Due to other funds	-	-	-	-	-	-
Special deposits	500	-	-	-	-	-
Total liabilities	1,470	-	-	3,841	16,626	24,304
Deferred inflows of resources						
Property taxes levied for subsequent year	-	152,915	-	-	-	14,131
Loans receivable	-	-	39,515	-	-	-
Total deferred inflows of resources	-	152,915	39,515	-	-	14,131
Fund balances						
Restricted	-	-	31,057	-	-	-
Committed	203,475	466,852	-	377,522	450,087	117,249
Unassigned	-	-	-	-	-	-
Total fund balances	203,475	466,852	31,057	377,522	450,087	117,249
Total liabilities, deferred inflows of resources, and fund balances	\$ 204,945	\$ 619,767	\$ 70,572	\$ 381,363	\$ 466,713	\$ 155,684

City of Wisconsin Rapids, Wisconsin

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Public Works Construction	TIF District No. 6	TIF District No. 7
ASSETS			
Cash and investments	\$ 1,305,441	\$ 73,540	\$ 13,953
Receivables	781,000	374,369	97,554
Taxes	40,000	-	-
Accounts, net	-	44,000	-
Loans	288,409	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total assets	\$ 2,414,850	\$ 491,909	\$ 111,507

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Liabilities			
Accounts payable	\$ 437,059	\$ -	\$ -
Accrued and other current liabilities	3,998	-	-
Due to other funds	1,149	-	-
Special deposits	18,423	-	-
Total liabilities	460,629	-	-
Deferred inflows of resources			
Property taxes levied for subsequent year	781,000	374,369	97,554
Loans receivable	-	44,000	-
Total deferred inflows of resources	781,000	418,369	97,554
Fund balances			
Restricted	1,173,221	73,540	13,953
Committed	-	-	-
Unassigned	1,173,221	73,540	13,953
Total fund balances	\$ 2,414,850	\$ 491,909	\$ 111,507

Total liabilities, deferred inflows of resources, and fund balances

	Capital Projects					Total
	Aquatics & Riverfront Construction	Storm Water Management	Municipal Building Improvement	Equipment Replacement	Wastewater Project	
	\$ 3,606,659	\$ 315,291	\$ 284,810	\$ 740,400	\$ -	\$ 8,529,244
	-	-	-	-	-	1,504,338
	-	-	-	-	-	491,461
	-	61,401	-	-	-	2,743,208
	95,258	-	-	-	-	349,810
	3,701,917	\$ 376,692	\$ 284,810	\$ 740,400	\$ -	\$ 13,874,535
	\$ 27,846	\$ 13,428	\$ -	\$ 2,445	\$ -	\$ 538,180
	447	506	-	-	-	56,552
	22,797	20,884	-	-	360,230	388,370
	51,090	34,918	-	2,445	360,230	42,466
	-	-	-	-	-	1,025,568
	-	-	-	-	-	1,504,338
	-	-	-	-	-	2,743,208
	-	-	-	-	-	4,247,546
	2,823,072	-	-	-	-	3,058,322
	827,755	341,774	284,810	737,955	-	5,903,329
	-	-	-	-	(360,230)	(360,230)
	3,650,827	341,774	284,810	737,955	(360,230)	8,601,421
	\$ 3,701,917	\$ 376,692	\$ 284,810	\$ 740,400	\$ -	\$ 13,874,535

City of Wisconsin Rapids, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Centralla Center	Housing Rehabilitation	Emergency Medical Services
REVENUES			
Taxes	\$ 82,836	\$ -	\$ -
Intergovernmental	-	-	7,076
Licenses and permits	-	-	-
Public charges for services	-	-	1,332,559
Intergovernmental charges for services	174,727	189,317	-
Miscellaneous	-	-	-
Total revenues	257,563	189,317	1,339,635
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	1,559,397
Public works	-	-	-
Culture and recreation	-	-	-
Conservation and development	160,678	21,079	-
Debt service	-	-	-
Interest and fiscal charges	-	-	127,145
Capital outlay	-	-	-
Total expenditures	160,678	21,079	1,686,542
Excess of revenues over (under) expenditures	96,885	168,238	(346,907)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Premium on debt issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	(70,043)	-	380,743
Transfers out	-	-	-
Total other financing sources (uses)	(70,043)	-	380,743
Net change in fund balances	26,842	168,238	33,836
Fund balances - January 1	468,778	35,955	305,680
Fund balances - December 31	495,620	204,193	339,516

	Room Tax	Special Revenue	Grants and Donations	River Cities Community Access	Mass Transit
		Retiree Health Insurance	HCRI Program		
	\$ 336,880	\$ 136,054	\$ -	\$ -	\$ 20,533
	-	-	-	-	514,790
	-	-	130,043	-	-
	-	-	-	354,537	-
	-	-	-	-	-
	-	292,214	11,338	4,000	7,791
	-	-	352,349	737	-
	336,880	428,268	11,338	359,274	543,114
	-	432,622	-	290,807	-
	-	-	-	167,584	-
	-	-	-	8,500	-
	296,893	-	7,429	23,215	451,725
	-	-	-	-	-
	64,689	-	-	3,250	59,389
	361,582	432,622	7,429	202,549	511,114
	(24,702)	(4,354)	3,909	279,843	32,000
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	4,250	-
	-	-	-	-	-
	-	-	-	4,250	-
	-	-	-	-	-
	-	-	-	4,250	-
	(24,702)	(4,354)	3,909	284,093	32,000
	228,177	471,206	27,148	408,893	85,249
	\$ 203,475	\$ 466,852	\$ 31,057	\$ 377,522	\$ 117,249

City of Wisconsin Rapids, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Public Works Construction	TIF District No. 6	TIF District No. 7
REVENUES			
Taxes	\$ 1,147,297	\$ 355,393	\$ 76,174
Intergovernmental	26,777	1,599	9,483
Licenses and permits	-	-	-
Public charges for services	-	-	-
Intergovernmental charges for services	289,075	15,509	217
Miscellaneous	-	-	-
Total revenues	1,463,149	372,501	85,874
EXPENDITURES			
Current			
General government	-	-	14,000
Public safety	-	-	-
Public works	602,657	151	83,563
Culture and recreation	-	-	-
Conservation and development	-	-	-
Debt service	-	-	-
Interest and fiscal charges	2,317,840	-	-
Capital outlay	2,920,497	151	97,563
Total expenditures	(1,457,348)	372,350	(11,689)
Excess of revenues over (under) expenditures	1,133,532	-	-
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	40,000	-	-
Premium on debt issued	854,553	-	65,000
Proceeds from sale of capital assets	(100,000)	(317,630)	(74,000)
Transfers in	1,928,085	(317,630)	(9,000)
Transfers out	470,737	54,720	(20,689)
Total other financing sources (uses)	702,484	18,820	34,642
Net change in fund balances	1,173,221	73,540	13,953
Fund balances - January 1	-	-	-
Fund balances - December 31	\$ 1,173,221	\$ 73,540	\$ 13,953

Capital Projects					
Aquatics & Riverfront Construction	Storm Water Management	Municipal Building Improvement	Equipment Replacement	Wastewater Project	Total
\$ 95,258	-	-	-	-	\$ 95,258
-	706,228	-	-	-	706,228
585,741	-	1,332	440,054	-	1,931,948
660,999	706,228	1,332	451,655	-	7,709,519
-	-	-	-	-	-
-	-	-	-	-	-
-	563,898	-	-	452,591	1,016,489
-	-	-	-	-	-
107,721	-	-	-	-	107,721
1,207,711	-	25,542	1,499,462	-	5,332,301
1,315,432	563,898	25,542	1,499,462	452,591	10,576,811
(634,433)	142,330	(24,210)	(1,047,807)	(452,591)	(3,867,292)
3,381,468	-	-	-	-	4,515,000
174,375	-	-	-	-	174,375
-	-	-	138,225	-	138,225
900,000	-	-	1,004,449	92,361	3,301,356
(123,122)	-	-	-	-	(684,795)
4,332,721	-	-	1,142,674	92,361	7,484,161
3,696,288	142,330	(24,210)	94,867	(360,230)	4,616,869
(47,461)	199,444	309,020	643,088	-	3,984,552
\$ 3,650,827	\$ 341,774	\$ 284,810	\$ 737,955	\$ (360,230)	\$ 8,601,471

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City of Wisconsin Rapids, Wisconsin

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS

	Budgeted Amounts		Actual	2016	
	Original	Final		Final Budget - Positive (Negative)	Actual
REVENUES					
Taxes	\$ 1,210,635	\$ 1,210,635	\$ 1,210,635	\$ -	\$ 1,193,532
Miscellaneous	50,761	50,761	73,600	22,839	51,953
Total revenues	1,261,396	1,261,396	1,284,235	22,839	1,245,485
EXPENDITURES					
Debt service					
Principal	2,833,323	2,833,323	2,833,322	1	2,777,198
Interest and fiscal charges	894,723	894,723	894,949	(226)	957,908
Total expenditures	3,728,046	3,728,046	3,728,271	(225)	3,735,106
Excess of revenues under expenditures	(2,466,650)	(2,466,650)	(2,444,036)	22,614	(2,489,621)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,466,650	2,589,772	2,589,772	-	2,492,095
Transfers out	(500,000)	(500,000)	(500,000)	-	-
Total other financing sources (uses)	1,966,650	2,089,772	2,089,772	-	2,492,095
Net change in fund balance	(500,000)	(376,878)	(354,264)	22,614	2,474
Fund balance - January 1	567,520	567,520	567,520	-	565,046
Fund balance - December 31	\$ 67,520	\$ 190,642	\$ 213,256	\$ 22,614	\$ 567,520



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the City Council
City of Wisconsin Rapids, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major Fund, and the aggregate remaining fund information of the City of Wisconsin Rapids, Wisconsin, (the "City") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated 2/20/18.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants

Wausau, Wisconsin
2018

CITY OF WISCONSIN RAPIDS, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2016

CITY OF WISCONSIN RAPIDS, WISCONSIN
December 31, 2016

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5 - 6
Fund Financial Statements	
Balance Sheet - Governmental Funds	7 - 9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10 - 12
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sewer Fund	14
Statement of Net Position - Proprietary Funds	15 - 16
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18 - 19
Notes to Basic Financial Statements	20 - 46
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress Other Post-employment Benefit Plan	47
Schedule of Employer Contributions Other Post-employment Benefit Plan	48
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	49
Schedule of Contributions - Wisconsin Retirement System	49
Notes to Required Supplementary Information	49
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	50 - 51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	52 - 53
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	54
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55 - 56

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Wisconsin Rapids, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the sewer special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note D.7, the City recorded a prior period adjustment of \$337,441 on the government-wide statement of activities for governmental activities. This adjustment is to accrue the vested portion of unpaid sick leave benefit for current employees. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other post-employment benefits on pages 47 through 49 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

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

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited the City of Wisconsin Rapids 2015 financial statements, and our report dated June 9, 2016, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants
Wausau, Wisconsin
June 5, 2017

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Net Position
December 31, 2016
(With summarized financial information as of December 31, 2015)

	Governmental Activities	Business-type Activities	Total	
			2016	2015
ASSETS				
Cash and investments	\$ 27,919,362	\$ 10,599,677	\$ 38,519,039	\$ 38,120,288
Receivables				
Taxes	21,037,666	-	21,037,666	19,301,394
Interest	-	104,971	104,971	36,450
Accounts (net)	1,459,813	4,614,315	6,074,128	5,681,693
Special assessments	722,092	-	722,092	536,628
Loans	2,952,515	500,000	3,452,515	3,446,811
Internal balances	1,855,735	(1,855,735)	-	-
Due from other governments	208,900	-	208,900	319,953
Inventories and prepaid items	207,864	1,589,860	1,797,724	1,677,396
Property held for future use	-	104,755	104,755	104,755
Investment in American Transmission Company	-	6,343,230	6,343,230	5,901,943
Preliminary survey and investigation	-	107,885	107,885	107,885
Water conservation program	-	4,969	4,969	4,969
Restricted cash and investments				
Reserve account	1,783,683	391,790	2,175,473	2,783,483
Net pension asset	-	-	-	3,085,878
Capital assets				
Land	3,994,744	1,492,501	5,487,245	5,432,745
Construction in progress	186,255	1,210,484	1,396,739	1,189,045
Land improvements	385,096	3,035,218	3,420,314	3,362,457
Buildings and improvements	45,016,202	436,219	45,452,421	45,760,072
Machinery and equipment	21,445,202	310,497	21,755,699	21,209,644
Infrastructure	90,365,286	-	90,365,286	89,130,831
Electric utility plant	-	57,886,211	57,886,211	55,654,277
Water utility plant	-	42,891,494	42,891,494	41,944,955
Less: Accumulated depreciation	(67,300,251)	(44,782,209)	(112,082,460)	(106,664,767)
TOTAL ASSETS	152,240,164	84,986,132	237,226,296	238,128,785
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	838,841	838,841	907,590
Deferred outflows related to pensions	9,399,302	2,005,931	11,405,233	3,206,214
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,399,302	2,844,772	12,244,074	4,113,804
LIABILITIES				
Accounts payable	1,000,232	1,891,514	2,891,746	2,328,686
Payroll liabilities	320,213	2,834	323,047	198,727
Accrued liabilities	338,768	167,287	506,055	511,781
Accrued interest	158,667	42,187	200,854	226,082
Accrued vacation leave	-	252,516	252,516	284,053
Due to other governments	16,618,798	-	16,618,798	16,494,840
Commitment to community	-	33,096	33,096	43,889
Unearned revenues	-	1,703	1,703	1,434
Special deposits	71,032	712,638	783,670	852,253
Long-term obligations				
Due within one year	2,838,902	476,533	3,315,435	3,279,312
Due in more than one year	29,287,386	6,588,226	35,875,612	37,600,699
Net pension liability	1,685,700	355,539	2,041,239	-
Other post-employment benefits	2,964,465	740,123	3,704,588	3,042,912
TOTAL LIABILITIES	55,284,163	11,264,196	66,548,359	64,864,668
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	12,431,070	-	12,431,070	12,299,291
Deferred inflows related to pensions	3,547,527	748,226	4,295,753	-
TOTAL DEFERRED INFLOWS OF RESOURCES	15,978,597	748,226	16,726,823	12,299,291
NET POSITION				
Net investment in capital assets	63,317,794	55,415,656	118,733,450	117,020,449
Restricted for				
Debt service	408,853	-	408,853	565,046
Development loans	2,956,618	-	2,956,618	2,969,439
Capital improvements	1,783,683	-	1,783,683	2,489,741
Pension benefits	-	-	-	3,085,878
Unrestricted	21,909,758	20,402,826	42,312,584	38,948,077
TOTAL NET POSITION	\$ 90,376,706	\$ 75,818,482	\$ 166,195,188	\$ 165,078,630

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 4,205,119	\$ 1,037,338	\$ -	\$ -
Public safety	10,643,754	1,337,899	152,347	-
Public works	12,393,917	6,117,684	1,849,787	16,809
Health and human services	329,259	-	-	-
Culture and recreation	3,093,143	97,094	494,710	-
Conservation and development	639,095	157,071	32,474	-
Interest on debt	976,877	-	-	-
Total Governmental Activities	<u>32,281,164</u>	<u>8,747,086</u>	<u>2,529,318</u>	<u>16,809</u>
Business-type Activities				
Electric utility	25,860,181	28,350,857	-	110,890
Water utility	3,319,221	4,898,899	-	99,908
Airport	312,373	201,607	-	-
Total Business-type Activities	<u>29,491,775</u>	<u>33,451,363</u>	<u>-</u>	<u>210,798</u>
Total	<u>\$ 61,772,939</u>	<u>\$ 42,198,449</u>	<u>\$ 2,529,318</u>	<u>\$ 227,607</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Other taxes

Federal and state grants and other contributions

not restricted to specific functions

Interest and investment earnings

Miscellaneous

Gain on sale of asset

Transfers

Total general revenues and transfers

Change in net position

Net position - January 1, as originally reported

Prior period adjustment

Net position - January 1, as restated

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	
		2016	2015

\$ (3,167,781)	\$ -	\$ (3,167,781)	\$ (3,083,034)
(9,153,508)	-	(9,153,508)	(8,577,344)
(4,409,637)	-	(4,409,637)	(1,930,046)
(329,259)	-	(329,259)	(298,352)
(2,501,339)	-	(2,501,339)	(2,202,275)
(449,550)	-	(449,550)	(492,022)
(976,877)	-	(976,877)	(1,039,556)
<u>(20,987,951)</u>	<u>-</u>	<u>(20,987,951)</u>	<u>(17,622,629)</u>

-	2,601,566	2,601,566	2,014,716
-	1,679,586	1,679,586	1,729,477
-	(110,766)	(110,766)	(75,890)
-	<u>4,170,386</u>	<u>4,170,386</u>	<u>3,668,303</u>
<u>(20,987,951)</u>	<u>4,170,386</u>	<u>(16,817,565)</u>	<u>(13,954,326)</u>

9,907,336	-	9,907,336	9,877,715
1,193,532	-	1,193,532	1,134,607
981,604	-	981,604	958,970
419,189	-	419,189	535,753
4,418,877	-	4,418,877	4,402,096
42,571	609,609	652,180	565,618
580,990	46,001	626,991	1,505,167
71,855	-	71,855	40,057
1,803,863	(1,803,863)	-	-
<u>19,419,817</u>	<u>(1,148,253)</u>	<u>18,271,564</u>	<u>19,019,983</u>

<u>(1,568,134)</u>	<u>3,022,133</u>	<u>1,453,999</u>	<u>5,065,657</u>
92,282,281	72,796,349	165,078,630	160,012,973
<u>(337,441)</u>	<u>-</u>	<u>(337,441)</u>	<u>-</u>

<u>91,944,840</u>	<u>72,796,349</u>	<u>164,741,189</u>	<u>160,012,973</u>
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<u>\$ 90,376,706</u>	<u>\$ 75,818,482</u>	<u>\$ 166,195,188</u>	<u>\$ 165,078,630</u>
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CITY OF WISCONSIN RAPIDS, WISCONSIN
 Balance Sheet
 Governmental Funds
 December 31, 2016
 (With summarized financial information as of December 31, 2015)

	General	Sewer Fund	Debt Service
ASSETS			
Cash and investments	\$ 20,298,019	\$ 3,384,700	\$ 569,655
Restricted cash and investments	-	1,783,683	-
Receivables			
Taxes	17,991,915	-	1,210,635
Accounts (net)	344,488	716,198	-
Special assessments	722,092	-	-
Loans	-	-	-
Due from other funds	225,655	286,913	4,372
Due from other funds - tax equivalent	1,803,863	-	-
Due from other governments	5,338	-	-
Inventories and prepaid items	207,864	-	-
TOTAL ASSETS	\$ 41,599,234	\$ 6,171,494	\$ 1,784,662
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 652,429	\$ 109,166	\$ -
Accrued payroll liabilities	279,426	16,990	-
Accrued liabilities	338,768	-	-
Due to other funds	139,494	354,684	6,507
Due to other governments	16,618,798	-	-
Special deposit	12,724	-	-
Total Liabilities	18,041,639	480,840	6,507
Deferred Inflows of Resources			
Property taxes levied for subsequent year	9,385,319	-	1,210,635
Special assessments	581,168	-	-
Loans	-	-	-
Total Deferred Inflows of Resources	9,966,487	-	1,210,635
Fund Balances			
Nonspendable			
Inventories and prepaid items	207,864	-	-
County held special assessments	43,186	-	-
Water special assessments	93,265	-	-
Restricted			
Retirement of long-term debt	-	-	567,520
Capital improvements	-	1,783,683	-
Housing rehabilitation loan program	-	-	-
HCRI loan program	-	-	-
Committed	2,768,973	3,906,971	-
Assigned			
Subsequent year's budget	1,409,650	-	-
Unassigned (deficit)			
General fund	9,068,170	-	-
Capital projects funds	-	-	-
Total Fund Balances	13,591,108	5,690,654	567,520
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 41,599,234	\$ 6,171,494	\$ 1,784,662

(Continued)

Other Governmental Funds	Total	
	2016	2015
\$ 3,666,988	\$ 27,919,362	\$ 27,909,593
-	1,783,683	2,489,741
1,835,116	21,037,666	19,301,394
399,127	1,459,813	1,335,946
-	722,092	536,628
2,952,515	2,952,515	2,946,811
182,124	699,064	933,615
-	1,803,863	1,736,674
203,562	208,900	319,953
-	207,864	176,381
<u>\$ 9,239,432</u>	<u>\$ 58,794,822</u>	<u>\$ 57,686,736</u>

\$ 238,637	\$ 1,000,232	\$ 468,174
23,797	320,213	198,727
-	338,768	348,391
146,507	647,192	749,877
-	16,618,798	16,494,840
58,308	71,032	66,309
<u>467,249</u>	<u>18,996,235</u>	<u>18,326,318</u>

1,835,116	12,431,070	12,299,291
-	581,168	448,372
2,952,515	2,952,515	2,946,811
<u>4,787,631</u>	<u>15,964,753</u>	<u>15,694,474</u>

-	207,864	176,381
-	43,186	34,379
-	93,265	51,405
-	567,520	565,046
-	1,783,683	2,489,741
35,955	35,955	68,005
27,148	27,148	26,623
3,968,910	10,644,854	11,257,440
-	1,409,650	205,910
-	9,068,170	8,802,041
(47,461)	(47,461)	(11,027)
<u>3,984,552</u>	<u>23,833,834</u>	<u>23,665,944</u>
<u>\$ 9,239,432</u>	<u>\$ 58,794,822</u>	<u>\$ 57,686,736</u>

CITY OF WISCONSIN RAPIDS, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2016

(With summarized financial information as of December 31, 2015)

Reconciliation to the Statement of Net Position

	2016	2015
Total Fund Balances as shown on previous page	\$ 23,833,834	\$ 23,665,944
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Capital assets	94,092,534	95,994,774
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	581,168	448,372
Loans receivable	2,952,515	2,946,811
The City's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Net pension asset	-	2,525,658
Deferred outflows of resources	9,399,302	2,607,011
Deferred inflows of resources	(3,547,527)	-
Net pension liability	(1,685,700)	-
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(10,870,000)	(11,170,000)
State trust fund loan	(313,284)	(360,280)
Environmental improvement fund loan	(19,536,544)	(20,838,068)
Capital leases	(18,758)	(27,436)
Compensated absences	(1,351,548)	(881,201)
Post-employment health benefits payable	(2,964,465)	(2,413,202)
Debt premium	(36,154)	(41,734)
Accrued interest on long-term obligations	(158,667)	(174,368)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 4)	<u>\$ 90,376,706</u>	<u>\$ 92,282,281</u>

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	General	Sewer Fund	Debt Service
Revenues			
Taxes	\$ 9,342,497	\$ -	\$ 1,193,532
Special assessments	322,070	-	-
Intergovernmental	6,325,273	-	-
Licenses and permits	154,584	-	-
Fines and forfeits	210,087	-	-
Public charges for services	385,059	5,253,348	-
Intergovernmental charges for services	-	-	-
Miscellaneous	100,332	17,973	51,953
Total Revenues	<u>16,839,902</u>	<u>5,271,321</u>	<u>1,245,485</u>
Expenditures			
Current			
General government	2,373,213	-	-
Public safety	7,791,474	-	-
Public works	5,071,536	2,474,093	-
Health and human services	321,958	-	-
Culture and recreation	2,693,722	-	-
Conservation and development	216,855	-	-
Debt service			
Principal	-	-	2,777,198
Interest and fiscal charges	-	-	957,908
Capital outlay	223,253	13,210	-
Total Expenditures	<u>18,692,011</u>	<u>2,487,303</u>	<u>3,735,106</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,852,109)</u>	<u>2,784,018</u>	<u>(2,489,621)</u>
Other Financing Sources (Uses)			
Long-term debt issued	-	-	-
Sale of capital assets	26,122	-	-
Transfers in	1,803,863	-	2,492,095
Transfers out	(1,856,915)	(2,505,622)	-
Total Other Financing Sources (Uses)	<u>(26,930)</u>	<u>(2,505,622)</u>	<u>2,492,095</u>
Net Change in Fund Balances	(1,879,039)	278,396	2,474
Fund Balances - January 1	<u>15,470,147</u>	<u>5,412,258</u>	<u>565,046</u>
Fund Balances - December 31	<u>\$ 13,591,108</u>	<u>\$ 5,690,654</u>	<u>\$ 567,520</u>

(Continued)

Other Governmental Funds	Total	
	2016	2015
\$ 1,965,632	\$ 12,501,661	\$ 12,507,045
-	322,070	272,027
590,448	6,915,721	7,156,477
297,702	452,286	630,337
-	210,087	260,808
1,943,472	7,581,879	7,380,693
521,054	521,054	2,150
1,066,623	1,236,881	2,085,154
<u>6,384,931</u>	<u>29,741,639</u>	<u>30,294,691</u>

729,764	3,102,977	3,033,527
1,433,112	9,224,586	9,086,284
1,349,699	8,895,328	7,901,972
-	321,958	292,829
21,291	2,715,013	2,676,513
492,412	709,267	855,409
-	2,777,198	2,747,651
40,250	998,158	1,051,179
3,588,519	3,824,982	3,928,824
<u>7,655,047</u>	<u>32,569,467</u>	<u>31,574,188</u>
<u>(1,270,116)</u>	<u>(2,827,828)</u>	<u>(1,279,497)</u>

1,120,000	1,120,000	995,000
45,733	71,855	40,057
2,389,512	6,685,470	4,704,206
(519,070)	(4,881,607)	(2,967,628)
<u>3,036,175</u>	<u>2,995,718</u>	<u>2,771,635</u>
1,766,059	167,890	1,492,138
<u>2,218,493</u>	<u>23,665,944</u>	<u>22,173,806</u>
<u>\$ 3,984,552</u>	<u>\$ 23,833,834</u>	<u>\$ 23,665,944</u>

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	2016	2015
<u>Reconciliation to the Statement of Activities</u>		
Net Change in Fund Balances as shown on previous page	\$ 167,890	\$ 1,492,138
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	2,563,648	3,797,222
Depreciation expense reported in the statement of activities	(3,906,102)	(3,855,980)
Amount by which capital outlays were less than depreciation	<u>(1,342,454)</u>	<u>(58,758)</u>
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	(71,855)	(40,057)
Gain (loss) on disposition reported on the statement of activities	(487,931)	(28,412)
Book value of capital assets disposed of	<u>(559,786)</u>	<u>(68,469)</u>
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. The accrual of these benefits decreased (increased) by:		
	(684,169)	(550,879)
Changes in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan		
	(966,594)	(118,156)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
	5,704	67,947
Some capital assets acquired and debt retired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:		
	(1,120,000)	(995,000)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		
	2,777,198	2,747,651
Revenues reported in the fund statement that were earned in a prior year are not recognized as revenues in the statement of activities		
	132,796	(46,730)
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.		
	15,701	6,043
Debt premium is reported as an other financing source in the fund financial statements but amortized over the life of the bond issue in the government-wide financial statements. Amount by which debt premium amortization exceeds amount received in the current year.		
	<u>5,580</u>	<u>5,580</u>
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 5 - 6)	<u>\$ (1,568,134)</u>	<u>\$ 2,481,367</u>

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 9,336,169	\$ 9,336,169	\$ 9,342,497	\$ 6,328
Special assessments	238,200	238,200	322,070	83,870
Intergovernmental	6,298,856	6,298,856	6,325,273	26,417
Licenses and permits	179,275	179,275	154,584	(24,691)
Fines and forfeits	249,000	249,000	210,087	(38,913)
Public charges for services	1,484,100	392,775	385,059	(7,716)
Miscellaneous	111,566	111,566	100,332	(11,234)
Total Revenues	17,897,166	16,805,841	16,839,902	34,061
Expenditures				
Current				
General government	2,268,565	1,961,221	2,373,213	(411,992)
Public safety	9,126,150	7,753,290	7,791,474	(38,184)
Public works	4,706,080	4,706,080	5,071,536	(365,456)
Health and human services	323,004	323,511	321,958	1,553
Culture and recreation	2,782,519	2,843,179	2,693,722	149,457
Conservation and development	308,693	216,797	216,855	(58)
Capital outlay	438,037	245,601	223,253	22,348
Total Expenditures	19,953,048	18,049,679	18,692,011	(642,332)
Excess of Revenues Under Expenditures	(2,055,882)	(1,243,838)	(1,852,109)	(608,271)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	26,122	26,122
Transfers in	113,750	-	-	-
Transfer in - tax equivalent	1,736,222	1,736,222	1,803,863	67,641
Transfers out	-	(1,903,369)	(1,856,915)	46,454
Total Other Financing Sources (Uses)	1,849,972	(167,147)	(26,930)	140,217
Net Change in Fund Balance	(205,910)	(1,410,985)	(1,879,039)	(468,054)
Fund Balance - January 1	15,470,147	15,470,147	15,470,147	-
Fund Balance - December 31	\$ 15,264,237	\$ 14,059,162	\$ 13,591,108	\$ (468,054)

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Sewer Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Public charges for services	\$ 4,945,915	\$ 4,945,915	\$ 5,253,348	\$ 307,433
Miscellaneous	5,000	5,000	17,973	12,973
Total Revenues	4,950,915	4,950,915	5,271,321	320,406
Expenditures				
Current				
Public works	2,812,668	2,839,007	2,474,093	364,914
Capital outlay	298,750	298,750	13,210	285,540
Total Expenditures	3,111,418	3,137,757	2,487,303	650,454
Excess of Revenues Over Expenditures	1,839,497	1,813,158	2,784,018	970,860
Other Financing Uses				
Transfers out	(2,852,558)	(2,826,219)	(2,505,622)	320,597
Net Change in Fund Balance	(1,013,061)	(1,013,061)	278,396	1,291,457
Fund Balance - January 1	5,412,258	5,412,258	5,412,258	-
Fund Balance - December 31	\$ 4,399,197	\$ 4,399,197	\$ 5,690,654	\$ 1,291,457

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

CITY OF WISCONSIN RAPIDS, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2016

(With summarized financial information as of December 31, 2015)

	Enterprise Funds			
	Waterworks and Lighting Commission	Non-major Funds Airport	Total	
			2016	2015
ASSETS				
Current assets				
Cash and investments	\$ 2,331,285	\$ 314,371	\$ 2,645,656	\$ 2,707,504
Restricted cash and investments	391,790	-	391,790	293,742
Customer accounts receivable (net)	3,991,174	-	3,991,174	3,833,596
Accounts receivable	622,670	471	623,141	512,151
Interest receivable	104,971	-	104,971	36,450
Due from other funds	569,911	-	569,911	530,687
Inventories and prepaid expenses	1,566,132	23,728	1,589,860	1,501,015
Total Current Assets	9,577,933	338,570	9,916,503	9,415,145
Noncurrent assets				
Notes receivable	500,000	-	500,000	500,000
Other assets				
Cash and investments				
Depreciation fund	7,950,746	-	7,950,746	7,500,354
Other investments and special accounts	3,275	-	3,275	2,837
Investment in American Transmission Company	6,343,230	-	6,343,230	5,901,943
Preliminary survey and investigation	107,885	-	107,885	107,885
Water conservation program	4,969	-	4,969	4,969
Property held for future use	104,755	-	104,755	104,755
Net pension asset	-	-	-	560,220
Capital assets				
Land	1,287,081	205,420	1,492,501	1,492,501
Construction in progress	1,210,484	-	1,210,484	1,082,483
Land improvements	-	3,035,218	3,035,218	3,035,218
Buildings	-	436,219	436,219	436,219
Machinery and equipment	-	310,497	310,497	304,247
Electric utility plant	57,886,211	-	57,886,211	55,654,277
Water utility plant	42,891,494	-	42,891,494	41,944,955
Less: Accumulated depreciation	(41,623,156)	(3,159,053)	(44,782,209)	(42,925,415)
Total Capital Assets, net of Accumulated Depreciation	61,652,114	828,301	62,480,415	61,024,485
Total Noncurrent Assets	76,666,974	828,301	77,495,275	75,707,448
TOTAL ASSETS	86,244,907	1,166,871	87,411,778	85,122,593
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	838,841	-	838,841	907,590
Deferred outflows related to pension	2,002,608	3,323	2,005,931	599,203
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,841,449	3,323	2,844,772	1,506,793

(Continued)

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2016
(With summarized financial information as of December 31, 2015)

	Enterprise Funds			
	Waterworks and Lighting Commission	Non-major Funds	Total	
		Airport	2016	2015
LIABILITIES				
Current Liabilities				
Accounts payable	1,842,427	49,087	1,891,514	1,860,512
Accrued wages	-	2,834	2,834	-
Accrued vacation leave	252,516	-	252,516	284,053
Customer deposit	416,554	-	416,554	521,677
Accrued interest on customer deposit	3,907	-	3,907	2,838
Accrued interest	38,280	-	38,280	48,876
Accrued liabilities	164,953	-	164,953	161,182
Commitment to community	33,096	-	33,096	43,889
Customer advances for construction	35,467	-	35,467	3,650
Other liabilities - green energy program	2,334	-	2,334	2,208
Rate stabilization deposit	260,617	-	260,617	260,617
Due to other funds	2,424,962	684	2,425,646	2,451,099
Unearned revenue	-	1,703	1,703	1,434
Current portion of general obligation debt	476,533	-	476,533	496,533
Total Current Liabilities	5,951,646	54,308	6,005,954	6,138,568
Long-term Obligations				
General obligation debt	6,588,226	-	6,588,226	7,064,759
Net pension liability	355,539	-	355,539	-
Post-retirement benefits	740,123	-	740,123	629,710
Total Noncurrent Liabilities	7,683,888	-	7,683,888	7,694,469
TOTAL LIABILITIES	13,635,534	54,308	13,689,842	13,833,037
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	748,226	-	748,226	-
NET POSITION				
Net investment in capital assets	54,587,355	828,301	55,415,656	53,463,193
Restricted for pension benefits	-	-	-	560,220
Unrestricted	20,115,241	287,585	20,402,826	18,772,936
TOTAL NET POSITION	\$ 74,702,596	\$ 1,115,886	\$ 75,818,482	\$ 72,796,349

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	Enterprise Funds			
	Waterworks and Lighting Commission	Non-major Funds	Total	
		Airport	2016	2015
Operating Revenues				
Charges for services	\$ 32,692,168	\$ 51,382	\$ 32,743,550	\$ 32,412,868
Intergovernmental charges for services	-	150,225	150,225	127,625
Other	557,588	-	557,588	578,718
Total Operating Revenues	33,249,756	201,607	33,451,363	33,119,211
Operating Expenses				
General and administrative	-	92,833	92,833	57,315
Operation and maintenance	25,587,948	106,782	25,694,730	25,702,820
Taxes	380,501	-	380,501	370,295
Depreciation	2,975,887	112,758	3,088,645	3,081,137
Total Operating Expenses	28,944,336	312,373	29,256,709	29,211,567
Operating Income (Loss)	4,305,420	(110,766)	4,194,654	3,907,644
Nonoperating Revenues (Expenses)				
Interest income	608,422	1,187	609,609	499,135
Interest and fiscal charges	(153,577)	-	(153,577)	(421,765)
Loss on sale of capital assets	-	-	-	(1,650)
Merchandising and jobbing	43,541	-	43,541	43,292
Miscellaneous revenues (expenses)	(19,522)	2,460	(17,062)	110,138
Amortization of debt premium	6,533	-	6,533	2,177
Amortization of loss on refunding	(68,500)	-	(68,500)	(23,388)
Total Nonoperating Revenues (Expenses)	416,897	3,647	420,544	207,939
Income (Loss) Before Contributions and Transfers	4,722,317	(107,119)	4,615,198	4,115,583
Capital contributions	210,798	-	210,798	205,285
Transfers out	(1,803,863)	-	(1,803,863)	(1,736,578)
Change in Net Position	3,129,252	(107,119)	3,022,133	2,584,290
Net Position - January 1	71,573,344	1,223,005	72,796,349	70,212,059
Net Position - December 31	\$ 74,702,596	\$ 1,115,886	\$ 75,818,482	\$ 72,796,349

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	Enterprise Funds			
	Waterworks and Lighting Commission	Non-major Funds Airport	Total	
			2016	2015
Cash Flows from Operating Activities				
Cash received from user charges	\$ 32,986,074	\$ 201,503	\$ 33,187,577	\$ 33,332,759
Cash payments to suppliers	(23,251,506)	(120,174)	(23,371,680)	(23,832,629)
Cash payments to employees	(2,203,956)	(49,621)	(2,253,577)	(2,289,595)
Nonoperating revenues	24,019	2,460	26,479	44,404
Net Cash Provided by Operating Activities	7,554,631	34,168	7,588,799	7,254,939
Cash Flows from Noncapital Financing Activities				
Paid to municipality for tax equivalent	(1,803,863)	-	(1,803,863)	(1,736,578)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(5,087,690)	(6,250)	(5,093,940)	(4,262,378)
Salvage and other sale proceeds	107,542	-	107,542	125,161
Capital contributions received	242,615	-	242,615	145,570
Miscellaneous revenue	-	-	-	109,026
Proceeds from issuance of long-term debt	-	-	-	7,475,000
Premium received on debt issued	-	-	-	88,469
Payment to refunded bond escrow agent	-	-	-	(8,334,330)
Bond issuance costs paid	-	-	-	(158,552)
Principal paid on revenue bonds	(490,000)	-	(490,000)	(350,000)
Interest paid on revenue bonds	(163,924)	-	(163,924)	(158,565)
Net Cash Used by Capital and Related Financing Activities	(5,391,457)	(6,250)	(5,397,707)	(5,320,599)
Cash Flows from Investing Activities				
Investments purchased	(920,059)	-	(920,059)	(490,000)
Investments sold and matured	735,000	-	735,000	445,000
Additional investment in American Transmission Company	(265,053)	-	(265,053)	(75,728)
Interest income received	363,667	1,187	364,854	376,557
Net Cash Provided (Used) by Investing Activities	(86,445)	1,187	(85,258)	255,829
Change in Cash and Cash Equivalents	272,866	29,105	301,971	453,591
Cash and Cash Equivalents - Beginning of Year	7,811,667	285,266	8,096,933	7,643,342
Cash and Cash Equivalents - End of Year	\$ 8,084,533	\$ 314,371	\$ 8,398,904	\$ 8,096,933

(Continued)

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	Enterprise Funds			
	Waterworks and Lighting Commission	Non-major Funds Airport	Total	
			2016	2015
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and investments	\$ 2,331,285	\$ 314,371	\$ 2,645,656	\$ 2,707,504
Restricted cash and investments	8,345,811	-	8,345,811	7,796,933
Total cash and investments	10,677,096	314,371	10,991,467	10,504,437
Less non-cash equivalents	(2,592,563)	-	(2,592,563)	(2,407,504)
Cash and Cash equivalents	\$ 8,084,533	\$ 314,371	\$ 8,398,904	\$ 8,096,933
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 4,305,420	\$ (110,766)	\$ 4,194,654	\$ 3,907,644
Nonoperating miscellaneous revenue	24,019	2,460	26,479	44,404
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,975,887	112,758	3,088,645	3,081,137
Depreciation charged to clearing and other utilities	351,977	-	351,977	308,085
Change in pension related liability (asset) and, deferred outflows and deferred inflows of resources	260,580	(3,323)	257,257	(170,086)
Changes in assets and liabilities				
Customer accounts receivable	(157,578)	-	(157,578)	(328,259)
Accounts receivable	(110,617)	(373)	(110,990)	64,164
Inventories and prepaid expenses	(85,936)	(2,909)	(88,845)	(161,684)
Due from other funds	(39,224)	-	(39,224)	23,347
Accounts payable	(11,407)	42,409	31,002	92,464
Customer deposits	(105,123)	-	(105,123)	349,913
Accrued wages	-	2,834	2,834	-
Accrued interest on customer deposits	1,069	-	1,069	286
Accrued vacation leave	(31,537)	-	(31,537)	(79,210)
Other current liabilities	3,771	-	3,771	27,498
Commitment to community	(10,793)	-	(10,793)	727
Other liabilities - green energy program	126	-	126	317
Post-retirement benefits	110,413	-	110,413	124,634
Due to other funds	73,584	(9,191)	64,393	(31,876)
Unearned revenue	-	269	269	1,434
Net Cash Provided by Operating Activities	\$ 7,554,631	\$ 34,168	\$ 7,588,799	\$ 7,254,939
Noncash Investing, Capital and Financing Activities				
Increase in investment in American Transmission Company	\$ 441,287	\$ -	\$ 441,287	\$ 227,495

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The City of Wisconsin Rapids, Wisconsin is a municipal corporation governed by an elected 19 member council. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Joint Venture

The City of Wisconsin Rapids is a participant with the City of Nekoosa, Village of Port Edwards and the Town of Grand Rapids in a joint venture to operate an airport. The municipalities are obligated by agreement to finance operating and capital outlay costs of the service. The joint operation is governed by a five-member board composed of one member from each municipality. Complete financial statements for the joint venture can be obtained from the City's office at 444 West Grand Avenue, Wisconsin Rapids, WI 54495.

3. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

GENERAL FUND

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

SPECIAL REVENUE FUND - SEWER

This fund accounts for the financial resources used and acquired to account for the sewer utility. The major source of revenue is public charges for services.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEBT SERVICE FUND

This fund is used to account for repayment of debt for the City.

The City reports the following major enterprise fund:

WATER WORKS AND LIGHTING COMMISSION

This fund accounts for the financial activities related to the operation of the City's water and electric utility.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$654,559 in governmental activities and \$700,873 in business-type activities.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Governmental	Business-type
	Activities	Activities
	Years	
<u>Assets</u>		
Buildings and improvements	25 - 50	-
Machinery and equipment	3 - 20	-
Infrastructure	20 - 100	-
Electric plant		
Distribution	-	22 - 45
General	-	4 - 34
Water plant		
Source of supply	-	31 - 56
Pumping	-	23 - 31
Water treatment	-	30 - 31
Transmission and distribution	-	18 - 77
General	-	4 - 34
Common plant		
General	-	4 - 34
Airport		
Land improvements	-	15 - 20
Buildings	-	30
Equipment	-	10

g. Compensated Absences/Other Post-Employment Benefits

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements.

The City provides post-employment health insurance benefits to all eligible employees. Eligibility is based on full-time employment. The benefits are based on contractual agreements with employee groups, local ordinances or employee benefit policies. The City and Waterworks and Lighting Commission enterprise fund have recorded a liability of \$2,964,465 and \$740,123 respectively, for other post-employment retirement benefits at December 31, 2016.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category in the government-wide statement of net position and proprietary funds statement of net position. The first is the deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is related to the City's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Pensions

For purposes of measuring the net pension liability (asset), 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.

k. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed fund balance - Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of City management. The City Council has authorized the Finance Director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

m. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the city's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

n. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- a. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- d. Expenditures may not exceed appropriations at the function level for the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
- e. Encumbrance accounting is used by the City to record commitments related to unperformed contracts for goods or services. All outstanding encumbrances lapse at year end.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2016.

2. Deficit Fund Balance

The Aquatics & Riverfront Construction capital projects fund had a deficit fund balance of \$47,461 as of December 31, 2016. The deficit is anticipated to be financed with future grants, donations, and general revenues.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

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

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

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The carrying amount of the City's cash and investments totaled \$40,694,512 on December 31, 2016 as summarized below:

Petty cash funds	\$ 2,355
Deposits with financial institutions	18,591,542
Great Lakes Utility rate stabilization fund	340,136
Investments	
Wisconsin local government investment pool	11,358,757
Repurchase agreement	2,814,142
Money market mutual funds	78,601
US Agencies	3,930,201
Negotiable certificates of deposit	3,574,878
Wood Co. telephone stock	3,900
	\$ 40,694,512

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 38,519,039
Restricted cash and investments	2,175,473
	\$ 40,694,512

Fair Value Measurements

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

The City has the following fair value measurements as of December 31, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Agencies	\$ -	\$ 3,930,201	\$ -
Money market mutual funds	78,601	-	-
Negotiable certificates of deposit	3,574,878	-	-
Wood Co. telephone stock	-	-	2,900
Total investments by fair value level	\$ 3,653,479	\$ 3,930,201	\$ 2,900

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the specific risks and the City's policy related to the risk.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2016, \$9,580,437 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

On December 31, 2016, the City held repurchase agreement investments of \$2,814,142 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. Presented below is the actual rating as of yearend for each investment type:

Investment Type	Amount	Exempt From Disclosure	AAA	AA+	Not Rated
Wisconsin local government investment pool	\$11,358,757	\$ -	\$ -	\$ -	\$11,358,757
US agencies	3,930,201	-	3,930,201	-	-
Negotiable certificates of deposit	3,574,878	-	-	-	3,574,878
Money market mutual funds	78,601	-	-	-	78,601
Totals	\$18,942,437	\$ -	\$ 3,930,201	\$ -	\$15,012,236

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk

The investment policy of the Commission states that no more than 50% of total investments may be invested in a single security type or with a single financial institution for extended periods of time. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Commission investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal Farm Credit Bank	Bond	\$ 1,193,906	8.4%

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin local government investment pool	\$11,358,757	\$11,358,757	\$ -	\$ -	\$ -
US agencies	3,930,201	-	-	3,930,201	-
Repurchase agreements	2,814,142	2,814,142	-	-	-
Negotiable certificates of deposit	3,574,878	1,178,167	490,720	1,905,991	-
Money market mutual funds	78,601	78,601	-	-	-
Totals	\$21,756,579	\$15,429,667	\$ 490,720	\$ 5,836,192	\$ -

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$11,358,757 at year-end. 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 carrying value.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

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

The City bills and collects its own property taxes and also levies and collects taxes for the Wisconsin Rapids School District, Wood County, Mid State Technical College and the State of Wisconsin.

3. Restricted Assets

Restricted assets on December 31, 2016 totaled \$2,175,473 and consisted of cash and investments held for the following purposes:

	Amount	Purpose
Sewer Fund	\$ 1,783,683	Resources accumulated for capital improvements
Waterworks and Lighting Commission Electric Utility - Debt Service	391,790	Future principal and interest payments
Total Restricted Assets	\$ 2,175,473	

4. Accounts Receivable

Receivables of the governmental funds totaled \$1,459,813 on December 31, 2016 and were comprised of the following:

	General	Sewer	Centralia Center	Emergency Medical Services	City Recycling	River Cities Community Access	Total Governmental Funds
Ambulance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Court	359,015	-	-	-	-	-	359,015
Accounts	153,659	716,198	7,601	779,471	2,500	34,555	1,693,984
Self Insurance	61,373	-	-	-	-	-	61,373
Gross receivables	574,047	716,198	7,601	779,471	2,500	34,555	2,114,372
Less: Allowance for uncollectible accounts	(229,559)	-	-	(425,000)	-	-	(654,559)
Net Receivables	\$ 344,488	\$ 716,198	\$ 7,601	\$ 354,471	\$ 2,500	\$ 34,555	\$ 1,459,813

Customer accounts receivables of the proprietary funds totaled \$5,315,188 and are shown net of allowance for uncollectible accounts of \$700,873 on December 31, 2016.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,940,244	\$ 54,500	\$ -	\$ 3,994,744
Construction in progress	106,562	99,355	19,662	186,255
Total capital assets, not being depreciated	4,046,806	153,855	19,662	4,180,999
Capital assets, being depreciated:				
Land improvements	327,239	57,857	-	385,096
Buildings and improvements	45,323,853	266,949	574,600	45,016,202
Machinery and equipment	20,905,397	763,511	223,706	21,445,202
Infrastructure	89,130,831	1,341,138	106,683	90,365,286
Subtotals	155,687,320	2,429,455	904,989	157,211,786
Less accumulated depreciation for:				
Land improvements	228,292	10,733	-	239,025
Buildings and improvements	11,933,716	1,142,409	28,456	13,047,669
Machinery and equipment	11,652,726	1,164,792	223,706	12,593,812
Infrastructure	39,924,618	1,588,168	93,041	41,419,745
Subtotals	63,739,352	3,906,102	345,203	67,300,257
Total capital assets, being depreciated, net	91,947,968	(1,476,647)	559,786	89,911,535
Governmental activities capital assets, net	\$ 95,994,774	\$ (1,322,792)	\$ 579,448	94,092,534
Less: Capital related debt				30,738,586
Less: Capital related premium				36,154
Net investment in capital assets				\$ 63,317,794
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,287,081	\$ -	\$ -	\$ 1,287,081
Construction in progress water/light	1,082,483	4,742,967	4,614,966	1,210,484
Land - airport	205,420	-	-	205,420
Total capital assets, not being depreciated	2,574,984	4,742,967	4,614,966	2,702,985
Capital assets, being depreciated:				
Electric utility	55,654,277	3,587,582	1,355,648	57,886,211
Water utility	41,944,955	1,002,696	56,157	42,891,494
Airport	3,775,684	6,250	-	3,781,934
Subtotals	101,374,916	4,596,528	1,411,805	104,559,639
Less accumulated depreciation for:				
Electric utility	25,304,794	2,324,174	1,553,623	26,075,345
Water utility	14,574,326	1,028,466	54,981	15,547,811
Airport	3,046,295	112,758	-	3,159,053
Subtotals	42,925,415	3,465,398	1,608,604	44,782,209
Total capital assets, being depreciated, net	58,449,501	1,131,130	(196,799)	59,777,430
Business-type activities capital assets, net	\$ 61,024,485	\$ 5,874,097	\$ 4,418,167	62,480,415
Less: Capital related debt				8,985,000
Less: Capital related premium				79,759
Net investment in capital assets				\$ 55,415,656

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions of the City as follows:

Governmental activities	
General government	\$ 189,434
Public safety	268,722
Public works	3,233,786
Culture and recreation	214,160
Total depreciation expense - governmental activities	<u>\$ 3,906,102</u>
Business-type activities	
Water works and lighting commission	
Depreciation expense	\$ 2,975,887
Depreciation expense charged to clearing accounts	351,977
Salvage and other adjustments	24,776
Total Water works and lighting commission	<u>3,352,640</u>
Airport	112,758
Total depreciation expense - business-type activities	<u>\$ 3,465,398</u>

6. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2016 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds		
General Fund	\$ 2,029,518	\$ 139,494
Special Revenue		
Sewer	288,913	354,684
Emergency Medical Services	-	24,432
Centralia Center	-	5,744
Capital Projects		
Public works construction	125,233	51,300
Aquatic & Riverfront Construction	-	46,298
Storm water management	56,891	18,733
Debt Service	4,372	6,507
Enterprise Funds		
Airport	-	684
Water works and lighting commission	569,911	2,424,962
Totals	<u>\$ 3,072,838</u>	<u>\$ 3,072,838</u>

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers for the year ended December 31, 2016 were as follows:

	Transfer to:	
	Transfers In	Transfers Out
General Fund	\$ 1,803,863	\$ 1,856,915
Special revenue - Centralia Center	-	70,173
Special revenue - Room tax	222,938	-
Special revenue - Emergency medical services	473,567	-
Special revenue - Sewer	-	2,505,622
Special revenue - City recycling	54,052	-
Capital projects - Public works construction	937,562	-
Capital projects - TIF No. 6	-	304,254
Capital projects - TIF No. 7	-	112,360
Capital projects - Equipment replacement	701,393	-
Capital projects - Storm water	-	32,283
Debt service fund	2,492,095	-
Enterprise fund - Water works and lighting commission	-	1,803,863
Totals	<u>\$ 6,685,470</u>	<u>\$ 6,685,470</u>

Transfers are used to move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2016:

	Outstanding 1/1/16	Issued	Retired	Adjustment	Outstanding 12/31/16	Due Within One Year
Governmental activities:						
General Obligation Debt						
Bonds	\$ 7,990,000	\$ -	\$ 760,000	\$ -	\$ 7,230,000	\$ 800,000
Notes	3,180,000	1,120,000	660,000	-	3,640,000	630,000
State trust fund	360,280	-	46,998	-	313,284	48,435
Total General Obligation Debt	<u>11,530,280</u>	<u>1,120,000</u>	<u>1,466,998</u>	<u>-</u>	<u>11,183,284</u>	<u>1,478,435</u>
Debt premium	41,734	-	5,580	-	36,154	5,580
Environmental improvement fund loan	20,838,088	-	1,301,524	-	19,536,564	1,345,750
Capital lease	27,436	-	8,678	-	18,758	9,137
Compensated absences	881,201	132,906	-	337,441	1,351,548	-
Governmental activities Long-term obligations	<u>\$ 33,318,719</u>	<u>\$ 1,252,906</u>	<u>\$ 2,782,778</u>	<u>\$ 337,441</u>	<u>\$ 32,126,288</u>	<u>\$ 2,838,902</u>
Business-type activities:						
General Obligation Debt						
Bonds	\$ 7,475,000	\$ -	\$ 490,000	\$ -	\$ 6,985,000	\$ 470,000
Debt premium	66,292	-	6,533	-	79,759	6,533
Business-type activities Long-term obligations	<u>\$ 7,541,292</u>	<u>\$ -</u>	<u>\$ 496,533</u>	<u>\$ -</u>	<u>\$ 7,064,759</u>	<u>\$ 476,533</u>

Interest paid during the year on long-term debt totaled \$1,115,111.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The adjustment shown in the table above is to accrue the vested portion of unpaid sick leave benefit for current employees.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds	
\$1,225,000 issued 5/27/11; \$100,000 to \$125,000 due annually through 2022; interest 2.00% to 3.625%	\$ 725,000
\$2,715,000 issued 5/27/11; \$175,000 to \$200,000 due annually through 2026; interest 2.0% to 4.125%	1,750,000
\$3,930,000 issued 5/10/12; \$40,000 to \$505,000 due annually through 2023; interest 1.0% to 3.0%	2,955,000
\$2,310,000 issued 11/13/12; \$100,000 to \$230,000 due annually through 2025; interest .30% to 1.8%	1,800,000
\$7,475,000 issued 9/22/15; \$470,000 to \$615,000 due annually through 2029; interest 2.00% to 3.00%	6,985,000
Notes	
\$1,000,000 issued 8/1/07; \$100,000 due in 2017; interest 4.5% to 4.75%	100,000
\$1,000,000 issued 5/1/08; \$100,000 due annually through 2018; interest 3.5% to 4.00%	200,000
\$1,300,000 issued 5/27/11; \$100,000 to \$150,000 due annually through 2021; interest 2.0% to 3.00%	700,000
\$1,010,000 issued 11/13/12; \$100,000 to \$105,000 due annually through 2022; interest .30% to 1.5%	610,000
\$995,000 issued 06/10/15; \$85,000 to \$110,000 due annually through 2025; interest .50% to 2.3%	910,000
\$1,120,000 issued 07/14/16; \$85,000 to \$145,000 due annually through 2026; interest .80% to 1.85%	1,120,000
State Trust Fund	
\$500,000 issued 8/30/12; \$49,738 to \$56,149 due annually through 2022; interest 3.0%	313,284
Total Outstanding General Obligation Debt	\$ 18,168,284

Annual principal and interest maturities of the outstanding general obligation debt of \$18,168,284 on December 31, 2016 are detailed below:

Year Ended December 31	Governmental Activities			Business-type Activities			Total	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
2017	\$ 1,478,435	\$ 247,745	\$ 1,726,180	\$ 470,000	\$ 148,419	\$ 618,419	\$ 1,948,435	\$ 396,164
2018	1,439,868	211,908	1,651,796	485,000	138,669	623,669	1,924,888	350,777
2019	1,401,385	182,650	1,584,035	495,000	129,069	624,069	1,896,365	311,719
2020	1,392,913	152,872	1,545,785	510,000	119,019	629,019	1,802,913	271,891
2021	1,399,514	121,333	1,520,847	510,000	108,819	618,819	1,809,514	230,152
2022-2026	4,071,149	201,617	4,272,766	2,725,000	382,991	3,107,991	6,796,149	584,608
2027-2029	-	58,485	58,485	1,790,000	75,323	1,865,323	1,790,000	133,788
	\$ 11,163,284	\$ 1,176,590	\$ 12,359,874	\$ 6,985,000	\$ 1,102,509	\$ 8,087,509	\$ 18,168,284	\$ 2,279,099

For governmental activities, the other long-term liabilities are generally funded by the general fund.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2016 was \$31,534,286 as follows:

Equalized valuation of the City	\$ 982,701,000
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	49,135,050
Total outstanding general obligation debt applicable to debt limitation	\$ 18,168,284
Less: Amounts available for financing general obligation debt	
Debt service fund	567,520
Net outstanding general obligation debt applicable to debt limitation	17,600,764
Legal Margin for New Debt	<u>\$ 31,534,286</u>

Advance Refunding

During 2015, the City advance refunded an electric system revenue bond issue from 2009. The City issued \$7,475,000 of general obligation bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$1,595,359 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$630,388.

At December 31, 2016, \$6,875,000 of outstanding electric system revenue bonds are considered defeased.

Environmental Improvement Fund Loan

\$26,615,595 issued 12/23/08; \$1,345,750 to \$1,943,559 due annually through 2028; interest 3.398% \$ 19,536,544

Annual principal and interest maturities of the outstanding loan of \$19,536,544 on December 31, 2016 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2017	\$ 1,345,750	\$ 640,987	\$ 1,986,737
2018	1,391,478	594,482	1,985,960
2019	1,438,761	546,396	1,985,157
2020	1,487,650	496,676	1,984,326
2021	1,538,200	445,267	1,983,467
2022-2026	8,511,459	1,391,937	9,903,396
2027-2028	3,823,246	130,999	3,954,245
	\$ 19,536,544	\$ 4,246,744	\$ 23,783,288

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of fire equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2016 are as follows:

Year Ending December 31	Governmental Activities
2017	\$ 10,128
2018	10,128
Total minimum lease payments	20,256
Less: amount representing interest	(1,498)
Present value of minimum lease payments	\$ 18,758

Conduit Debt Obligations

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

As of December 31, 2016, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,168,785.

8. Pension Plan

a. 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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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.

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.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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.

b. 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%

c. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,218,145 in contributions from the City.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Contribution rates as of December 31, 2016 are:

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

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

At December 31, 2016, the City reported a liability of \$2,041,239 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was 0.12561623%, which was a decrease of 0.00001624% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$2,464,728.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 345,320	\$ 4,295,753
Net differences between projected and actual earnings on pension plan investments	8,357,418	-
Changes of actuarial assumptions	1,428,140	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,051	-
Employer contributions subsequent to the measurement date	1,261,304	-
Total	\$ 11,405,233	\$ 4,295,753

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

\$1,261,304 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 2,634,090	\$ 1,039,580
2017	2,634,090	1,039,580
2018	2,634,090	1,039,580
2019	2,195,887	1,039,580
2020	45,772	137,433
Total	\$ 10,143,929	\$ 4,295,753

e. Actuarial Assumption

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

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

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class				
U.S. 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%

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. 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.

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) 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 (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
\$ 14,317,292	\$ 2,041,239	\$ (7,546,577)

City's proportionate share of the net pension liability (asset)

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://ef.wi.gov/publications/cafr.htm>.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

f. Payable to the WRS

At December 31, 2016 the City reported a payable of \$204,462 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

9. Other Post-Employment Benefits

Plan Description - The City provides health care insurance coverage for employees as follows:

- o Association of Survey & Civil Engineering Technicians (ASCET): At least age 57 with a minimum of 25 years of service; the City will contribute 50% of the medical premiums on behalf of the retiree until age 65.
- o Police: A minimum of 25 years of service; the City will contribute 50% of the medical and dental insurance premiums on behalf of the retiree until Medicare-eligibility.
- o Firefighters: A minimum of 20 years of service; the City will contribute towards a retiree's medical and dental insurance premiums until age 65. The amount of this contribution ranges from 40% for those with 20 years of service to 50% for those with 25 or more years of service.
- o AFL-CIO, AFSCME: At least age 57 with a minimum of 25 years of service; the City will contribute 50% of the medical premiums on behalf of the retiree until age 65. Employees covered by the Wisconsin Rapids Health Plan for at least 24 months immediately preceding retirement may also use the monies resulting from their unused sick days accumulated upon retirement, up to the maximum of 150 days, for continued medical coverage. Employees not covered by the Wisconsin Rapids Health Plan for the 24 months immediately preceding their retirement shall receive 55% of their unused sick days converted to a monetary value and paid in cash. Sick leave banks are frozen for all employees as of January 1, 2013 with no additional sick days to be accrued after that date. Employees hired after December 31, 2012 are not eligible for retiree health insurance through the City.
- o Non-Union Clerical: Employees covered by the Wisconsin Rapids Health Plan for at least 24 months immediately preceding retirement may also use the monies resulting from their unused sick days accumulated upon retirement, up to the maximum of 150 days, for continued medical coverage. Employees not covered by the Wisconsin Rapids Health Plan for the 24 months immediately preceding their retirement shall receive 55% of their unused sick days converted to a monetary value and paid in cash. Sick leave banks are frozen for all employees as of January 1, 2013 with no additional sick days to be accrued after that date. Employees hired after December 31, 2012 are not eligible for retiree health insurance through the City.
- o Non-represented (Non-Union): In return for every 2 years of service, the City will contribute toward the retiree's medical premiums for 1 year. The amount of this contribution will be determined by years of service wherein for every year of service, the City will contribute 2% of the premium amount on behalf of the retiree. For those hired after March 2004, the City's contribution will not exceed 50% of the premium amount or extend beyond age 65. Employees covered by the Wisconsin Rapids Health Plan for at least 24 months immediately preceding retirement may also use the monies resulting from their unused sick days accumulated upon retirement, up to the maximum of 150 days, for continued medical coverage. Employees not covered by the Wisconsin Rapids Health Plan for the 24 months immediately preceding their retirement shall receive 55% of their unused sick days converted to a monetary value and paid in cash. Sick leave banks are frozen for all employees as of January 1, 2013 with no additional sick days to be accrued after that date. Employees hired after December 31, 2012 are not eligible for retiree health insurance through the City.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

- o **Water Works and Lighting Commission:** Upon retirement, the City will pay the full premium amount (100%) of the medical premium on behalf of the retiree for a period of 3 years. After exhaustion of this benefit, any employee with 15 years or more of service and at least age 55 or a retiree with at least 30 years of continuous employment may continue coverage on the City's insurance plan paying 100% of the premium.

The City funds this cost on a pay-as-you-go or cash basis, recognizing the cost in their fund financial statements when paid.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 1,019,372
Interest on net OPEB	91,286
Adjustment to annual required contribution	(104,473)
Annual OPEB cost (expense)	1,006,185
Contributions made	(344,509)
Change in net OPEB obligation	661,676
OPEB obligation - beginning of year	3,042,912
OPEB obligation - end of year	\$ 3,704,588

The annual required contribution for the current year was determined as part of the December 31, 2016 actuarial valuation using the entry age normal - level percent of salary method. The actuarial assumptions included (a) 3.0% discount rate, and (b) projected salary increases at 3.0%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage amount, on an open basis, of projected payroll. The remaining amortization period at December 31, 2016 is 30 years, and the remaining amount is \$12,051,884.

Trend Information - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	\$ 868,724	34.86%	\$ 2,411,569
12/31/15	909,379	30.57%	3,042,912
12/31/16	1,006,186	34.24%	3,704,588

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Funded Status and Funding Progress - As of December 31, 2016, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$12,051,884. The annual payroll for active employees covered by the plan for the 2016 fiscal year was \$14,557,762 for a ratio of the UAAL to covered payroll of 82.79%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

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

In the December 31, 2016 actuarial valuation, entry age normal - level percent of salary method was used. The actuarial assumptions included a rate of 3.0% to discount expected liabilities to the valuation date. The initial medical care trend rate was 7.50% followed by decreasing by 0.5% per year down to an ultimate rate of 6.5%, then decreasing by 0.10% down to 5.0% thereafter. The initial dental care trend is level at 5%. Implicit in both trends is an assumed rate of inflation of 2.50%. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2016 was 30 years.

10. **Fund Equity**

In the fund financial statements, portions of governmental fund balances are committed by City Council action. At December 31, 2016, fund balance was committed as follows:

General Fund	
Computer Equipment	\$ 250,000
City Hall operations and maintenance	142,517
Machinery and equipment maintenance and replacement	1,521,811
Future unreported medical claims	854,545
	<u>\$ 2,768,974</u>
Special Revenue Funds	
Sewer fund operations and maintenance	\$ 3,906,971
Centralia center operations and maintenance	468,778
Emergency medical services	305,680
Undistributed room tax collections - tourism promotion	228,177
Retiree health insurance - City portion of insurance premiums	471,206
City recycling	93,429
River cities community access operations and capital projects	408,893
Mass transit fund operations	85,249
	<u>\$ 5,968,383</u>
Capital Project Funds	
Public works construction activities	\$ 702,484
TIF District No. 6 economic development and debt service	18,820
TIF District No. 7 economic development and debt service	34,642
Storm water management	199,444
Municipal building improvement and construction	309,020
Equipment replacement	643,088
	<u>\$ 1,907,498</u>

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

11. Minimum Fund Balance Policy

The City Council has adopted a policy that unassigned fund balance in the amount of 25%-30% of the annual General Fund budgeted expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated below as follows:

2016 General Fund Budgeted Expenditures	\$	18,049,679
Minimum Fund Balance %		(x) 25% - 30%
Minimum Fund Balance Amount		<u>\$4,512,420 to \$5,414,904</u>

The City's general fund unassigned fund balance of \$9,068,170 is above the range of the above minimum fund balance amount.

NOTE D - OTHER INFORMATION

1. Tax Incremental Financing Districts

The City has established separate capital projects funds for two Tax Incremental Financing Districts (TIF) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TIF's were created, the property tax base within each TIF was "frozen" and increment taxes resulting from increases to the property tax base are used to finance TIF improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's TIF No. 6 was created in 2004, and TIF No. 7 in 2005. Therefore, the TIF's are still eligible to incur project costs.

Since creation of the above TIF's, the City has provided various financing sources to each TIF and has also recorded eligible TIF project costs in other funds of the City. Detail of the amounts recoverable by the City as of December 31, 2016 from future excess tax increment revenues follows:

	Total	TID No. 6	TID No. 7
Net Unreimbursed Project Costs	\$ 3,876,807	\$ 3,182,361	\$ 694,446

The intent of the City is to recover the above amounts from future TIF revenues prior to termination of the respective TIF's. Unless terminated by the City prior thereto, each TIF has a statutory termination year as follows:

TIF No. 6	2027
TIF No. 7	2032

Tax Abatements

The City has created a tax incremental financing district (the "District") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law* and has adopted GASB Statement No. 77 *Tax Abatement Disclosures*, for the year ended December 31, 2016. As part of the project plan for the District, the City entered into an agreement with a developer for the creation of tax base within the District. The agreement requires the City to make annual repayments of property taxes collected within the District to the developer, based upon the terms of the agreement. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

For the year ended December 31, 2016, the City abated property taxes totaling \$56,917 under this program, including the following tax abatement agreement that each exceeded 10% of the total amount abated:

- A property tax abatement of \$56,917 to a developer for a building expansion within the District.

2. Wholesale Power Supply Contracts

On January 6, 2000, the Commission entered into a contract for the establishment and operation of Great Lakes Utilities (GLU), a municipal electric company formed pursuant to Section 66.073 of the Wisconsin Statutes. It is a separate electric company of seventeen Wisconsin municipal electric utilities to purchase and sell power and energy from and to its members and others. The GLU Board of Directors voted on September 30, 2003, to accept assignments of power supply contract from five of its members including Wisconsin Rapids Water Works and Lighting Commission effective February 1, 2004. The current contract with GLU was signed on August 29, 2007 for a twenty five year term.

3. Risk Management

Health Self-Insurance

City employees are eligible for medical benefits from a health self-insurance program. Funding is provided by charges to City departments. The program is supplemented by stop loss protection, which limits the City's annual liability. Program expenses consist of payments to a third-party administrator for medical claims, stop loss insurance premiums and administrative fees. On December 31, 2016, the program had committed fund balance of \$854,545 for future unreported medical claims. The claims liability of \$338,768 and \$348,391 reported in the General Fund at December 31, 2016 and 2015 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Program's claim liability amount for 2015 and 2016 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2015	\$ 296,754	\$ 4,890,272	\$ 4,838,635	\$ 348,391
2016	348,391	5,106,465	5,116,088	338,768

The City has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the City. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

4. Investment in American Transmission Company (ATC)

The utility is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The utility owns less than 1/2 of 1 percent of ATC.

The investment earns dividends quarterly, 80% of which is paid in cash and 20% of which is required to be reinvested. From time to time, the utility has the option to contribute additional funds to maintain their proportionate share of ownership. The asset is valued at original cost plus additional contributions and reinvested dividends.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

5. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2016 and 2017 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City's for the 2016 budget was 0.42%. The actual limit for the City's for the 2017 budget was 0.65%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

6. Contingencies

- a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- b. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

7. Prior Period Adjustment

In 2016, the City recorded a prior period adjustment of \$337,441 in the government-wide statement of net position. This adjustment is to record the vested portion of current employees' unused sick leave benefit.

8. Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The City will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB No. 75 is effective one year later. The City is currently evaluating the impact these standards will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WISCONSIN RAPIDS, WISCONSIN
 Schedule of Funding Progress
 Other Post-employment Benefit Plan
 December 31, 2016

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2012	\$ -	\$ 7,530,783	0.00%	\$ 7,530,783	\$ 13,561,601	55.53%
2014	-	10,555,249	0.00%	10,555,249	14,870,293	70.98%
2016	-	12,051,884	0.00%	12,051,884	14,557,762	82.79%

See Notes to Required Supplemental Information.

CITY OF WISCONSIN RAPIDS, WISCONSIN
 Schedule of Employer Contributions
 Other Post-employment Benefit Plan
 For the Year Ended December 31, 2016

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2014	\$ 302,838	\$ 868,246	34.88%
2015	278,036	906,359	30.68%
2016	344,509	1,019,372	33.80%

See Notes to Required Supplemental Information.

CITY OF WISCONSIN RAPIDS, WISCONSIN
 Schedule of Proportionate Share of the Net Pension Liability (Asset)
 Wisconsin Retirement System
 Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.12563247%	\$ (3,085,878)	\$ 14,261,723	21.64%	102.74%
12/31/16	0.12561623%	2,041,239	14,370,306	14.20%	98.20%

Schedule of Contributions
 Wisconsin Retirement System
 Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 1,248,019	\$ 1,248,019	\$ -	\$ 14,261,723	8.75%
12/31/16	1,218,145	1,218,145	-	14,370,306	8.48%

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The City is required to present the last ten fiscal years of data for the Wisconsin Retirement System pension; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

CITY OF WISCONSIN RAPIDS, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds								
	Centralia Center	Housing Rehabilitation	Emergency Medical Services	Room Tax	Retiree Health Insurance	HCRI Program	City Recycling	River Cities Community Access	Mass Transit Fund
ASSETS									
Cash and investments	\$ 483,142	\$ 35,955	\$ -	\$ 259,803	\$ 478,939	\$ 27,148	\$ 70,179	\$ 385,264	\$ 23,108
Receivables									
Taxes	82,836	-	-	-	136,054	-	-	-	20,533
Accounts (net)	7,601	-	354,471	-	-	-	2,500	34,555	-
Loans	-	2,849,675	-	-	-	43,840	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	20,750	-	98,288
TOTAL ASSETS	\$ 573,579	\$ 2,885,630	\$ 354,471	\$ 259,803	\$ 614,993	\$ 70,988	\$ 93,429	\$ 419,819	\$ 141,929
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 14,193	\$ -	\$ 11,331	\$ 31,126	\$ -	\$ -	\$ -	\$ 5,991	\$ 36,147
Accrued payroll liabilities	1,282	-	13,028	-	-	-	-	4,935	-
Deposits	746	-	-	500	7,733	-	-	-	-
Due to other funds	5,744	-	24,432	-	-	-	-	-	-
Total Liabilities	21,965	-	48,791	31,626	7,733	-	-	10,926	36,147
Deferred Inflows of Resources									
Property taxes levied for subsequent year	82,836	-	-	-	136,054	-	-	-	20,533
Loans	-	2,849,675	-	-	-	43,840	-	-	-
Total Deferred Inflows of Resources	82,836	2,849,675	-	-	136,054	43,840	-	-	20,533
Fund Balances (Deficit)									
Restricted for									
Housing rehabilitation loan program	-	35,955	-	-	-	-	-	-	-
HCRI loan program	-	-	-	-	-	27,148	-	-	-
Committed	468,778	-	305,680	228,177	471,206	-	93,429	408,893	85,249
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	468,778	35,955	305,680	228,177	471,206	27,148	93,429	408,893	85,249
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 573,579	\$ 2,885,630	\$ 354,471	\$ 259,803	\$ 614,993	\$ 70,988	\$ 93,429	\$ 419,819	\$ 141,929

(Continued)

CITY OF WISCONSIN RAPIDS, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Capital Project Funds							Total
	Public Works Construction	TIF District No. 6	TIF District No. 7	Aquatics & Riverfront Construction	Storm Water Management	Municipal Building Improvement Fund	Equipment Replacement	
ASSETS								
Cash and investments	\$ 716,129	\$ 18,820	\$ 34,642	\$ -	\$ 175,283	\$ 309,020	\$ 649,556	\$ 3,666,988
Receivables								
Taxes	1,147,297	384,976	63,420	-	-	-	-	1,835,116
Accounts (net)	-	-	-	-	-	-	-	399,127
Loans	-	59,000	-	-	-	-	-	2,952,515
Due from other funds	125,233	-	-	-	56,891	-	-	182,124
Due from other governments	84,524	-	-	-	-	-	-	203,562
TOTAL ASSETS	\$ 2,073,183	\$ 462,796	\$ 98,062	\$ -	\$ 232,174	\$ 309,020	\$ 649,556	\$ 9,239,432
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 120,544	\$ -	\$ -	\$ -	\$ 12,837	\$ -	\$ 6,468	\$ 238,637
Accrued payroll liabilities	2,229	-	-	1,163	1,160	-	-	23,797
Deposits	49,329	-	-	-	-	-	-	58,308
Due to other funds	51,300	-	-	46,298	18,733	-	-	146,507
Total Liabilities	223,402	-	-	47,461	32,730	-	6,468	467,249
Deferred Inflows of Resources								
Property taxes levied for subsequent year	1,147,297	384,976	63,420	-	-	-	-	1,835,116
Loans	-	59,000	-	-	-	-	-	2,952,515
Total Deferred Inflows of Resources	1,147,297	443,976	63,420	-	-	-	-	4,787,631
Fund Balances (Deficit)								
Restricted for								
Housing rehabilitation loan program	-	-	-	-	-	-	-	35,955
HCRI loan program	-	-	-	-	-	-	-	27,148
Committed	702,484	18,820	34,642	-	199,444	309,020	643,088	3,968,910
Unassigned (deficit)	-	-	-	(47,461)	-	-	-	(47,461)
Total Fund Balances (Deficit)	702,484	18,820	34,642	(47,461)	199,444	309,020	643,088	3,984,552
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,073,183	\$ 462,796	\$ 98,062	\$ -	\$ 232,174	\$ 309,020	\$ 649,556	\$ 9,239,432

CITY OF WISCONSIN RAPIDS, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

Special Revenue Funds									
	Centralia Center	Housing Rehabilitation	Emergency Medical Services	Room Tax	Retiree Health Insurance	HCRI Program	City Recycling	River Cities Community Access	Mass Transit Fund
Revenues									
Taxes	\$ 83,554	\$ -	\$ -	\$ 272,727	\$ 146,778	\$ -	\$ -	\$ -	\$ 57,555
Intergovernmental	-	-	4,170	-	-	-	35,525	-	452,472
Licenses and permits	-	-	-	-	-	-	-	297,702	-
Public charges for services	-	-	1,282,404	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-	1,000	-
Miscellaneous	182,928	59,782	1,500	-	325,715	6,618	84,868	2,125	12,646
Total Revenues	266,482	59,782	1,288,074	272,727	472,493	6,618	120,393	300,827	522,673
Expenditures									
Current									
General government	-	-	-	-	471,338	-	-	258,426	-
Public safety	-	-	1,414,887	-	-	-	18,225	-	-
Public works	-	-	-	-	-	-	41,500	-	443,916
Culture and recreation	-	-	-	-	-	-	21,291	-	-
Conservation and development	155,536	91,832	-	238,951	-	6,093	-	-	-
Debt service									
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	41,074	93,244	-	-	-	563	39,774
Total Expenditures	155,536	91,832	1,455,961	332,195	471,338	6,093	81,016	258,989	483,690
Excess of Revenues Over (Under) Expenditures	110,946	(32,050)	(167,887)	(59,468)	1,155	525	39,377	41,838	38,983
Other Financing Sources (Uses)									
Long-term debt issued	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	473,567	222,938	-	-	54,052	-	-
Transfers out	(70,173)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(70,173)	-	473,567	222,938	-	-	54,052	-	-
Net Change in Fund Balances	40,773	(32,050)	305,680	163,470	1,155	525	93,429	41,838	38,983
Fund Balances (Deficit) - January 1	428,005	68,005	-	64,707	470,051	26,623	-	367,055	46,266
Fund Balances (Deficit) - December 31	\$ 468,778	\$ 35,955	\$ 305,680	\$ 228,177	\$ 471,206	\$ 27,148	\$ 93,429	\$ 408,893	\$ 85,249

(Continued)

CITY OF WISCONSIN RAPIDS, WISCONSIN
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2016

	Capital Project Funds							Total
	Public Works Construction	TIF District No. 6	TIF District No. 7	Aquatics & Riverfront Construction	Storm Water Management	Municipal Building Improvement Fund	Equipment Replacement	
Revenues								
Taxes	\$ 981,604	\$ 319,272	\$ 104,142	\$ -	\$ -	\$ -	\$ -	\$ 1,965,632
Intergovernmental	84,524	1,978	11,779	-	-	-	-	590,448
Licenses and permits	-	-	-	-	-	-	-	297,702
Public charges for services	-	-	-	-	661,068	-	-	1,943,472
Intergovernmental charges for services	-	-	-	-	-	-	520,054	521,054
Miscellaneous	130,032	13,000	106	-	-	247,303	-	1,066,623
Total Revenues	1,196,160	334,250	116,027	-	661,068	247,303	520,054	6,384,931
Expenditures								
Current								
General government	-	-	-	-	-	-	-	729,764
Public safety	-	-	-	-	-	-	-	1,433,112
Public works	221,764	149	149	-	642,221	-	-	1,349,699
Culture and recreation	-	-	-	-	-	-	-	21,291
Conservation and development	-	-	-	-	-	-	-	492,412
Debt service								
Interest and fiscal charges	40,250	-	-	-	-	-	-	40,250
Capital outlay	2,666,442	-	-	47,461	-	97,759	602,202	3,588,519
Total Expenditures	2,928,456	149	149	47,461	642,221	97,759	602,202	7,655,047
Excess of Revenues Over (Under) Expenditures	(1,732,296)	334,101	115,878	(47,461)	18,847	149,544	(82,148)	(1,270,116)
Other Financing Sources (Uses)								
Long-term debt issued	1,120,000	-	-	-	-	-	-	1,120,000
Sale of capital assets	19,190	-	-	-	-	2,700	23,843	45,733
Transfers in	937,562	-	-	-	-	-	701,393	2,389,512
Transfers out	-	(304,254)	(112,360)	-	(32,283)	-	-	(519,070)
Total Other Financing Sources (Uses)	2,076,752	(304,254)	(112,360)	-	(32,283)	2,700	725,236	3,036,175
Net Change in Fund Balances	344,456	29,847	3,518	(47,461)	(13,436)	152,244	643,088	1,766,059
Fund Balances (Deficit) - January 1	358,028	(11,027)	31,124	-	212,880	156,776	-	2,218,493
Fund Balances (Deficit) - December 31	\$ 702,484	\$ 18,820	\$ 34,642	\$ (47,461)	\$ 199,444	\$ 309,020	\$ 643,088	\$ 3,984,552

CITY OF WISCONSIN RAPIDS, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,193,532	\$ 1,193,532	\$ 1,193,532	\$ -
Miscellaneous	49,593	49,593	51,953	2,360
Total Revenues	<u>1,243,125</u>	<u>1,243,125</u>	<u>1,245,485</u>	<u>2,360</u>
Expenditures				
Debt service				
Principal	2,777,198	2,777,198	2,777,198	-
Interest and fiscal charges	958,023	958,023	957,908	115
Total Expenditures	<u>3,735,221</u>	<u>3,735,221</u>	<u>3,735,106</u>	<u>115</u>
Excess of Revenues Under Expenditures	(2,492,096)	(2,492,096)	(2,489,621)	2,475
Other Financing Sources				
Transfers in	2,492,096	2,492,096	2,492,095	(1)
Net Change in Fund Balance	-	-	2,474	2,474
Fund Balance - January 1	<u>565,046</u>	<u>565,046</u>	<u>565,046</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 565,046</u>	<u>\$ 565,046</u>	<u>\$ 567,520</u>	<u>\$ 2,474</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Wisconsin Rapids, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wisconsin Rapids, 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 Wisconsin Rapids' basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated June 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wisconsin Rapids, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wisconsin Rapids, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wisconsin Rapids, Wisconsin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wisconsin Rapids, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Wisconsin Rapids, Wisconsin's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wisconsin Rapids, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Wausau, Wisconsin
June 5, 2017

FORM OF LEGAL OPINION

(See following pages)

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

July 11, 2018

Re: City of Wisconsin Rapids, Wisconsin ("Issuer")
\$2,135,000 General Obligation Promissory Notes, Series 2018A,
dated July 11, 2018 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$100,000	___%
2020	100,000	___
2021	100,000	___
2022	125,000	___
2023	250,000	___
2024	285,000	___
2025	290,000	___
2026	290,000	___
2027	295,000	___
2028	300,000	___

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2019.

The Notes maturing on June 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on June 1, 2025 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

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

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

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

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Wisconsin Rapids, Wood County, Wisconsin (the "Issuer") in connection with the issuance of \$2,135,000 General Obligation Promissory Notes, Series 2018A, dated July 11, 2018 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on June 19, 2018 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

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

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

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

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

"Final Official Statement" means the Final Official Statement dated June 20, 2018 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Wisconsin Rapids, Wood County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 444 West Grand Avenue, Wisconsin Rapids, Wisconsin 54495, phone (715) 421-8200, fax (715) 421-8280.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ended December 31, 2017, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - DIRECT DEBT
2. DEBT - DEBT LIMIT
3. VALUATIONS - CURRENT PROPERTY VALUATIONS
4. TAX LEVIES AND COLLECTIONS - TAX LEVIES AND COLLECTIONS

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 11th day of July, 2018.

(SEAL)

Zachary J. Vruwink
Mayor

Paul R. Przybelski
City Clerk

APPENDIX E

NOTICE OF SALE

\$2,135,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A CITY OF WISCONSIN RAPIDS, WISCONSIN

Bids for the purchase of \$2,135,000* General Obligation Promissory Notes, Series 2018A (the "Notes") of the City of Wisconsin Rapids, Wisconsin (the "City") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on June 19, 2018, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of street improvement projects, bike path projects, sidewalk projects, parks projects, storm sewer construction and library improvements. The Notes are 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 Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated July 11, 2018, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$100,000	2023	\$250,000	2027	\$295,000
2020	100,000	2024	285,000	2028	300,000
2021	100,000	2025	290,000		
2022	125,000	2026	290,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Notes 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 BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2019, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes 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 Notes, 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 Notes. So long as Cede & Co. is the registered owner of the Notes, 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 Notes.

PAYING AGENT

The City may select a bank or trust company to act as paying agent (the "Paying Agent"). If a Paying Agent is selected, the City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after June 1, 2026 shall be subject to optional redemption prior to maturity on June 1, 2025 or on any date thereafter, at a price of par plus accrued interest.

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

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

DELIVERY

On or about July 11, 2018, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then

pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

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

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

SUBMISSION OF BIDS

Bids must not be for less than \$2,113,650 nor more than \$2,263,100 plus accrued interest on the principal sum of \$2,135,000 from date of original issue of the Notes to date of delivery. 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 9:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$42,700 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes 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 underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its bid form to determine the issue price for the Notes. On its bid form, each Underwriter must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes 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 Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the 10% test, the Underwriter agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Notes or until all of the Notes of a certain maturity have been sold.

(f) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes 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 Notes of that maturity or all Notes 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 Notes 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 Notes 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 Notes 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 Notes of that maturity or all Notes 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.

(g) Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes 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 Notes 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 Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Tim Desorcy, Finance Director/Treasurer
City of Wisconsin Rapids, Wisconsin

BID FORM

The Common Council
City of Wisconsin Rapids, Wisconsin

June 19, 2018

RE: \$2,135,000* General Obligation Promissory Notes, Series 2018A

DATED: July 11, 2018

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$2,113,650 nor more than \$2,263,100) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2019	_____ % due	2023	_____ % due	2027
_____ % due	2020	_____ % due	2024	_____ % due	2028
_____ % due	2021	_____ % due	2025		
_____ % due	2022	_____ % due	2026		

* The City reserves the right to increase or decrease the principal amount of the Notes 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 2020 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$42,700, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. The City reserves the right to award the Notes 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 Notes to the bidder submitting the next best bid provided such bidder agrees to such award. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about July 11, 2018.

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 Notes.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes 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 Notes.

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 July 11, 2018 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 Wisconsin Rapids, Wisconsin, on June 19, 2018.

By: _____ By: _____
Title: _____ Title: _____