

## PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 10, 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 County 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.**

### EAU CLAIRE COUNTY, WISCONSIN

### \$10,000,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A

**BID OPENING:** October 16, 2018, 10:30 A.M., C.T.

**CONSIDERATION:** October 16, 2018, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$10,000,000\* General Obligation Promissory Notes, Series 2018A (the "Notes") of Eau Claire County, Wisconsin (the "County") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing 2018 capital improvement projects and highway improvements. The Notes are general obligations of the County, and all the taxable property in the County 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:** November 1, 2018

**MATURITY:** September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$970,000	2023	\$1,015,000	2027	\$1,055,000
2020	945,000	2024	965,000	2028	1,085,000
2021	965,000	2025	995,000		
2022	985,000	2026	1,020,000		

**\*MATURITY ADJUSTMENTS:** The County 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:** September 1, 2019 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Notes maturing on September 1, 2025 and thereafter are subject to call for prior optional redemption on September 1, 2024 or any date thereafter, at a price of par plus accrued interest.

**MINIMUM BID:** \$9,880,000.

**MAXIMUM BID:** \$10,200,000.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$200,000 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** County officer or a bank or trust company to be selected by the County.

**BOND COUNSEL &  
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 County 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 County. ***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 County and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the County with respect to the Notes. Compensation of Ehlers & Associates, Inc., payable entirely by the County, 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 County 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 County 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 County 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 County which indicates that the County 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.

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## BOARD OF SUPERVISORS

		<u>Term Expires</u>
Nicholas Smiar	Chairperson	April 2020
Colleen Bates	First Vice Chairperson	April 2020
Gerald Wilkie	Second Vice Chairperson	April 2020
Nathan Anderson	Supervisor	April 2020
Carl Anton	Supervisor	April 2020
Jim Dunning	Supervisor	April 2020
Lydia Boerboom	Supervisor	April 2020
Gary Gibson	Supervisor	April 2020
Ray Henning	Supervisor	April 2020
Brandon Buchanan	Supervisor	April 2020
Patrick LaVelle	Supervisor	April 2020
Robin Leary	Supervisor	April 2020
Nancy Coffey	Supervisor	April 2020
Kimberly Cronk	Supervisor	April 2020
Heather DeLuka	Supervisor	April 2020
Sue Miller	Supervisor	April 2020
Judy Gatlin	Supervisor	April 2020
Melissa Janssen	Supervisor	April 2020
Stella Pagonis	Supervisor	April 2020
Joe Knight	Supervisor	April 2020
Sandra McKinney	Supervisor	April 2020
Bert Moritz	Supervisor	April 2020
Tami Schraufnagel	Supervisor	April 2020
Mark Beckfield	Supervisor	April 2020
Donald Mowry	Supervisor	April 2020
Steve Chilson	Supervisor	April 2020
Connie Russell	Supervisor	April 2020
Kevin Stelljes	Supervisor	April 2020
Martha Nieman	Supervisor	April 2020

## ADMINISTRATION

Kathryn Schauf, County Administrator

Janet K. Loomis, County Clerk

Glenda Lyons, County Treasurer

Norbert Kirk, Finance Director

## PROFESSIONAL SERVICES

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

Ehlers & Associates, Inc., Municipal Advisors, Roseville, Minnesota

*(Other offices located in Waukesha, Wisconsin; Chicago, Illinois; and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Eau Claire County, Wisconsin (the "County") and the issuance of its \$10,000,000\* 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 awarding the sale of the Notes ("Award Resolution") to be adopted by the Board of Supervisors on October 16, 2018.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the County's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://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 November 1, 2018. The Notes will mature on September 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on September 1 and March 1 of each year, commencing September 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"). 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 Award Resolution.

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

\*Preliminary, subject to change.

**OPTIONAL REDEMPTION**

At the option of the County, the Notes maturing on or after September 1, 2025 shall be subject to optional redemption prior to maturity on September 1, 2024 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 County. If only part of the Notes having a common maturity date are called for redemption, then the County 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 financing 2018 capital improvement projects and highway improvements.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Notes	<u>\$10,000,000</u>	
<b>Total Sources</b>		<b>\$10,000,000</b>
<b>Uses</b>		
Estimated Underwriter's Discount (1.000%)	\$100,000	
Costs of Issuance	58,650	
Deposit to Project Construction Fund	9,839,885	
Rounding Amount	<u>1,465</u>	
<b>Total Uses</b>		<b>\$10,000,000</b>

\*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 County will be irrevocably pledged. The County will levy a direct, annual, irrevocable tax on all taxable property in the County 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 County is currently rated "Aa1" by Moody's Investors Service, Inc. ("Moody's").

The County 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 County 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 County shall covenant to take certain actions pursuant to the Award Resolution adopted by the Board of Supervisors by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the County 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 County at the time of delivery of the Notes. Such Disclosure Undertaking will be in substantially the form attached hereto.

The County's operating data for the years ended December 31, 2013, December 31, 2014 and December 31, 2015 was timely filed, but did not include certain information required by the County's continuing disclosure undertakings. Except to the extent that the preceding is deemed to be material, in the past five years the County believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The County has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

A failure by the County 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 County 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](http://www.emma.msrb.org). Ehlers is currently engaged as disclosure dissemination agent for the County.

## **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 County, 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 County; 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 County to serve as Disclosure Counsel to the County with respect to the Notes. Although, as Disclosure Counsel to the County, Quarles & Brady LLP has assisted the County 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 individuals. 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 County 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 County 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.

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 County 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 County 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 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, Colorado, 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 County, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the County under an agreement separate from Ehlers.

## INDEPENDENT AUDITORS

The basic financial statements of the County for the fiscal year ended December 31, 2017 have been audited by CliftonLarsonAllen LLP, Eau Claire, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

## RISK FACTORS

Following is a description of possible risks to holders of the 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 County, the ultimate payment of which rests in the County'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 County 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 County, the taxable value of property within the County, and the ability of the County to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the County and to the Notes. The County 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 County or the taxing authority of the County.

**Property Tax Collection:** Although the levying of the property tax for the payment of principal and interest on the Notes is irrevocable, and the County Clerk is mandated to carry the tax onto the rolls, the levy could be inadvertently omitted, causing a delay in payments when due. Property tax statements are distributed to taxpayers by the town, village and city clerks in December of the levy year. Current property tax settlement law directs counties to settle in full for all taxes levied by cities, villages, towns and school districts on or about August 20 of the collection year.

**Ratings; Interest Rates:** In the future, the County'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 County with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the 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 County 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 County 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 County, 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 County 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.

**Cybersecurity:** The County is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the County will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

# **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

2018 Equalized Value	\$8,754,801,800
2018 Equalized Value Reduced by Tax Increment Valuation	\$8,372,886,600
2017 Assessed Value	\$7,637,049,288

## 2018 EQUALIZED VALUE BY CLASSIFICATION

	2018 Equalized Value <sup>1</sup>	Percent of Total Equalized Value
Residential	\$5,510,292,200	62.940%
Commercial	2,464,760,200	28.153%
Manufacturing	218,275,500	2.493%
Agricultural	23,011,800	0.263%
Undeveloped	22,760,800	0.260%
Ag Forest	60,859,100	0.695%
Forest	110,561,500	1.263%
Other	140,005,400	1.599%
Personal Property	204,275,300	2.333%
Total	<u><u>\$8,754,801,800</u></u>	<u><u>100.000%</u></u>

## TREND OF VALUATIONS

Year	Assessed Value	Equalized Value <sup>1</sup>	Percent Increase/Decrease in Equalized Value
2014	\$7,110,737,145	\$7,173,688,100	3.85%
2015	7,258,199,107	7,499,941,900	4.55%
2016	7,426,383,711	7,850,311,700	4.67%
2017	7,637,049,288	8,295,565,000	5.67%
2018	N/A <sup>2</sup>	8,754,801,800	5.54%

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

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<sup>1</sup> Includes tax increment valuation.

<sup>2</sup> 2018 Assessed Valuation is not yet available.

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2017 Equalized Value<sup>1</sup></b>	<b>Percent of County's Total Equalized Value</b>
Menard, Inc.	Retail/Manufacturing	\$135,966,878	1.64%
Mayo Clinic Health	Medical	81,118,093	0.98%
Oakwood Hills Mall	Retail	79,579,041	0.96%
Gerber/Nestle	Manufacturing	72,726,865	0.88%
Keystone Corporation	Investment Real Estate	54,608,421	0.66%
Marshfield Clinic	Medical	47,225,711	0.57%
MPT of Altoona	Medical	32,697,310	0.39%
Arrowhead Properties	Investment Real Estate	29,381,420	0.35%
Hi-Crush Industries	Mining	25,891,857	0.31%
Prairie Park Property LLC	Investment Real Estate	<u>25,339,668</u>	<u>0.31%</u>
<b>Total</b>		<b>\$584,535,264</b>	<b>7.05%</b>

County's Total 2017 Equalized Value<sup>2</sup>                      \$8,295,565,000

**Source:** The County.

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<sup>1</sup> Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the municipality, within the County, where each taxpayer is primarily located. Taxpayer information for 2018 is not yet available.

<sup>2</sup> Includes tax increment valuation.

## DEBT

### DIRECT DEBT

#### General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$85,321,361</u></u>
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### DEBT LIMIT

The constitutional general obligation debt limit for Wisconsin municipalities, including 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	\$8,754,801,800
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 437,740,090
Less: General Obligation Debt (includes the Notes)*	<u>(85,321,361)</u>
Unused Debt Limit*	<u><u>\$ 352,418,729</u></u>

\*Preliminary, subject to change.



**EAU CLAIRE COUNTY, WISCONSIN**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt**  
**(As of 11/1/2018)**

Dated Amount	GO Promissory Notes Series 2010A		Taxable GO Building Bonds (BABs) Series 2010B		GO Building Bonds Series 2011B		GO Promissory Notes Series 2013		State Trust Fund Loan		State Trust Fund Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Fiscal Year</b>												
<b>Ending</b>												
2019	405,000	24,600			690,000	548,913	755,000	85,638	38,884	7,858	66,619	10,568
2020	415,000	12,450			710,000	528,213	770,000	70,538	40,325	6,417	68,095	8,092
2021			245,000	441,128	925,000	506,913	790,000	55,138	41,854	4,887	71,709	5,479
2022			265,000	432,063	950,000	479,163	815,000	39,338	43,424	3,318	74,398	2,790
2023			345,000	421,728	980,000	450,663	840,000	21,000	45,052	1,689		
2024			360,000	407,583	1,015,000	421,263						
2025			390,000	392,283	1,055,000	390,813						
2026			415,000	375,123	1,095,000	359,163						
2027			430,000	356,240	1,140,000	323,575						
2028			2,180,000	336,030	1,180,000	286,525						
2029			2,260,000	230,300	1,235,000	245,225						
2030			2,300,000	117,300	1,310,000	202,000						
2031					3,740,000	149,600						
	820,000	37,050	9,190,000	4,392,034	16,025,000	4,892,029	3,970,000	271,652	209,540	24,170	281,821	26,929

Continued on next page -

## EAU CLAIRE COUNTY, WISCONSIN

Fiscal Year Ending	GO Promissory Notes Series 2014A		GO Promissory Notes Series 2015A		GO Promissory Notes Series 2016A		GO Refunding Bonds Series 2016B		GO Promissory Notes Series 2017A		GO Promissory Notes Series 2018A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Dated Amount	10/02/14	\$10,000,000	10/07/15	\$9,500,000	9/07/16	\$12,630,000	9/07/16	\$14,235,000	10/24/17	\$9,750,000	11/1/18	\$10,000,000*
Maturity	9/01		9/01		9/01		9/01		9/01		9/01	
2019	985,000	127,125	920,000	138,375	1,180,000	257,050	1,345,000	223,953	895,000	174,600	970,000	224,096
2020	1,005,000	107,425	935,000	119,975	1,200,000	233,450	1,370,000	197,053	910,000	156,700	945,000	249,030
2021	1,025,000	87,325	950,000	101,275	1,235,000	197,450	1,385,000	169,653	930,000	138,500	965,000	227,768
2022	1,045,000	66,825	965,000	82,275	1,275,000	160,400	1,400,000	141,953	950,000	119,900	985,000	204,908
2023	1,070,000	45,925	985,000	62,975	1,315,000	122,150	1,430,000	113,953	970,000	100,900	1,015,000	180,475
2024	1,090,000	24,525	1,005,000	43,275	1,350,000	82,700	1,440,000	96,078	990,000	81,500	985,000	154,593
2025			1,030,000	23,175	1,380,000	55,700	1,445,000	76,638	1,005,000	61,700	995,000	128,538
2026					1,405,000	28,100	1,455,000	54,963	1,030,000	41,600	1,020,000	100,180
2027							1,475,000	29,500	1,050,000	21,000	1,065,000	69,380
2028											1,085,000	36,348
2029												
2030												
2031												
	6,220,000	459,150	6,790,000	571,325	10,340,000	1,137,000	12,745,000	1,103,740	8,730,000	896,400	10,000,000	1,575,213

**\*Preliminary, subject to change.**

**UNDERLYING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2018 Equalized Value<sup>2</sup></b>	<b>% In County</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>County's Proportionate Share</b>
Cities of:				
Altoona	\$ 682,442,800	100.0000%	\$18,830,000	\$ 18,830,000
Eau Claire	5,245,506,200	100.0000%	127,785,000	127,785,000
School Districts of:				
Altoona	839,960,444	100.0000%	19,910,000	19,910,000
Augusta	323,951,841	100.0000%	6,280,000	6,280,000
Cadott Community	368,668,593	0.6181%	10,412,222	64,358
Chippewa Falls Area	3,114,955,111	0.1911%	53,405,000	102,057
Eau Claire Area	7,304,279,556	95.4124%	61,270,000	58,459,177
Eleva-Strum	272,398,784	23.2236%	13,680,000	3,176,988
Elk Mound Area	366,210,601	3.5560%	5,355,000	190,424
Fall Creek	337,537,040	100.0000%	13,635,000	13,635,000
Mondovi	437,984,139	20.3050%	1,552,549	315,245
Osseo-Fairchild	455,463,866	20.4874%	6,595,000	1,351,144
Technical College Districts of:				
Chippewa Valley	25,774,534,842	33.9669%	31,285,000	<u>10,626,545</u>
County's Share of Total Underlying Debt				<u><u>\$ 260,725,938</u></u>

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<sup>1</sup> 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.

<sup>2</sup> Includes tax increment valuation.

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

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$8,754,801,800</b>	<b>Debt/ Per Capita 102,816<sup>1</sup></b>
Total General Obligation Debt*	\$ 85,321,361	0.97%	\$ 829.85
County's Share of Total Overlapping Debt	<u>\$260,725,938</u>	<u>2.98%</u>	<u>2,535.85</u>
Total*	\$346,047,299	3.95%	\$ 3,365.70

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

The County has no record of default in the payment of principal and interest on its debt. The County timely made the September 1, 2017 principal and interest payments to The Depository Trust Company ("DTC") for the General Obligation Building Bonds, Series 2008B, dated April 1, 2008. However, DTC did not send the payments out to bondholders until September 6, 2017. As provided in the bond documents, the County may treat DTC as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal and interest due on the bonds.

## FUTURE FINANCING

The County plans to issue approximately \$9,800,000 general obligation debt in mid-to-late 2019, for 2019 projects. Aside from the preceding, the County does not expect to issue any additional debt in the next 12 months.

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<sup>1</sup> Estimated 2018 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

<b>Levy/ Collect</b>	<b>Levy for County Purposes Only</b>	<b>Total Levy for All Units in County</b>	<b>% Collected to Date</b>	<b>Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000</b>
2013/14	\$26,178,192	\$151,529,795	100.00%	\$3.88
2014/15	27,690,123	155,168,476	99.98%	3.92
2015/16	29,015,350	159,300,022	99.88%	4.02
2016/17	30,595,302	169,167,068	99.77%	4.09
2017/18	32,444,886	172,992,808	99.40%	4.25

Property tax statements are distributed to taxpayers by the town, village, and city treasurers 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 OF LARGER MUNICIPALITIES WITHIN THE COUNTY

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	Schools <sup>1</sup>	County	Local	Other <sup>2</sup>	Total
<b><i>City of Altoona</i></b>					
2013/14	\$11.51	\$4.02	\$6.11	\$0.36	\$22.00
2014/15	12.61	4.06	6.09	0.38	23.14
2015/16	13.04	4.16	6.18	0.40	23.78
2016/17	12.15	4.23	6.17	0.37	22.92
2017/18	11.42	4.21	6.16	0.12	21.91
<b><i>City of Eau Claire</i></b>					
2013/14	\$11.31	\$3.65	\$8.75	\$0.17	\$23.88
2014/15	10.52	3.75	8.72	0.17	23.16
2015/16	10.29	3.77	8.45	0.17	22.68
2016/17	10.65	3.83	8.54	0.18	23.20
2017/18	10.22	3.85	8.44	0.00	22.51

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

## DEBT ISSUANCE CONDITIONS FOR COUNTIES

Wisconsin Statutes Section 67.045 provides that general obligation bonds or notes can be issued by a county only if one of the following conditions is met: (a) the bonds or notes are approved at a referendum; (b) the county board adopts a resolution that sets forth its reasonable expectation that the issuance will not cause the county to exceed its debt levy rate limit; (c) the debt is issued for regional projects; (d) the debt is issued to refund existing debt or (e) the resolution authorizing the debt is approved by a vote of at least 3/4 of the members elect of the county board. In addition, counties generally are prohibited from using the proceeds of general obligation bonds or notes to fund the operating expenses of the general fund of the county or to fund the operating expenses of any special revenue fund of the county that is supported by property taxes, although this prohibition does not apply to notes issued to pay unfunded prior service liability contributions.

The initial resolution authorizing the Notes was approved by a vote of at least 3/4 of the members of the County Board at a meeting on October 2, 2018.

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

<sup>2</sup> 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.

## 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 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

## COUNTY GOVERNMENT

The County was organized in 1856 and is governed by a twenty-nine member Board of Supervisors. All supervisors are elected to two-year terms. Current terms all expire in 2020. The appointed County Administrator and elected County Clerk and County Treasurer are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The County has 549 full-time, 50 part-time and 10 seasonal employees. All eligible employees in the County are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. 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 ("Chapter 40"). 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.

County employees are generally required to contribute half of the actuarially determined contributions, and the County 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 County's portion of contributions to WRS (not including any employee contributions) totaled \$1,927,277, \$1,890,030 and \$2,025,920, respectively.

The County 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 of the WRS 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 County reported a liability of \$1,595,470 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 County's share of contributions to the pension plan relative to the contributions of all participating employers. The County's proportion was 0.19356886% 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 the 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.B. in the County's 2017 audited financial statements in Appendix A hereto.

**Recognized and Certified Bargaining Units**

All eligible County personnel are covered by the Municipal Employment Relations Act (MERA) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with the 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 County 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 County 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 County were to seek approval for a higher increase through a referendum). Ultimately, the County 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 County, 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 unit represents employees of the County:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Sheriff Non-Supervisory	December 31, 2020

**OTHER POST EMPLOYMENT BENEFITS**

The County does not pay directly for retirees’ post-employment benefits. Per State statutes, the County is required to allow retirees to be covered by the County’s health plan as long as the retiree pays his/her premiums.

**LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the County 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 County 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 County to file for relief under Chapter 9. If, in the future, the County were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the County could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the County is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the County 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 County; (b) to any particular assets of the County, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the County 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** (including investments, as of August 31, 2018)

<b>Fund</b>	<b>Amount</b>
Demand and Time deposits	\$8,741,963
Commercial Paper	8,035,135
Repurchase Agreements	4,000,000
WMMIC Investment Pool	352,783
LGIP	<u>8,729,171</u>
Total Funds on Hand	\$29,859,052

**ENTERPRISE FUNDS**

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Highway Department</b>			
Total Operating Revenues	\$ 7,951,463	\$ 8,195,349	\$ 7,583,572
Less: Operating Expenses	<u>(11,720,355)</u>	<u>(12,814,750)</u>	<u>(13,153,949)</u>
Operating Income	\$ (3,768,892)	\$ (4,619,401)	\$ (5,570,377)
Plus: Depreciation	<u>503,367</u>	<u>560,703</u>	<u>887,857</u>
Revenues Available for Debt Service	<u><u>\$ (3,265,525)</u></u>	<u><u>\$ (4,058,698)</u></u>	<u><u>\$ (4,682,520)</u></u>
<b>Airport</b>			
Total Operating Revenues	\$ 959,608	\$ 987,778	\$ 1,014,526
Less: Operating Expenses	<u>(2,444,812)</u>	<u>(2,448,516)</u>	<u>(2,327,786)</u>
Operating Income	\$ (1,485,204)	\$ (1,460,738)	\$ (1,313,260)
Plus: Depreciation	<u>1,385,240</u>	<u>1,391,560</u>	<u>1,392,297</u>
Revenues Available for Debt Service	<u><u>\$ (99,964)</u></u>	<u><u>\$ (69,178)</u></u>	<u><u>\$ 79,037</u></u>

## SUMMARY GENERAL FUND INFORMATION

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

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2014 Audited	2015 Audited	2016 Audited	2017 Audited	2018 Adopted Budget <sup>1</sup>
<b>Revenues</b>					
Taxes and special assessments	\$20,666,222	\$22,367,452	\$22,754,604	\$ 23,820,036	\$ 23,217,051
Intergovernmental	5,010,810	5,632,043	5,405,654	5,507,427	5,541,551
Licenses and permits	320,502	426,754	472,876	496,373	496,765
Fines, forfeitures and penalties	735,178	363,105	360,606	364,016	389,810
Public charges for services	3,798,280	5,139,440	4,885,287	4,396,365	4,067,879
Intergovernmental charges for services	1,808,627	579,445	589,388	599,243	407,673
Investment income	92,746	50,020	117,419	163,505	0
Miscellaneous	1,464,687	757,591	615,066	707,171	709,783
<b>Total Revenues</b>	<b>\$ 33,897,052</b>	<b>\$ 35,315,850</b>	<b>\$ 35,200,900</b>	<b>\$ 36,054,136</b>	<b>\$ 34,830,512</b>
<b>Expenditures</b>					
Current:					
General government	\$11,977,645	\$14,135,774	\$14,325,109	\$ 12,803,594	\$ 15,969,373
Public safety	13,755,155	13,930,748	13,949,353	14,408,068	14,664,006
Health and human services	2,269,770	2,740,204	2,671,734	2,837,519	2,917,627
Culture, recreation, and education	1,637,030	1,852,394	1,689,966	2,209,261	2,509,208
Conservation and development	2,568,583	1,253,507	1,113,763	2,007,576	869,742
<b>Total Expenditures</b>	<b>\$ 32,208,183</b>	<b>\$ 33,912,627</b>	<b>\$ 33,749,925</b>	<b>\$ 34,266,018</b>	<b>\$ 36,929,956</b>
<b>Excess of rev. over (under) expenditures</b>	<b>\$ 1,688,869</b>	<b>\$ 1,403,223</b>	<b>\$ 1,450,975</b>	<b>\$ 1,788,118</b>	<b>\$ (2,099,444)</b>
<b>Other Financing Sources (Uses)</b>					
Insurance Recovery	0	0	1,000,000	0	0
Operating transfers in	0	24,302	0	0	0
Operating transfers out	(165,942)	(165,610)	(2,574,937)	(2,115,907)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (165,942)</b>	<b>\$ (141,308)</b>	<b>\$ (1,574,937)</b>	<b>\$ (2,115,907)</b>	<b>\$ 0</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ 1,522,927</b>	<b>\$ 1,261,915</b>	<b>\$ (123,962)</b>	<b>\$ (327,789)</b>	<b>\$ (2,099,444<sup>2</sup>)</b>
General Fund Balance January 1	12,276,784	13,801,711	15,063,626	14,939,664	
Residual Equity Transfer in (out)	2,000	0	0	0	
General Fund Balance December 31	\$ 13,801,711	\$ 15,063,626	\$ 14,939,664	\$ 14,611,875	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$ 1,362,627	\$ 2,332,160	\$ 2,166,338	\$ 1,897,004	
Assigned <sup>3</sup>	815,318	668,900	633,110	2,099,444	
Unassigned	11,623,766	12,062,566	12,140,216	10,615,427	
<b>Total</b>	<b>\$ 13,801,711</b>	<b>\$ 15,063,626</b>	<b>\$ 14,939,664</b>	<b>\$ 14,611,875</b>	

<sup>1</sup> The 2017 budget was adopted on November 7, 2017.

<sup>2</sup> Budgeted use of fund balance to establish a health insurance fund and for one-time capital projects.

<sup>3</sup> Based on its current forecast, the County expects approximately \$850,000 of the 2017 assigned fund balance will be moved to the unassigned fund balance and not spent in 2018.

## GENERAL INFORMATION

### LOCATION

The County, with a 2010 U.S. Census population of 98,736, and a current estimated population of 102,816, comprises an area of 645 square miles and is located approximately 107 miles east of the Minneapolis-St. Paul, Minnesota metropolitan area.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the County include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Menard, Inc.	Retail	10,000 <sup>2</sup>
Luther Midelfort Mayo Health System	Health care	3,396
Phillips-Medisize	Hospital equipment & supplies	1,700
Eau Claire Area School District	Elementary and secondary education	1,369
University of Wisconsin-Eau Claire	Post secondary education	1,250
Sacred Heart Hospital	Health care	1,076
Marshfield Clinic- Eau Claire	Physicians and surgeons	943
United Health Group	Health insurance	800
Hutchinson Technology	Computer storage device manufacturing	750
The County	County government and services	609

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

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<sup>1</sup> 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.

<sup>2</sup> Includes corporate headquarters, the distribution center and the East and West stores which are located in the City of Eau Claire.

## U.S. CENSUS DATA

### Population Trend: Eau Claire County

2000 U.S. Census	93,142
2010 U.S. Census	98,736
2018 Estimated Population	102,816
Percent of Change 2000-2010	6.01%

### Income and Age Statistics

	County	State of Wisconsin	United States
2016 per capita income	\$26,795	\$29,253	\$29,829
2016 median household income	\$50,538	\$54,610	\$55,322
2016 median family income	\$69,453	\$69,925	\$67,871
2016 median gross rent	\$757	\$789	\$949
2016 median value owner occupied	\$153,200	\$167,000	\$184,700
2016 median age	34.0 yrs.	39.1 yrs.	37.7 yrs.

	State of Wisconsin	United States
County % of 2016 per capita income	91.60%	89.83%
County % of 2016 median family income	99.32%	102.33%

### Housing Statistics

	<u>County</u>		
	2000	2016	Percent of Change
All Housing Units	37,474	42,997	14.74%

**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](http://www.factfinder2.census.gov)).

## EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	County	County	State of Wisconsin
2014	55,402	4.5%	5.4%
2015	55,986	3.8%	4.5%
2016	57,084	3.4%	4.0%
2017	57,758	2.9%	3.3%
2018, August	58,263	2.6%	3.1%

**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 County's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The County 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 County 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 County since the date of the financial statements, in connection with the issuance of the Notes, the County represents that there have been no material adverse change in the financial position or results of operations of the County, nor has the County 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.



# **EAU CLAIRE COUNTY, WISCONSIN**

## **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2017**



CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT AUDITORS' REPORT

The County Board  
Eau Claire, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Eau Claire County, Wisconsin (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County'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 the 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Eau Claire County, Wisconsin as of December 31, 2017, and the respective changes in the financial position and cash flows, where applicable, thereof and for the year then ended in conformity 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 management discussion and analysis, budgetary comparison information, and the pension schedules, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

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

Board of Directors  
Eau Claire County

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2018 on our consideration of the County's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of County's 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 County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
July 29, 2018

EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017

As management of Eau Claire County, Wisconsin (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Eau Claire County for the year ended December 31, 2017. This section should be read in conjunction with the County's financial statements and the accompanying notes, which begin on page 16 following this narrative. It should also be noted that the information contained herein will provide information on both the governmental activities and the business-type activities of the County.

#### FINANCIAL HIGHLIGHTS

##### Highlights for Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$134.1 million on a government-wide basis as of December 31, 2017 (net position). Of this amount, \$109.3 million represented the County's net investment in capital assets, \$4.4 million was held for restricted purposes, and \$20.4 million was unrestricted. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year, the County's total net position decreased by approximately \$7.4 million. Net position related to the governmental activities decreased by \$6.6 million and business-type activities of the County decreased \$758,000, respectively.

##### Highlights for Fund Financial Statements

The fund financial statements provide detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$16.9 million, a decrease of \$3.4 million in comparison to the prior year. The primary component of the decrease was the operational results of the general fund of \$327,789 and a decrease in the capital projects fund of \$3.1 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10.6 million, or 30.98% of total general fund expenditures.
- The County's primary government issued General Obligation Promissory Notes, Series 2017A, in the amount of \$9.75 million. The increase in debt were offset by scheduled debt service payments of \$6.1 million.
- The Highway Department finished 2017 with an increase in net position of \$127,134, indicating a stable year. Implementation of state-of-the-art technology has allowed the county to construct more lane miles of road at a lower price than in previous years.
- Airport finished 2017 with a decrease in net position of \$783,025, which was primarily due to depreciation on capital assets at the airport.

EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

##### Government-Wide Financial Statements

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

The first government-wide statement, the *statement of net position*, presents information on all of Eau Claire County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, resulting in the net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the County is improving or deteriorating.

The second government-wide statement, the *statement of activities*, presents information showing how the County's net position changed during 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid leave benefits).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Eau Claire County include general government; public safety; public works; health and human services; culture, recreation and education; and conservation and development. The business-type activities of Eau Claire County include the Highway Department and Airport.

The government-wide financial statements can be found beginning on page 16 of this report.

##### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Eau Claire County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing

EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Eau Claire County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Human Services, Debt Service, and Capital Projects Funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The fund level financial statements can be found beginning on page 20 of this report.

**Proprietary Funds** – Services for which the County charges customers a fee to provide are reported in proprietary funds. Eau Claire County maintains two different types of proprietary funds: enterprise funds and internal services funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities of the Highway Department and Airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Eau Claire County uses an internal service fund to account for its risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Highway Department and Airport, both considered major funds of the County.

The internal service fund is included within the presentation of the proprietary fund financial statements. The basic proprietary fund financial statements can be found beginning on page 23 of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the government or are custodial in nature. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds: the economic resources measurement focus and the accrual basis of accounting.

The basic fiduciary fund financial statement can be found on page 26 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

The notes can be found beginning on page 27 of this report.

EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017

**Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the pension schedules. Required supplementary information can be found beginning on page 58 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds and an agency fund combining statement of net position. This other supplementary information section begins on page 63.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

Net position may serve over time as a useful indicator of a government's financial position. In the case of Eau Claire County, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$134.1 million at the close of the fiscal year. The largest portion of Eau Claire County's net position (81.0%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), net of depreciation and any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is a summary of the County's statement of net position:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 60,269,944	\$ 60,730,986	\$ 8,113,229	\$ 9,427,685	\$ 68,383,173	\$ 70,158,671
Capital Assets	157,638,627	154,742,713	37,642,511	36,335,809	195,181,138	191,078,522
Internal Balances	(188,697)	(291,278)	188,697	291,278	-	-
Total Assets	217,619,874	215,182,421	45,944,437	46,054,772	263,564,311	263,237,193
Deferred Outflow of Resources	11,277,193	15,794,091	1,320,425	2,061,587	12,597,618	17,855,678
Current Liabilities	10,449,473	8,749,525	953,062	2,154,105	11,402,535	10,903,630
Net Pension Liability	1,423,481	-	171,989	-	1,595,470	-
Long-Term Liabilities Due Within One Year	10,003,383	8,596,879	783,800	745,046	10,787,183	9,341,925
Long-Term Liabilities	78,511,438	76,384,634	2,400,160	3,384,264	80,911,618	81,768,898
Total Liabilities	100,387,795	95,731,038	4,309,011	6,283,415	104,696,806	102,014,453
Deferred Inflows of Resources	34,518,089	34,645,860	2,829,172	2,947,793	37,347,261	37,593,653
Net Position:						
Net Investment in Capital Assets	74,386,250	76,263,186	34,888,814	35,603,477	109,275,064	111,866,663
Restricted	4,388,315	3,912,849	-	-	4,388,315	3,912,849
Unrestricted	15,215,618	20,423,579	5,237,865	5,283,674	20,453,483	25,705,753
Total Net Position	\$ 93,990,183	\$ 100,599,614	\$ 40,126,679	\$ 40,886,151	\$ 134,117,862	\$ 141,485,265

An additional portion of Eau Claire County's net position (4.0%) represents resources that are subject to other restrictions on how they may be used. The remaining \$20.4 million of total net position (15.0%) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of 2017, the County reported positive balances in all three categories of net position, for the government as a whole and for the governmental activities and business-type activities.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

The condensed statement of changes in net position as follows shows that the County's total net position decreased by \$7.4 million during the current fiscal year. The decrease consisted of a decrease in net position related to governmental activities in the amount of \$6.6 million and a decrease in net position related to business-type activities in the amount of \$758,000.

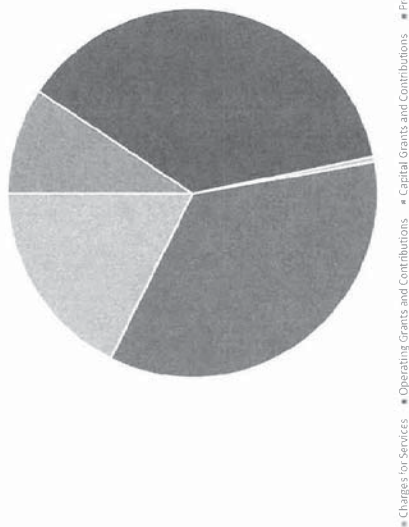
The following is a summary of the changes in the County's net position:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 7,591,142	\$ 11,106,161	\$ 8,379,872	\$ 9,164,987	\$ 15,971,014	\$ 20,271,148
Operating Grants and Contributions	30,560,879	23,573,719	3,270,073	3,237,181	33,830,952	26,810,900
Capital Grants and Contributions	366,334	697,912	-	985,144	366,334	1,683,056
General Revenues:						
Property Taxes	28,554,921	26,832,082	2,159,784	2,182,974	30,714,705	29,015,056
Other Taxes	11,565,831	13,329,125	-	-	11,565,831	13,329,125
State and Federal Aids Not Restricted to Specific Programs	2,610,955	460,870	-	-	2,610,955	460,870
Other	251,082	857,923	218,226	18,140	469,308	876,063
Total Revenues	81,501,144	76,857,792	14,027,955	15,588,426	95,529,099	92,446,218
<b>Expenses:</b>						
General Government	15,057,916	15,479,223	-	-	15,057,916	15,479,223
Public Safety	16,482,174	15,854,290	-	-	16,482,174	15,854,290
Public Works	4,570,945	5,470,176	-	-	4,570,945	5,470,176
Health and Human Services	40,584,274	34,533,630	-	-	40,584,274	34,533,630
Culture, Recreation and Education	6,105,199	1,910,326	-	-	6,105,199	1,910,326
Conservation and Development	2,322,365	1,264,370	-	-	2,322,365	1,264,370
Debt Service	2,117,330	2,429,939	-	-	2,117,330	2,429,939
Airport	-	-	2,364,636	2,461,789	2,364,636	2,461,789
Highway	-	-	13,291,162	12,739,373	13,291,162	12,739,373
Total Expenses	87,240,203	76,941,954	15,655,798	15,201,162	102,896,001	92,143,116
<b>Change in Net Position Before Transfers</b>	<b>(5,739,059)</b>	<b>(84,162)</b>	<b>(1,627,843)</b>	<b>387,264</b>	<b>(7,366,902)</b>	<b>303,102</b>
<b>Transfers</b>	<b>(869,371)</b>	<b>(965,856)</b>	<b>869,371</b>	<b>965,856</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>\$ (6,608,430)</b>	<b>\$ (1,050,018)</b>	<b>\$ (758,472)</b>	<b>\$ 1,353,120</b>	<b>\$ (7,366,902)</b>	<b>\$ 303,102</b>

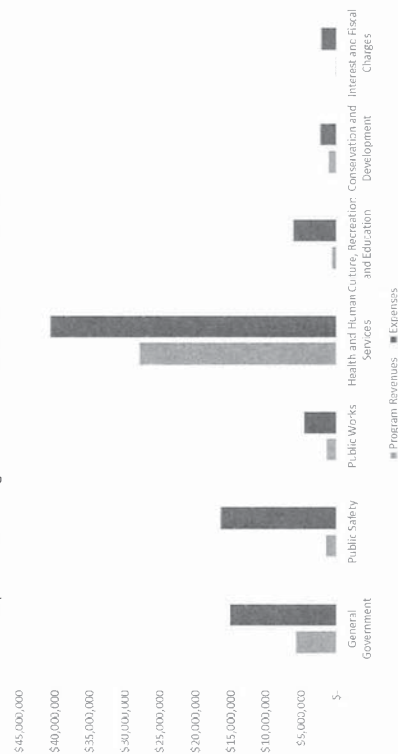
**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

A review of the statement of activities can provide a concise picture of how the various functions/programs of the County are funded. The following charts draw data from the statement of activities. For governmental activities the County's main sources for funding governmental services are property taxes (35.04%), charges for services (9.31%), and operating grants/contributions (37.50%).

Revenues by Source-Governmental Activities-2017



Expenses and Program Revenues-Governmental Activities 2017

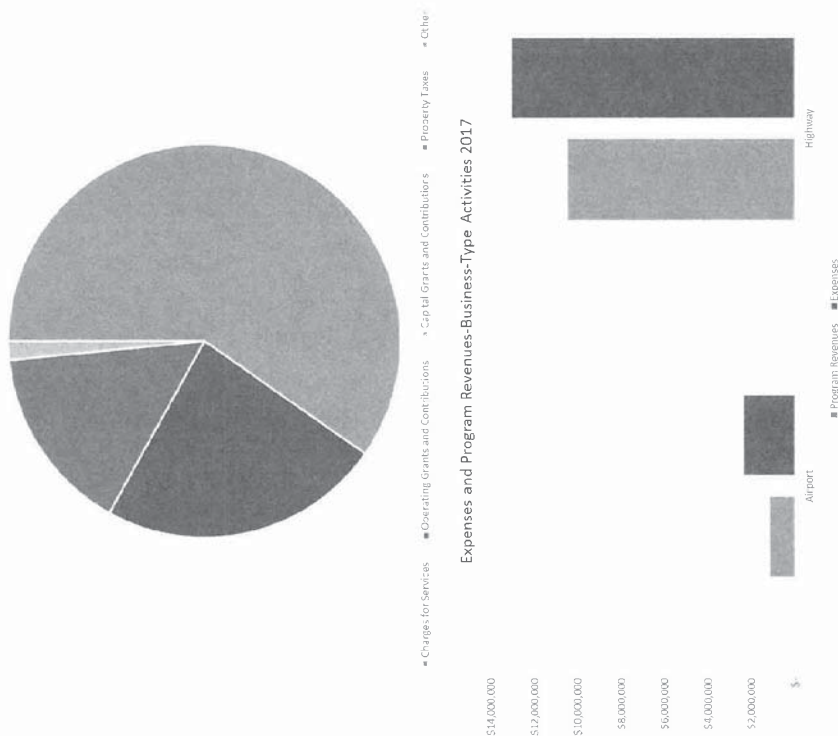




EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017

In the case of the business-type activities, the data shows a considerably different picture. Charges for services (59.74%) replace property taxes as the primary revenue.

Revenues by Source-Business-Type Activities 2017



EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

Eau Claire County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information regarding near-term inflows, outflows and balances of spendable resources. Such information can be useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the County's governmental funds reported combined ending fund balances of \$16.9 million, a decrease of \$3.4 million in comparison to the prior year. The governmental funds comprising this balance are shown below:

Major Funds	Fund Balance at December 31, 2017				Change During Year
	Nonspendable	Restricted	Assigned	Unassigned	
General Fund	\$ 1,897,004		\$2,099,444	\$10,615,427	\$ 14,611,875
Human Services Fund	110,409			(110,409)	
Debt Service Fund		3,663,996			3,663,996
Capital Projects Fund				(2,234,122)	(2,234,122)
Nonmajor Funds		636,952	307,312	(48,211)	896,053
Special Revenue Funds		\$4,300,948	\$2,406,756	\$ 8,222,685	\$16,937,802
Total Fund Balances	\$ 2,007,413	\$4,300,948	\$2,406,756	\$ 8,222,685	\$16,937,802
					270,780
					\$ (3,378,932)

**Nonspendable** fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. **Restricted** fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. **Assigned** fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the County Board. **Unassigned** fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

*General Fund:* The general fund is the primary operating fund used to account for the governmental operations of Eau Claire County. As of December 31, 2017, the unassigned fund balance of the general fund was \$10.6 million, while total fund balance was \$14.6 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to measures of operating volume such as fund expenditures or fund revenues. Unassigned fund balance represented 30.98% of total general fund expenditures, while the total fund balance represented 42.64% of that same amount.

The general fund's total fund balance decreased \$328,000 during the year and the unassigned portion of the fund decreased \$1.5 million.



**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**Human Services Fund:** The human services fund is a special revenue fund used to account for various health and human services programs provided by the County. This fund provides services in the area of mental health; developmental disabilities; alcoholism; drug abuse rehabilitation services to residents of the County and administers the various social services and income maintenance programs provided by and through the County. Fiscal year 2017 produced an operational loss of \$1.9 million which was offset by transfers in from the general fund of the same amount. The result of this activity leaves the fund balance carried by the human services fund to zero as of December 31, 2017 the same as the previous year.

**Debt Service Fund:** The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of governmental funds. As of December 31, 2017, the County's debt service fund had a balance of \$3.7 million.

**Capital Projects Fund:** The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. As of December 31, 2017, the County's capital projects fund had a negative balance of \$2.2 million which is a decrease from the prior year balance of \$908,096. During 2016, the County issued \$12.6M of debt to pay for capital related projects. Remaining to be paid from those proceeds as of December 31, 2016 included \$3.5 million related to the construction of the Confluence Community Arts Project. The remaining payment on this project were made in 2017. The deficit at December 31, 2017 is \$448,000 less than the December 31, 2015 deficit of \$2.7 million.

**Other Governmental Funds:** The aggregated other governmental funds column includes various special revenue funds. As of December 31, 2017, the accumulated balance of these funds was \$896,000, an increase of \$271,000 in comparison to the prior year.

**Business-Type Activities - Enterprise Funds**

Eau Claire County's proprietary funds provide the same type of information found in the government-wide financial statements. As shown earlier, the total net position of the enterprise-type proprietary funds at the end of 2017 totaled \$39.9 million, a decrease of \$655,891.

**Highway Department:** The County uses the highway department fund to account for road maintenance and construction and related services provided to the County, the State of Wisconsin, and local governmental units. At the end of the current fiscal year, unrestricted net position of the highway was \$4.1 million, while total net position reached \$10.1 million. Total net position is an increase from the prior year of \$127,000.

**Airport:** The airport fund contains the operations of the County's airport. In 2017, the net position for the airport decreased \$783,000 to \$29.9 million. The decrease was primarily due to depreciation on capital assets at the airport.

**Internal Service Funds**

**Internal Service Funds:** In 2017, the aggregate net position for the internal service fund decreased \$391,000 to \$1.8 million.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The County adopts a budget for all funds at the functional level of expenditure. Throughout the year, as additional information becomes available, such as the receipt of funds not originally budgeted or not receiving funds that were anticipated in the original budget, budget amendments can be made.

**General Fund:** The final actual revenues and other financing sources were \$36,054,136, which were \$863,000 greater than the final budgeted revenue while the final actual expenditures were \$34,266,018, which was \$1.6 million lower than the final budgeted expenditures. There were unbudgeted transfers out of \$2.1 million. This resulted in a net positive variance of \$305,000 between the budgeted use of fund balance of \$633,000 and the actual decrease in fund balance of \$328,000. The most significant items contributing to the variances include:

Revenues:

- County Sales Tax \$926,000 over

Expenditures:

- General Government \$845,000 under
- Conservation & Development \$362,000 under

A full presentation of the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund begins on page 58.

**Capital Assets**

The County's net investment in capital assets for its governmental activities and business-type activities as of December 31, 2017 amounted to \$157.5 million and \$37.6 million, respectively, as shown below:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Not Subject to Depreciation:</b>						
Land and Land Rights	\$ 6,136,779	\$ 6,132,279	\$ 2,140,502	\$ 2,140,502	\$ 8,277,281	\$ 8,272,781
Construction Work in Progress	1,216,356	2,576,947	1,596,385	1,644,296	2,812,741	4,221,243
<b>Subject to Depreciation:</b>						
Land Improvements	3,281,660	3,146,144	7,781,737	8,320,713	11,063,397	11,466,857
Intangibles	2,288,967	1,670,345	-	-	2,288,967	1,670,345
Buildings and Improvements	61,272,065	62,486,726	18,000,623	18,847,932	79,272,688	81,334,658
Machinery and Equipment	2,488,928	1,975,826	8,123,264	7,382,366	10,612,192	9,358,192
Highway Infrastructure	80,853,872	76,754,446	-	-	80,853,872	76,754,446
Total	\$ 157,538,627	\$ 154,742,713	\$ 37,642,511	\$ 38,335,809	\$ 195,181,138	\$ 193,078,522

Additional information related to the County's capital assets is reported in Note 2.B. of the financial statements.

**Long-Term Obligations**

The County had \$91.7 million in general obligation bonds and notes and other long-term obligations outstanding as of December 31, 2017, \$88.5 million of this amount is for governmental activities. The remaining \$3.2 million relates primarily to a capital lease for highway operations.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

In accordance with Wisconsin State Statutes, total outstanding general obligation indebtedness of the County may not exceed 5% of the equalized value of all taxable property within the County's jurisdiction. The debt limit as of December 31, 2017 amounted to \$414,778,250 and indebtedness subject to the limitation totaled \$82,593,050.

More detailed debt information can be found in Note 2.D. Long-Term Obligations of the financial statements.

**CURRENTLY KNOWN FACTS**

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids.

The State of Wisconsin has imposed further limits on the County's property tax levy beginning with the 2008 budget year levy. Essentially, the legislation restricts the growth in the County's property taxes (except for debt service, libraries, road and bridge aid, and tax increments) to the percentage increase in the County's equalized value due to new construction. The County approved a levy of \$32,229,371 for its 2017 budget, an increase of \$1.6 million (5.34%) from the 2016 budget levy of \$30,595,302.

**REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be directed to:

Eau Claire County  
Finance Department  
721 Oxford Avenue  
Eau Claire, WI 54703

# EAU CLAIRE COUNTY, WISCONSIN

## Statement of Net Position

December 31, 2017

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit
<b>ASSETS</b>				
Cash and Investments	\$ 15,772,244	\$ 4,123,620	\$ 19,895,864	\$ 1,818,836
Taxes Receivable	31,287,972	2,278,187	33,566,159	-
Other Receivables	3,789,526	78,573	3,868,099	64,048
Due from Other Governments	7,404,201	933,817	8,338,018	-
Internal Balances	(188,697)	188,697	-	-
Inventory, at cost	30,072	699,032	729,104	18,788
Prepaid Items	685,943	-	685,943	-
Deposit in Insurance Pool	999,731	-	999,731	-
Other Assets	-	-	-	92,855
Restricted Assets:				
Cash	300,255	-	300,255	-
Capital Assets (Net of Accumulated Depreciation)				
Land and Land Improvements	9,418,439	9,922,239	19,340,678	800,000
Intangibles	2,288,967	-	2,288,967	-
Buildings	61,272,065	18,000,623	79,272,688	-
Machinery and Equipment	2,488,928	8,123,264	10,612,192	-
Construction Work in Progress	1,216,356	1,596,385	2,812,741	-
Infrastructure	80,853,872	-	80,853,872	-
Total Assets	217,619,874	45,944,437	263,564,311	2,794,527
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pensions	10,928,659	1,320,425	12,249,084	-
Deferred Charge on Refunding	348,534	-	348,534	-
Total Deferred Outflows of Resources	11,277,193	1,320,425	12,597,618	-
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	3,741,474	439,060	4,180,534	36,006
Other Current Liabilities	61,367	-	61,367	-
Accrued Compensation	2,166,620	250,797	2,417,417	24,355
Accrued Interest	695,535	32,185	727,720	-
Due to Other Governments	3,154,683	14,883	3,169,566	-
Unearned Revenue	-	216,137	216,137	5,483
Special Deposits	629,795	-	629,795	-
Noncurrent Liabilities				
Amounts Due Within One Year	10,003,383	783,800	10,787,183	-
Amounts Due in More than One Year	78,511,457	2,400,160	80,911,617	-
Net Pension Liability	1,423,481	171,989	1,595,470	-
Total Liabilities	100,387,795	4,309,011	104,696,806	65,844
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related	4,560,288	550,985	5,111,273	-
Succeeding Years Property Taxes	29,957,801	2,278,187	32,235,988	-
Total Deferred Inflows of Resources	34,518,089	2,829,172	37,347,261	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	74,386,250	34,888,814	109,275,064	800,000
Restricted	4,388,315	-	4,388,315	-
Restricted for Friends of Beaver Creek Reserve, Inc.	-	-	-	1,165,740
Unassigned	15,216,618	5,237,865	20,454,483	762,943
Total Net Position	\$ 93,991,183	\$ 40,126,679	\$ 134,117,862	\$ 2,728,683

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

**EAU CLAIRE COUNTY, WISCONSIN**  
Statement of Activities

For the year ended December 31, 2017

Functions/Programs: Primary Government:	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
General Government	\$ 15,057,917	\$ 2,786,689	\$ 2,942,958
Public Safety	16,482,174	1,133,137	346,598
Public Works	4,570,945	843,189	502,063
Health and Human Services	40,584,274	1,524,189	26,222,918
Culture, Recreation and Education	6,105,199	408,269	154,129
Conservation and Development	2,322,365	731,314	392,213
Debt Service	2,117,330	164,355	-
Total Governmental Activities	87,240,204	7,591,142	30,560,879
Business-Type Activities:			
Highway	13,291,162	7,365,346	3,111,912
Airport	2,364,636	1,014,526	158,161
Total Business-Type Activities	15,655,798	8,379,872	3,270,073
Total Primary Government	\$ 102,896,002	\$ 15,971,014	\$ 33,830,952
<b>Component Unit:</b>			
Friends of Beaver Creek Reserve, Inc.	\$ 1,088,034	\$ 215,986	\$ 944,274

**General Revenues:**

Property Taxes  
County Sales Tax  
Other Taxes  
Grants and Contributions Not Restricted  
to Specific Programs  
Interest and Investment Earnings  
Other Revenues  
Gain on Sale of Capital Assets  
Transfers  
Total general Revenues and Transfers

Change in Net Position

Net Position - January 1

**Net Position - December 31**

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

**EAU CLAIRE COUNTY, WISCONSIN**  
Statement of Activities

For the year ended December 31, 2017

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

<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>	<b>Component Unit</b>
\$ -	\$ (9,328,270)	\$ -	\$ (9,328,270)	\$ -
-	(15,002,439)	-	(15,002,439)	-
-	(3,225,693)	-	(3,225,693)	-
-	(12,837,167)	-	(12,837,167)	-
304,501	(5,238,300)	-	(5,238,300)	-
61,833	(1,137,005)	-	(1,137,005)	-
-	(1,952,975)	-	(1,952,975)	-
366,334	(48,721,849)	-	(48,721,849)	-
-	-	(2,813,904)	(2,813,904)	-
-	-	(1,191,949)	(1,191,949)	-
-	-	(4,005,853)	(4,005,853)	-
\$ 366,334	(48,721,849)	(4,005,853)	(52,727,702)	-
\$ -	-	-	-	72,226
	28,554,921	2,159,784	30,714,705	-
	10,526,061	-	10,526,061	-
	1,039,770	-	1,039,770	-
	2,610,955	-	2,610,955	-
	163,510	-	163,510	207,412
	-	218,226	218,226	32,296
	87,572	-	87,572	-
	(869,371)	869,371	-	-
	42,113,418	3,247,381	45,360,799	239,708
	(6,608,431)	(758,472)	(7,366,903)	311,934
	100,599,614	40,885,151	141,484,765	2,416,749
\$ 93,991,183	\$ 40,126,679	\$ 134,117,862	\$ 2,728,683	

# EAU CLAIRE COUNTY, WISCONSIN

## Balance Sheet Governmental Funds

December 31, 2017

	General Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and Temporary Investments	\$ 9,283,524	\$ 1,500	\$ 3,663,996	\$ 2,622	\$ 710,879	\$ 13,662,521
Receivables						
Delinquent property taxes	1,330,171	-	-	-	-	1,330,171
Current property tax	12,232,127	8,630,170	8,895,290	89,675	110,539	29,957,801
Accounts Receivable	677,696	2,979,138	-	-	132,692	3,789,526
Due from Other Governments	2,774,274	3,673,633	-	-	948,575	7,396,482
Due from Other funds	3,761,621	-	-	-	-	3,761,621
Inventory, at cost	28,789	1,283	-	-	-	30,072
Prepaid Expenses	538,044	109,126	-	-	-	647,170
<b>Total Assets</b>	<b>\$ 30,626,246</b>	<b>\$ 15,394,850</b>	<b>\$ 12,559,286</b>	<b>\$ 92,297</b>	<b>\$ 1,902,685</b>	<b>\$ 60,575,364</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts Payable	\$ 813,903	\$ 1,819,573	\$ -	\$ 725,781	\$ 329,076	\$ 3,688,333
Other Current Liabilities	48,398	12,969	-	-	-	61,367
Accrued Compensation	1,506,603	547,902	-	-	103,137	2,157,642
Special Deposits	628,288	1,507	-	-	-	629,795
Due to Other Governments	646,099	2,454,380	-	-	54,204	3,154,683
Due to Other Funds	-	1,928,349	-	1,510,963	322,309	3,761,621
<b>Total Liabilities</b>	<b>3,643,291</b>	<b>6,764,680</b>	<b>-</b>	<b>2,236,744</b>	<b>808,726</b>	<b>13,453,441</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Succeeding Year's Property Taxes	12,232,127	8,630,170	8,895,290	89,675	110,539	29,957,801
Unavailable Revenue	138,953	-	-	-	87,367	226,320
<b>Total Deferred Inflows of Resources</b>	<b>12,371,080</b>	<b>8,630,170</b>	<b>8,895,290</b>	<b>89,675</b>	<b>197,906</b>	<b>30,184,121</b>
<b>FUND BALANCE (DEFICITS)</b>						
Nonspendable	1,897,004	110,409	-	-	-	2,007,413
Restricted	-	-	3,663,996	-	636,952	4,300,948
Assigned	2,099,444	-	-	-	307,312	2,406,756
Unassigned	10,615,427	(110,409)	-	(2,234,122)	(48,211)	8,222,685
<b>Total Fund Balances (deficit)</b>	<b>14,611,875</b>	<b>-</b>	<b>3,663,996</b>	<b>(2,234,122)</b>	<b>896,053</b>	<b>16,937,802</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>	<b>\$ 30,626,246</b>	<b>\$ 15,394,850</b>	<b>\$ 12,559,286</b>	<b>\$ 92,297</b>	<b>\$ 1,902,685</b>	<b>\$ 60,575,364</b>

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

Fund balance from above	\$ 16,937,802
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	157,538,627
Wisconsin Retirement Pension Plan- net deferred inflows/outflow of resources over the pension liability	4,922,158
The internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	\$ 1,841,814
Less Internal Service Fund equity allocated to enterprise funds	(188,697)
Unavailable revenue recognized as revenue on the entity-wide	226,320
Unamortized difference in the carrying amount of refunded debt and it's reacquisition price	348,534
Long-term liabilities, including notes payable, capital leases, compensated absences as well as accrued interest and unamortized discounts are not due and payable in the current period and therefore are not reported in the funds.	(87,635,375)
<b>Net Position of Governmental Activities</b>	<b>\$ 93,991,183</b>

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

**EAU CLAIRE COUNTY, WISCONSIN**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2017**

	General Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 23,820,036	\$ 7,897,538	\$ 7,866,870	\$ 42,500	\$ 355,555	\$ 39,982,499
Intergovernmental	5,507,427	23,000,435	-	61,833	3,155,087	31,724,782
Licenses and Permits	496,373	-	-	-	119,208	615,581
Fines, Forfeits and Penalties	364,016	-	-	-	-	364,016
Public Charges for Services	4,396,365	560,278	-	-	993,898	5,950,541
Intergovernmental Charges for Services	599,243	-	-	164,355	-	763,598
Investment Income	163,505	-	-	5	-	163,510
Other Revenues	707,171	619,883	-	-	293,244	1,620,298
<b>Total Revenues</b>	<b>36,054,136</b>	<b>32,078,134</b>	<b>7,866,870</b>	<b>268,693</b>	<b>4,916,992</b>	<b>81,184,825</b>
<b>EXPENDITURES</b>						
General Government	12,803,594	-	-	-	-	12,803,594
Public Safety	14,408,068	-	-	-	300,382	14,708,450
Public Works	-	-	-	-	1,237,479	1,237,479
Health and Human Services	2,837,519	34,012,427	-	-	2,815,582	39,665,528
Culture, Recreation and Education	2,209,261	-	-	-	-	2,209,261
Conservation and Development	2,007,576	-	-	-	292,769	2,300,345
Capital Outlay	-	-	-	-	-	-
General Government	-	-	-	1,946,993	-	1,946,993
Public Safety	-	-	-	206,555	-	206,555
Health and Human Services	-	-	-	54,178	-	54,178
Culture, Recreation and Education	-	-	-	3,956,941	-	3,956,941
Conservation and Development	-	-	-	88,594	-	88,594
Debt Service	-	-	-	-	-	-
Principal Retirement	-	-	6,040,679	-	-	6,040,679
Interest and Fiscal Charges	-	-	2,123,993	113,631	-	2,237,624
<b>Total Expenditures</b>	<b>34,266,018</b>	<b>34,012,427</b>	<b>8,164,672</b>	<b>6,366,892</b>	<b>4,646,212</b>	<b>87,456,221</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,788,118</u>	<u>(1,934,293)</u>	<u>(297,802)</u>	<u>(6,098,199)</u>	<u>270,780</u>	<u>(6,271,396)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	9,750,000	-	9,750,000
Premium on Bonds	-	-	118,097	55,981	-	174,078
Transfers In	-	1,934,293	-	-	-	1,934,293
Transfers Out	(2,115,907)	-	-	(6,850,000)	-	(8,965,907)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,115,907)</b>	<b>1,934,293</b>	<b>118,097</b>	<b>2,955,981</b>	<b>-</b>	<b>2,892,464</b>
<b>Net Change in Fund Balance</b>	<b>(327,789)</b>	<b>-</b>	<b>(179,705)</b>	<b>(3,142,218)</b>	<b>270,780</b>	<b>(3,378,932)</b>
Fund Balance (Deficit) - January 1	<u>14,939,664</u>	<u>-</u>	<u>3,843,701</u>	<u>908,096</u>	<u>625,273</u>	<u>20,316,734</u>
<b>Fund Balance (Deficit) - December 31</b>	<b>\$ 14,611,875</b>	<b>\$ -</b>	<b>\$ 3,663,996</b>	<b>\$ (2,234,122)</b>	<b>\$ 896,053</b>	<b>\$ 16,937,802</b>

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

# EAU CLAIRE COUNTY, WISCONSIN

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds		\$ (3,378,932)
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. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	\$ 8,266,120	
Depreciation	<u>(5,276,548)</u>	2,989,572
Increase(Decrease) in the net Pension Asset (Liability)	(2,053,344)	
Less amount allocated to Business-type activities	<u>156,734</u>	(1,896,610)
Unavailable revenue in the governmental funds is reported as revenue on the entity-wide financial statements		(24,788)
Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in long-term liabilities in the statement of net position and does not affect the statement of activities. The amount of the long-term debt incurred in current year is		(9,750,000)
Premiums are reported as other financing sources in governmental funds but are amortized over the life of the related debt in the government wide statements. The premium on debt issued is		(174,079)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consisted of:		
Principal Retirement on Bonds and Notes	6,035,000	
Principal on Long-Term payable to City of Eau Claire	<u>5,679</u>	6,040,679
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Amortization of Debt Premium	160,401	
Amortization of deferred charge on refunding	(36,074)	
Net Change in Accrued Interest Payable	(4,033)	
Net Change in Compensated Absences	<u>(54,153)</u>	66,141
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations)		(193,658)
Internal service funds are used by management to account for risk management operations. The change in net position of this internal services fund is allocated to governmental activities.	(389,337)	
Less amount allocated to Enterprise Funds	<u>102,581</u>	(286,756)
<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ (6,608,431)</u></u>

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



**EAU CLAIRE COUNTY, WISCONSIN**

Statement of Net Position  
Proprietary Funds

December 31, 2017

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Highway Department	Airport	Totals	Internal Service Funds
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Temporary Cash Investments	\$ 3,054,119	\$ 1,069,501	\$ 4,123,620	\$ 2,111,230
Restricted Cash	-	-	-	298,748
Taxes Receivable	1,879,157	399,030	2,278,187	-
Accounts Receivable	28,267	50,306	78,573	-
Due from Other Governments	928,522	5,295	933,817	7,719
Inventory, at cost	699,032	-	699,032	-
Prepaid Items	-	-	-	38,773
<b>Total Current Assets</b>	<b>6,589,097</b>	<b>1,524,132</b>	<b>8,113,229</b>	<b>2,456,470</b>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Land and Land Improvements	126,804	19,979,567	20,106,371	-
Buildings	2,779,051	26,331,413	29,110,464	-
Machinery and Equipment	14,229,370	2,108,407	16,337,777	-
Construction Work in Progress	-	1,596,385	1,596,385	-
Accumulated Depreciation	(8,972,355)	(20,536,131)	(29,508,486)	-
<b>Total Capital Assets</b>	<b>8,162,870</b>	<b>29,479,641</b>	<b>37,642,511</b>	<b>-</b>
Deposit in Insurance Pool	-	-	-	999,731
<b>Total Noncurrent Assets</b>	<b>8,162,870</b>	<b>29,479,641</b>	<b>37,642,511</b>	<b>999,731</b>
<b>Total Assets</b>	<b>14,751,967</b>	<b>31,003,773</b>	<b>45,755,740</b>	<b>3,456,201</b>
<b>Deferred Outflows of Resources</b>				
Related to Pensions	1,207,379	113,046	1,320,425	50,240
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 15,959,346</b>	<b>\$ 31,116,819</b>	<b>\$ 47,076,165</b>	<b>\$ 3,506,441</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 352,751	\$ 86,309	\$ 439,060	\$ 53,141
Accrued Interest Payable	14,579	17,606	32,185	-
Accrued Compensation	228,801	21,996	250,797	8,978
Due to Other Governments	2,620	12,263	14,883	-
Unearned Revenue	199,274	16,863	216,137	-
<b>Current Portion of Long-Term Liabilities:</b>				
General Obligation Debt	-	101,690	101,690	-
Accrued Employee Leave	233,801	24,357	258,158	-
Claims Payable	-	-	-	820,000
Capital Leases Payable	423,952	-	423,952	-
<b>Total Current Liabilities</b>	<b>1,455,778</b>	<b>281,084</b>	<b>1,736,862</b>	<b>882,119</b>
<b>Long-Term Liabilities (Net of Current Portion)</b>				
General Obligation Notes	-	491,360	491,360	-
Capital Leases Payable	1,736,695	-	1,736,695	-
Wisconsin Retirement System Pension Liability	157,264	14,725	171,989	6,544
Claims Payable	-	-	-	755,000
Accrued Employee Leave	155,868	16,237	172,105	-
<b>Total Noncurrent Liabilities</b>	<b>2,049,827</b>	<b>522,322</b>	<b>2,572,149</b>	<b>761,544</b>
<b>Total Liabilities</b>	<b>3,505,605</b>	<b>803,406</b>	<b>4,309,011</b>	<b>1,643,663</b>
<b>Deferred Inflows of Resources</b>				
Succeeding Year's Property Taxes	1,879,157	399,030	2,278,187	-
Wisconsin Retirement System Pension Related	503,813	47,172	550,985	20,964
<b>Total Deferred Inflows of Resources</b>	<b>2,382,970</b>	<b>446,202</b>	<b>2,829,172</b>	<b>20,964</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>5,888,575</b>	<b>1,249,608</b>	<b>7,138,183</b>	<b>1,664,627</b>
<b>Net Position</b>				
Investment in Capital Assets	6,002,223	28,886,591	34,888,814	-
Restricted	-	-	-	298,748
Insurance Escrow	-	-	-	1,543,066
Unrestricted	4,068,548	980,620	5,049,168	-
<b>Total Net Position</b>	<b>10,070,771</b>	<b>29,867,211</b>	<b>39,937,982</b>	<b>1,841,814</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 15,959,346</b>	<b>\$ 31,116,819</b>	<b>\$ 47,076,165</b>	<b>\$ 3,506,441</b>
Net Position of Proprietary Funds			\$ 39,937,982	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			188,697	
<b>Total Net Position of Business-Type Activities</b>			<b>\$ 40,126,679</b>	

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

**EAU CLAIRE COUNTY, WISCONSIN**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**

Proprietary Funds  
For the Year Ended December 31, 2017

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Highway Department	Airport	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 7,365,346	\$ 1,014,526	\$ 8,379,871	\$ 940,234
Other Charges	218,226	-	218,226	-
Total Operating Revenues	7,583,572	1,014,526	8,598,097	940,234
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	12,266,092	935,489	13,201,581	572,049
Depreciation and Amortization	887,857	1,392,297	2,280,154	-
Claims	-	-	-	758,841
Total Operating Expenses	13,153,949	2,327,786	15,481,735	1,330,890
Operating Income (Loss)	(5,570,377)	(1,313,260)	(6,883,638)	(390,656)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
General Property Taxes	1,764,705	395,079	2,159,784	-
Intergovernmental Grants	3,111,912	158,161	3,270,073	-
Interest Expense	(48,476)	(23,005)	(71,481)	-
Total Nonoperating Revenues (Expenses)	4,828,141	530,235	5,358,376	-
Income (Loss) Before Contributions and Transfers	(742,236)	(783,025)	(1,525,261)	(390,656)
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>				
Transfers In (Out)	7,031,614	-	7,031,614	-
Capital Contributions to Governmental Activities	(6,162,244)	-	(6,162,244)	-
<b>Change in Net Position</b>	127,134	(783,025)	(655,891)	(390,656)
Net Position - January 1	9,943,637	30,650,236	40,593,873	2,232,470
<b>Net Position - December 31</b>	<u>\$ 10,070,771</u>	<u>\$ 29,867,211</u>	<u>\$ 39,937,982</u>	<u>\$ 1,841,814</u>
Change in Net Position - Proprietary Funds			\$ (655,891)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(102,581)	
Change in Net Position - Business-Type Activities			<u>\$ (758,472)</u>	
Net Position Business-Type - January 1			\$ 40,885,151	
Change in Net Position - Business-Type Activities			(758,472)	
Net Position Business-Type - December 31			<u>\$ 40,126,679</u>	

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

**EAU CLAIRE COUNTY, WISCONSIN**  
Statement of Cash Flows  
Proprietary Funds

For the Year Ended December 31, 2017

	Business-Type Activities			Governmental Activities
	Highway Department	Airport	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 7,934,038	\$ 1,013,339	\$ 8,947,377	\$ 1,024,054
Cash Paid to Suppliers for Goods and Services	(9,168,887)	(516,892)	(9,685,779)	(497,329)
Claims Paid	-	-	-	(375,841)
Payments on Behalf of Employees	(4,205,974)	(339,508)	(4,545,482)	(94,322)
Net Cash Provided by (Used for) Operating Activities	(5,440,823)	156,939	(5,283,884)	56,562
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
General Property Tax	1,764,705	395,079	2,159,784	-
Transfers In	181,614	-	181,614	-
Operating Grants and Miscellaneous Revenue Received	3,111,912	158,161	3,270,073	-
Net Cash Provided by Noncapital Financing Activities	5,058,231	553,240	5,611,471	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfer from Other Funds for Construction	6,850,000	-	6,850,000	-
Cash Payments for Capital Assets	(1,110,976)	(475,881)	(1,586,857)	-
Cash Payments for Principal on Debt	(369,203)	(98,014)	(467,217)	-
Cash Payments for Interest on Debt	(47,702)	(25,915)	(73,617)	-
Infrastructure Construction Expense for Governmental Activities	(6,162,244)	-	(6,162,244)	-
Net Cash (Used for) Capital and Related Financing Activities	(840,125)	(599,810)	(1,439,935)	-
Net Increase (Decrease) in Cash	(1,222,717)	110,369	(1,112,348)	56,562
Cash Balance at Beginning of Year	4,276,836	959,132	5,235,968	2,353,416
Cash Balance at End of Year	\$ 3,054,119	\$ 1,069,501	\$ 4,123,620	\$ 2,409,978
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating income (loss)	\$ (5,570,377)	\$ (1,313,260)	\$ (6,883,637)	\$ (390,656)
Adjustments to reconcile the excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Depreciation and Amortization	887,857	1,392,297	2,280,154	-
Change in WRS Liability	(313,337)	(27,224)	(340,561)	(1,610)
Change in WRS Deferred Outflow	679,497	61,665	741,162	2,173
Change in WRS Deferred Inflow	(223,676)	(20,188)	(243,864)	756
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Other Accounts Receivable	(13,616)	(12,871)	(26,487)	91,539
Due from Other Governments	371,448	(330)	371,118	(7,719)
Prepaid Items	-	-	-	(38,773)
Inventories	(17,281)	-	(17,281)	-
Increase (Decrease) in:				
Accounts Payable	(1,249,685)	60,307	(1,189,378)	13,362
Claims Payable	-	-	-	383,000
Accrued Liabilities	(11,989)	(2,187)	(14,176)	4,490
Unearned Revenue	(7,366)	12,014	4,648	-
Accrued Employee Leave	27,702	6,716	34,418	-
Total Adjustments	129,554	1,470,199	1,599,753	447,218
Net Cash Provided by (Used for) Operating Activities	\$ (5,440,823)	\$ 156,939	\$ (5,283,884)	\$ 56,562

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

**EAU CLAIRE COUNTY, WISCONSIN**

**Statement of Net Position  
Fiduciary Funds**

December 31, 2017

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and Temporary Cash Investments	\$ 16,281,486
Taxes Receivable	208,898
<b>Total Assets</b>	<u><u>\$ 16,490,384</u></u>
<b>Liabilities</b>	
Special deposits	\$ 1,185,217
Due to other governments	15,305,167
<b>Total Liabilities</b>	<u><u>\$ 16,490,384</u></u>

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The financial statements of Eau Claire County (the "County") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 County are described below:

**A. Reporting Entity**

Eau Claire County is governed by a board of supervisors consisting of twenty-nine elected members.

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report includes the following component unit:

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**A. Reporting Entity (Continued)**

**Discretely Presented Component Unit**

The government-wide financial statements include the Friends of Beaver Creek Reserve, Inc. (Beaver Creek) as a component unit. Beaver Creek is a legally separate organization. Beaver Creek is led by an elected board of directors. The County is not legally obligated or has otherwise assumed the obligation to finance the deficits of Beaver Creek. As a component unit, Beaver Creek's financial statements have been presented as a discrete column in the financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The information presented is for the fiscal year ended December 31, 2017. Separately issued financial statements of Beaver Creek may be obtained from the Beaver Creek's office at S1 County Road K, Fall Creek, Wisconsin.

**B. Government-Wide and Fund Financial Statements**

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds) as described below:

**Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfund activities of the primary government. 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 or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

**Human Services Fund** – The Human Services Fund, a special revenue fund, is used to account for various County human services programs funded by restricted and committed sources. Through the human services programs, the County provides mental health, developmental disabilities and alcoholism and drug abuse rehabilitation services to residents of the County and administers the various social services and income maintenance programs provided by and through the County.

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

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

The County reports the following major enterprise funds:

**Highway Department** – The Highway Department accounts for operations of the county road network.

**Airport** – The Airport accounts for operations of the airport.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The county reports the following nonmajor governmental funds:

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

Aging and Disability Resource Center  
Watershed  
Anti-drug  
Recycling  
Land Records

In addition, the county reports the following fund types:

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

Risk Management

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

Tax agency  
Sunshine  
District Attorney  
Clerk of Courts  
West Central Drug  
Housing Authority  
Sheriff  
Lower Chippewa Valley River Basin

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Agency funds do not have a measurement focus.

EAU CLAIRE COUNTY, WISCONSIN  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days after the end of the current fiscal period except for aging and disability resource center and human services reimbursable grants, for which available is defined as 180 days. Client billings for the human services programs are recognized when received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

EAU CLAIRE COUNTY, WISCONSIN  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**1. Deposits and Investments (Continued)**

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

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

The county has adopted an investment policy. That policy states that authorized investments shall conform to Wisconsin Statutes. It further states that deposits with banking institutions in excess of \$500,000 must be collateralized with pledged bank securities or secured by insurance or a deposit guarantee bond up to the total deposit in excess of the \$500,000.

The investment policy does not address concentration of credit risk, or interest rate risk.

Investments are stated at amortized cost or fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. Adjustments necessary to record investments at fair value are recorded in the operating statement as increase or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes Chapter 25. The SIF reports the 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 value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.



EAU CLAIRE COUNTY, WISCONSIN  
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

2. Receivables and Payables

**Property Taxes.** Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. In addition to property taxes for the County, taxes are also collected for and remitted to the State. Taxes billed for the State are recorded as receivables and due other governmental units in the agency fund balance sheet. Since County property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore.

The County also collects taxes for the City of Eau Claire, the City of Altoona and the Town of Ludington at which time unpaid taxes are assigned to the County and appropriate receivables and payables are recorded. Tax collections become the responsibility of the County and taxes receivable include unpaid taxes for all taxing entities within the county. The County makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. A portion of the general fund's equity balance is nonspendable for the County's investment in delinquent taxes.

**Interfund Balances.** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Items

All inventories are valued at cost using the average cost method for the highway department. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

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

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

4. Restricted Assets

Mandatory segregations of assets, if any, are presented as restricted assets. Such segregations may be required by bond agreements and other external parties. Funds on deposit with Wisconsin Municipal Mutual Insurance Company for payment of insurance claims are combined with other participating governments. The county's deposit at year end was \$298,748. This amount is recorded as restricted assets in the government-wide financial statements and the internal service fund.

5. Capital Assets

**Government-Wide Statements.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with initial, individual costs as shown below and an estimated useful life of one year or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Land Improvements	5,000	Straight-line	15 Years
Buildings and Improvements	5,000	Straight-line	50 Years
Machinery and Equipment	5,000	Straight-line	3-20 Years
Infrastructure	25,000	Straight-line	25-50 Years
Intangibles	5,000	Straight-line	10 Years

Capital assets not being depreciated include land and construction in progress.



EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

5. Capital Assets (Continued)

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

6. Deferred Outflows of Resources

The County reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. During the current year the County reports deferred outflows of resources in its government-wide and proprietary fund financial statements for the Wisconsin Retirement System Pension Plan related items. The County also reports a deferred charge on refunding which reflects the difference in the carrying value of refunded debt and its reacquisition price on the government-wide financial statement.

7. Deferred Inflows of Resources

The County's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The County also reports a deferred inflow of resources in its government-wide and proprietary fund financial statements for the Wisconsin Retirement System Pension Plan related items in the current year.

8. Compensated Absences

It is the County's policy to permit employees to accumulate paid leave benefits. Liabilities for accumulated employee leave benefits are not accrued in the County's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The County's policies and estimated liabilities at year end are further discussed in Note 3.A.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

9. Wisconsin Retirement System Pension Plan Benefits

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

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the governmental fund financial statements, 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.

11. Defining Operating Revenues and Expenses

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 highway department and airport are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

12. Use of Restricted Resources

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

13. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is classified as follows in the County's financial statements:

**Government-Wide Statements.** Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

**Fund Financial Statements.** In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Any changes to the constraints imposed require the same formal action of the county board that originally created the commitment. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Board. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. When restricted and unrestricted fund balance is available for expenditure, it is the County's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the County's practice to use committed, assigned and finally unassigned fund balance.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County's cash and investments balances at December 31, 2017 as shown in the financial statements are as follows:

Governmental Activities	\$ 16,072,499
Business-Type Activities	4,123,620
Fiduciary Funds	16,281,486
Total	<u>\$ 36,477,605</u>

The cash and investment balances consisted of the following:

Treasurer's Cash and investments:		
Deposits in financial institutions	\$ 28,939,828	
Deposits in State Local-Government		
Pooled-Investment Fund	3,195,169	
Repurchase agreements	<u>4,040,709</u>	\$ 36,175,706
Cash held by fiscal agent		
Deposits with WMMIC	298,748	
Petty cash funds	<u>3,151</u>	
Total cash and investments at		<u>\$ 36,477,605</u>
December 31, 2017		

**Deposits at Financial Institutions**

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes negotiable order of withdrawal (NOW) accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

**Deposits at Financial Institutions (Continued)**

The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the County to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund. Custodial credit risk for deposits is the risk that, in the event of failure, the County's deposits may not be returned.

Custodial credit risk for deposits is the risk that in event of bank failure, the County's deposits may not be returned. At December 31, 2017 the deposits were fully collateralized.

**Investments**

The County's investments at December 31, 2017 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), and repurchase agreements.

**Deposits in State Local Government Pooled-Investment Fund.** The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2017 was 43 days.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

**Investments (Continued)**

The County's investments in these obligations at December 31, 2017 are summarized as follows:

Type	Credit Quality Rating	
		Not Rated
LGIP	\$	3,195,169
Repurchase Agreements		4,040,709
Total	\$	7,235,878

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The County's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.D.1.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates.

The County measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The County may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that the County has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the County's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

The County has no investments measured at fair value as of December 31, 2017. All other investments are measured at amortized cost.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

	Balance January 1	Increases	Decreases	Balance December 31
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,887,670	\$ -	\$ -	\$ 3,887,670
Land-Right of Ways	2,244,609	4,500	-	2,249,109
Construction in Progress	2,976,947	795,908	(2,156,497)	1,216,358
Total Capital Assets, Not Being Depreciated	8,709,226	800,408	(2,156,497)	7,353,135
Capital Assets, Being Depreciated				
Land Improvements	3,974,419	195,521	-	4,169,940
Intangibles	2,059,999	781,586	-	2,841,585
Buildings and Improvements	79,364,395	429,435	-	79,793,830
Machinery and Equipment	5,883,814	1,059,964	(275,900)	6,667,878
Infrastructure	123,066,746	7,460,208	(5,050,382)	125,476,572
Total Capital Assets, Being Depreciated	214,349,373	9,926,714	(5,326,282)	218,949,805
Less accumulated depreciation for:				
Land Improvements	828,275	60,005	-	888,280
Intangibles	389,654	162,954	-	552,618
Buildings and Improvements	18,877,689	1,644,096	-	20,521,785
Machinery and Equipment	3,907,968	542,883	(271,921)	4,178,950
Infrastructure	46,312,300	2,896,900	(4,556,200)	44,652,700
Total Accumulated Depreciation	68,315,886	5,276,548	(4,828,121)	68,764,313
Capital Assets, Net of Depreciation	\$ 154,742,713	\$ 5,450,572	\$ (2,854,658)	\$ 157,538,627
Depreciation expense was charged to governmental functions as follows:				
General government	\$ 780,658			
Public safety	1,235,259			
Public works	2,868,749			
Health and social services	121,219			
Culture, recreation and education	250,359			
Conservation and development	20,304			
Total governmental activities depreciation expense	\$ 5,276,548			

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

	Balance January 1	Additions	Disposals	Balance December 31
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,140,502	\$ -	\$ -	\$ 2,140,502
Construction work in progress	1,644,396	(47,911)	-	1,596,385
Total capital assets, not being depreciated	3,784,798	(47,911)	-	3,736,887
Capital assets, being depreciated:				
Land Improvements	17,965,869	-	-	17,965,869
Buildings and Improvements	29,110,464	-	-	29,110,464
Machinery and Equipment	15,533,846	1,990,881	(1,186,950)	16,337,777
Total Capital Assets, Being Depreciated	62,610,179	1,990,881	(1,186,950)	63,414,110
Less accumulated depreciation for:				
Land Improvements	9,645,156	538,976	-	10,184,132
Buildings and Other Improvements	10,262,532	855,761	(8,452)	11,109,841
Machinery and Equipment	8,151,480	885,417	(822,384)	8,214,513
Total Accumulated Depreciation	28,059,168	2,280,154	(830,836)	29,508,486
Business-Type Activities Capital Assets, Net	\$ 38,355,600	\$ (337,184)	\$ (356,114)	\$ 37,642,511
Depreciation was charged to business-type activities as follows:				
Airport	\$ 1,382,297			
Highway	887,657			
	<u>\$ 2,280,154</u>			

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2017 was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services	\$ 1,928,349
General Fund	Anti-Drug	155,156
General Fund	Aging & Disability Resource Center	167,153
General Fund	Capital Projects	1,510,963
		<u>\$ 3,761,621</u>

The above interfund balances were for temporary financing of operating expenditures and are expected to be repaid in 2018. Interfund balances owed within the governmental activities are eliminated in the statement of net position.

Within the government-wide statement of net position the County reports an internal balance of \$188,349 which reflects the interfund receivable/payable created with the internal service fund elimination for the statement.

Interfund Transfers

Interfund transfers during the year consisted of the following:

Fund Transferred To	Fund Transferred From	Amount
Highway Department	Capital Projects	\$ 6,850,000
Highway Department	General Fund	181,614
Human Services Fund	General Fund	1,934,293
		<u>\$ 8,965,907</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them, and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



**EAU CLAIRE COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations**

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

Type	Balance January 1	Additions	Removals	Balance December 31	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds/Notes	\$78,285,000	\$ 9,750,000	\$ 6,035,000	\$82,000,000	\$ 7,770,000
Premium on Bonds/Notes	1,487,231	174,079	160,401	1,500,909	-
Subtotal	79,772,231	9,924,079	6,195,401	83,500,909	7,770,000
Other Liabilities					
Vested Compensated Absences	3,292,021	54,153	-	3,346,174	2,007,704
Unpaid Self-Insurance Claims	1,192,000	383,000	-	1,575,000	820,000
Long-Term Payable to City of Eau Claire	98,436	-	5,679	92,757	5,679
Total Other Liabilities	4,582,457	437,153	5,679	5,013,931	2,833,383
Total Governmental Activities	\$84,354,688	\$10,361,232	\$ 6,201,080	\$88,514,840	\$10,003,383
<b>Business-Type Activities</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 691,064	\$ -	\$ 98,014	\$ 593,050	\$ 101,690
Other Liabilities					
Capital Leases Payable	2,529,850	221,608	590,811	2,160,647	423,952
Vested Compensated Absences	395,845	34,418	-	430,263	258,158
Total Other Liabilities	2,925,695	256,026	590,811	2,590,910	682,110
Total Business-Type Activities	3,616,759	256,026	688,825	3,183,960	783,800
Long-Term Obligations					
Total - All Activities	\$87,971,447	\$10,617,258	\$ 6,889,905	\$91,698,800	\$10,787,183

Aggregate cash flow requirements for the retirement of general obligation long-term principal and interest on December 31, 2017 is as follows:

Year	Principal	Interest	Total
<b>Governmental activities</b>			
2018	\$ 7,170,000	\$ 2,143,812	\$ 9,313,812
2019	7,175,000	2,021,382	9,196,382
2020	7,315,000	1,954,932	9,179,932
2021	7,485,000	1,697,382	9,182,382
2022	7,665,000	1,521,916	9,186,916
2023-2027	30,985,000	5,085,787	36,070,787
2028-2031	14,205,000	1,595,981	15,771,981
	\$82,000,000	\$15,902,192	\$97,902,192
<b>Business-type activities</b>			
2018	\$ 101,690	\$ 22,239	\$ 123,929
2019	105,503	18,426	123,929
2020	109,420	14,509	123,929
2021	113,563	10,366	123,929
2022	117,822	6,108	123,930
2023-2027	45,052	1,669	46,741
	\$ 593,050	\$ 73,337	\$ 666,387

**EAU CLAIRE COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (continued)**

Detail of the general obligations of the County as of December 31, 2017 is as follows:

<b>General Obligation Bonds and Notes:</b>			
<b>Governmental Activities</b>			
Bond Series 2010A, \$5,080,000 dated 9/21/2010, due 9/01/2020		\$	1,215,000
Interest rate 2.00% to 3.00%			
Bond Series 2010B, \$9,190,000 dated 11/9/2010, due 9/1/2030			9,190,000
Interest rate 3.70% to 5.10%			
Bond Series 2011B, \$18,000,000 dated 12/22/2011, due 9/1/2031			16,700,000
Interest rate 3.00% to 4.00%			
Bond Series 2013A, \$7,600,000 dated 10/22/2013, due 9/1/2023			4,710,000
Interest rate 2.00% to 2.50%			
Bond Series 2014A, \$10,000,000 dated 10/02/2014, due 9/1/2024			7,185,000
Interest rate 1.00% to 2.25%			
Bond Series 2015A, \$9,500,000 dated 10/17/2015, due 9/1/2025			7,695,000
Interest rate 2.00% to 2.25%			
Bond Series 2016A, \$12,630,000 dated 9/7/2016, due 9/1/2026			11,495,000
Interest rate 2.00% to 3.00%			
Bond Series 2016B, \$14,235,000 dated 9/7/2016, due 9/1/2027			14,060,000
Interest rate 1.25% to 2.00%			
Bond Series 2017A, \$9,750,000 dated 10/24/2017, due 9/1/2027			9,750,000
Interest rate 2.00%			
Subtotal-Governmental Activities			82,000,000
<b>Business-Type Activities</b>			
State Trust Fund, \$522,802 dated 1/31/14, due 3/15/2022			346,032
Interest rate 3.75%			
State Trust Fund, \$350,000 dated 1/31/14, due 3/15/2023			247,018
Interest rate 3.75%			
Subtotal-Business-Type Activities			593,050
TOTAL GENERAL OBLIGATION DEBT			\$ 82,593,050

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

The County's estimated liability for vested compensation absences is discussed in Note 3.A.

**General Obligation Debt Limitation.** Section 67.03 of the Wisconsin Statutes restricts county general obligation debt to 5% of the equalized value of all property in the county. At December 31, 2017, the County's debt limit amounted to \$414,778,250 and indebtedness subject to the limitation totaled \$82,593,050.

**Capital leases**

The County has entered into leases for the purchase of vehicles and equipment within the Highway fund. The assets acquired through capital leases included in the previous capital asset schedule (Note 2 B) total \$3,069,473 in cost and have accumulated depreciation totaling \$280,711 for a net book value of \$2,788,762 as of December 31, 2017.

Minimum lease payments over the term of the lease are as follows:

Year	Business-Type Funds
2018	\$ 467,399
2019	467,401
2020	467,400
2021	467,401
2022	420,383
Subtotal	2,289,984
Less: Interest	129,337
Total	<u>\$ 2,160,647</u>

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Lease Disclosures

The County has entered into a 20 year lease commencing January 1, 2014 and continuing through December 31, 2033 to allow the City of Eau Claire to operate a Joint Law Enforcement Center within the Eau Claire Courthouse. The lease may be extended for up to two additional ten-year terms at the option of the city. The monthly rental rate is adjusted annually based on actual operational costs. The total rental payments received by the county were \$300,693. The cost and accumulated depreciation of the leased portion of the courthouse has not been determined.

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2017 consisted of the following:

	General Fund	Human Services	Debt Service	Capital Projects	Nonmajor Funds	Total
Nonspendable for:						
Delinquent Taxes	\$ 1,223,405	\$ -	\$ -	\$ -	\$ -	\$ 1,223,405
Tax Deeds	106,766	-	-	-	-	106,766
Inventory	28,789	1,283	-	-	-	30,072
Prepaid Items	538,044	109,126	-	-	-	647,170
Restricted for:						
Debt Service	-	-	3,663,996	-	-	3,663,996
Recycling	-	-	-	-	536,211	536,211
Specialized Transportation Program	-	-	-	-	98,741	98,741
Assigned to:						
Subsequent Year's Budget	2,059,444	-	-	-	-	2,059,444
Future Watershed Expenditures	-	-	-	-	118,828	118,828
Future ADRC Expenditures	-	-	-	-	169,276	169,276
Future Land Record Expenditures	-	-	-	-	19,208	19,208
Unassigned	10,615,427	(110,439)	-	(2,234,122)	193,411	8,222,665
	<u>\$ 14,611,675</u>	<u>\$ -</u>	<u>\$ 3,663,996</u>	<u>\$ (2,234,122)</u>	<u>\$ 898,053</u>	<u>\$ 16,837,602</u>

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION

A. Employee Leave Liability

Employees earn paid time off (PTO) at varying rates based on length of service which includes maximum accrual hours as stated in the County's policy. Upon separation of service from the County based on years of service and date hired the County will notify the separated employee of the method of pay out. The payout is based on the current rate of pay. At December 31, 2017, vested PTO earned and not taken was approximately \$3,346,174 in the governmental funds and \$430,263 in the business-type activities determined on the basis of current wage and salary rates.

B. Wisconsin Retirement System (WRS) Pension Plan Benefits

General Information about the Pension Plan

**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 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 which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits Provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

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

The WRS also provides death and disability benefits for employees.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

**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 fiscal reporting period January 1, 2017 through December 31, 2017, the WRS recognized \$2,025,920 in contributions from the employer.

Contribution rates as of December 31, 2017 are:

	Employee	Employer	Duty Disability
General	6.80%	6.80%	0.00%
Executives and Elected Officials	6.80%	6.80%	0.00%
Protective with Social Security	6.80%	10.60%	2.20%
Protective without Social Security	6.80%	14.90%	2.20%

**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	3.0%	10.0%
2008	6.6	-
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)



EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Wisconsin Retirement System Pension Plan Benefits (Continued)

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

At December 31, 2017, the County reported a liability of \$1,595,470 for its proportionate share of the net pension liability. 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. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2016, the County's proportion was 0.19356886%, which was an increase of 0.0003742% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the County recognized pension expense of \$4,071,007. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 608,353	\$ 5,017,614
Changes of actuarial assumptions	1,668,125	
Net difference between projected and actual earnings on pension plan investment	7,941,742	
Difference between actual and proportionate share of contributions	4,944	93,659
County contributions subsequent to the measurement date	2,025,920	
Total	<u>\$ 12,249,084</u>	<u>\$ 5,111,273</u>

Deferred outflows of resources of \$2,025,920 is related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense
2017	\$ 2,081,351
2018	2,081,351
2019	1,423,680
2020	(477,322)
Thereafter	2,831

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

*Actuarial assumptions:* The total pension liability in the 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 Market Value
Long-Term Expected Rate of Return:	7.20%
Discount Rate:	7.20%
Salary Increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.10%

\* 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 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.

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 table on the following table:

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Wisconsin Retirement System Pension Plan Benefits (Continued)

**Pension Asset, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Asset Allocation Targets and Expected Returns  
As of December 31, 2016

Core Fund Asset Class	Asset Allocation %	Destination Target Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.0	45.0	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
Cash	(10)	(20)		
Total Core Fund	100.0	100.0	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	6.5	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.

**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 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.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Wisconsin Retirement System Pension Plan Benefits (Continued)

**Pension Asset, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,989,425	\$ 1,595,470	\$ (13,338,755)

*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>.

**C. Risk Management**

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

For theft and property damage claims, the uninsured risk of loss is \$5,000 per incident and unlimited in the aggregate for a policy year. The County purchases commercial insurance to provide coverage for losses from theft and property damage. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage limits in any of the past three years.

**Public Entity Risk Pool- Wisconsin Municipal Mutual Insurance Company**

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal insurance company. WMMIC writes general, auto and other liability insurance, and workers compensation insurance for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. Responsibility for the operations and the management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2017 WMMIC was owned by 18 members.

WMMIC limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels or risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Risk Management (Continued)

*Public Entity Risk Pool- Wisconsin Municipal Mutual Insurance Company  
(Continued)*

WMMIC had a general, automobile and other liability reinsurance contract in force for the year ended December 31, 2017. This is a quota share reinsurance agreement with General Reinsurance Corporation (66.7%) and Governmental Entities Mutual (GEM) Insurance Company (33.3%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,000,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,000,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$30,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

WMMIC has contracted with Safety National Casualty Corporation to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$550,000 for all but one member that has a retention of \$650,000.

The County's investment in WMMIC is reported on the County's risk management internal service fund statement of net position. The amount reported is \$999,731 (the original capitalization of \$937,000 plus an additional capital deposit of \$62,731). Payments to WMMIC for current year insurance coverage are also reflected in the internal service fund.

All funds of the County participate in the risk management program and make payments to the risk management internal service fund. Workers' compensation charges are based primarily on payroll, worker classification, and claims experience. Charges for general liability are based primarily on exposure and claim experience.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The County does not allocate overhead costs or other non-incremental costs to the claims liability. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of oyo-outs and other economic and social factors. Changes in the claims liability balances during the past two years are as follows:

	2017	2016
Estimated Claims Outstanding January 1	\$ 1,192,000	\$ 1,085,000
Current Year Claims and Changes	784,770	403,772
Claim Payments	(401,770)	(296,772)
Estimated Claims Outstanding December 31	\$ 1,575,000	\$ 1,192,000

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Contingencies

State and Federal Grant Programs

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

E. Deficit Balances

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

At December 31, 2017 the following individual funds held a deficit balance:

Capital Projects	\$2,234,122
Anti-Drug	48,211

The Capital Projects Fund's deficit will be funded through future tax levies. The anti-drug deficit is anticipated to be funded with future contributions or general tax revenues.

**EAU CLAIRE COUNTY, WISCONSIN**

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
General Fund

For the Year Ended December 31, 2017

		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
		Original	Final		
<b>REVENUES</b>					
Taxes	\$	22,943,195	\$ 22,912,355	\$ 23,820,036	\$ 907,681
Intergovernmental		5,389,576	5,423,458	5,507,427	83,969
Licenses and Permits		481,555	381,555	496,373	114,818
Fines, Forfeits and Penalties		409,574	409,574	364,016	(44,558)
Public Charges for Services		4,377,739	4,377,739	4,396,365	18,626
Intergovernmental Charges for Services		840,338	840,338	599,243	(241,095)
Investment Income		100,000	100,000	163,505	63,505
Other Revenues		746,172	746,172	707,171	(39,001)
<b>Total Revenues</b>		<b>35,288,149</b>	<b>35,191,191</b>	<b>36,054,136</b>	<b>862,945</b>
<b>EXPENDITURES</b>					
General Government		13,681,145	13,649,205	12,803,594	845,611
Public Safety		14,475,644	14,509,526	14,409,066	101,458
Health and Human Services		2,945,580	2,945,580	2,837,519	108,061
Culture, Recreation and Education		2,350,856	2,350,856	2,209,261	141,595
Conservation and Development		2,468,034	2,369,134	2,007,576	361,558
<b>Total Expenditures</b>		<b>35,921,259</b>	<b>35,824,301</b>	<b>34,266,018</b>	<b>1,558,283</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(633,110)	(633,110)	1,788,118	2,421,228
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out		-	-	(2,115,907)	(2,115,907)
<b>Net Change in Fund Balance</b>	<b>\$</b>	<b>(633,110)</b>	<b>\$ (633,110)</b>	<b>(327,789)</b>	<b>\$ 305,321</b>
Fund Balance (Deficit) - January 1				14,939,664	
<b>Fund Balance (Deficit) - December 31</b>	<b>\$</b>			<b>14,611,875</b>	

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

**EAU CLAIRE COUNTY, WISCONSIN**

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Human Services Fund

For the Year Ended December 31, 2017

		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
		Original	Final		
<b>REVENUES</b>					
Taxes	\$	7,897,538	\$ 7,897,538	\$ 7,897,538	\$ -
Intergovernmental Revenues		15,521,705	15,521,705	23,000,435	7,478,730
Public Charges for Services		387,281	387,281	560,278	172,997
Other Revenues		609,662	609,662	619,683	10,021
<b>Total Revenues</b>		<b>24,416,206</b>	<b>24,416,206</b>	<b>32,078,134</b>	<b>7,661,928</b>
<b>EXPENDITURES</b>					
Health and Human Services					
Administrative		540,988	540,988	507,063	33,925
Management		1,425,324	1,425,324	1,346,642	78,682
Kinship		25,186	25,186	23,667	1,519
Child Care		77,640	77,640	76,334	1,306
Developmentally Disabled		616,221	616,221	511,405	104,816
Income Maintenance		2,770,545	2,770,545	2,592,667	177,878
Juvenile Justice Youth		918,554	918,554	877,746	40,808
Intensive Supervision		104,112	104,112	71,111	33,001
Comprehensive Community Services		782,159	782,159	1,138,214	(356,055)
Child Protection Services		1,852,830	1,852,830	1,725,867	126,963
Treatment Court		156,762	156,762	177,370	(20,608)
Verification		153,780	153,780	150,494	3,286
Community Support Program		1,366,345	1,366,345	1,257,762	108,583
Childrens Mental Health		434,160	434,160	249,728	184,432
Elderly		544,227	544,227	470,310	73,917
Alcohol & Other Drug Abuse		260,056	260,056	247,888	12,168
Mental Health		569,784	569,784	479,955	89,829
Contracted Services		11,631,533	11,631,533	14,947,641	(3,316,108)
Energy Assistance		156,000	156,000	180,513	(24,513)
Clubhouse - Lutheran Social Services		30,000	30,000	30,000	-
Great Rivers Consortia		-	-	6,949,651	(6,949,651)
<b>Total Health and Human Services</b>		<b>24,416,206</b>	<b>24,416,206</b>	<b>34,012,427</b>	<b>(9,596,221)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures		-	-	(1,934,293)	(1,934,293)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In		-	-	1,934,293	1,934,293
<b>Net Change in Fund Balance</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund Balance (Deficit) - January 1				-	
<b>Fund Balance (Deficit) - December 31</b>	<b>\$</b>			<b>-</b>	<b>\$ -</b>

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

EAU CLAIRE COUNTY, WISCONSIN  
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF  
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN LIABILITY (ASSET)  
LAST THREE FISCAL YEARS

Measurement Date: December 31,	2014	2015	2016
County's Proportion of the Net Pension Liability (Asset)	0.19198544%	0.19319466%	0.19356886%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,715,689)	\$ 3,139,376	\$ 1,595,470
County's Covered Employee Payroll	\$ 25,767,642	\$ 26,161,108	\$ 27,080,193
County's Proportionate Share of the Net Pension Liability (Asset)	-18.30%	12.00%	5.89%
as a Percentage of its Covered-Employee Payroll			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.74%	98.20%	99.12%

EAU CLAIRE COUNTY, WISCONSIN  
SCHEDULE OF COUNTY'S CONTRIBUTIONS TO  
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN  
LAST THREE FISCAL YEARS

	2015	2016	2017
Contractually Required Contribution	\$ 1,927,277	\$ 1,890,030	\$ 2,025,921
Contributions in Relation to the Contractually Required Contributions	(1,927,277)	(1,890,030)	(2,025,921)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
County's Covered-Employee Payroll	\$ 26,154,793	\$ 27,068,388	\$ 28,182,956
Contributions as a Percentage of Covered Employee Payroll	7.37%	6.98%	7.19%

This schedule is presented prospectively from year of implementation

Notes to Schedules

Change of Benefit Terms.

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

Change in Assumptions.

There were no changes in assumptions.

**EAU CLAIRE COUNTY, WISCONSIN**

**DEBT SERVICE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 7,866,870	\$ 7,866,870	\$ 7,866,870	\$ -
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	5,376,128	5,376,128	6,040,679	(664,551)
Interest and Fiscal Charges	2,788,545	2,788,545	2,123,993	664,552
Total Debt Service	8,164,673	8,164,673	8,164,672	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(297,803)	(297,803)	(297,802)	(1)
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on Bonds	-	-	118,097	118,097
<b>Net Change in Fund Balance</b>	\$ (297,803)	\$ (297,803)	\$ (179,705)	\$ 118,096
Fund Balance (Deficit) - January 1			3,843,701	
<b>Fund Balance (Deficit) - December 31</b>			\$ 3,663,996	

**EAU CLAIRE COUNTY, WISCONSIN**

**CAPITAL PROJECTS FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 42,500	\$ 42,500	\$ 42,500	\$ -
Intergovernmental	420,000	420,000	61,633	(358,367)
Investment Income	-	-	164,355	164,355
Total Revenues	462,500	462,500	268,693	(193,807)
<b>EXPENDITURES</b>				
General Government	2,430,600	2,430,600	1,946,993	483,607
Public Safety	183,200	183,200	206,555	(23,355)
Health and Human Services	58,800	58,800	54,178	4,622
Culture, Recreation and Education	460,000	460,000	3,956,941	(3,496,941)
Conservation and Development	460,000	460,000	88,594	371,406
Debt Service	-	-	113,631	(113,631)
Total Expenditures	3,592,600	3,592,600	6,366,892	(2,774,292)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,130,100)	(3,130,100)	(6,098,199)	(2,965,099)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term Debt Issued	3,130,100	3,130,100	9,750,000	6,619,900
Premium on Bonds/Notes	-	-	55,981	55,981
Transfers Out	-	-	(6,850,000)	(6,850,000)
Total Other Financing Sources (Uses)	3,130,100	3,130,100	2,955,981	(174,119)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ (3,142,218)	\$ (3,142,218)
Fund Balance (Deficit) - January 1			908,096	
<b>Fund Balance (Deficit) - December 31</b>			\$ (2,234,122)	



**EAU CLAIRE COUNTY, WISCONSIN**  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures and

Changes in Fund Balances  
For the Year Ended December 31, 2017

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Aging & Disability Resource Center	Watershed Fund	Anti-Drug Program Fund	Recycling Fund	Land Records	
<b>REVENUES</b>						
Taxes	\$ 138,394	\$ 12,000	\$ 205,161	\$ -	\$ -	\$ 355,555
Intergovernmental	2,282,320	265,025	104,679	592,063	-	3,155,087
Investments	-	-	-	-	119,208	119,208
Public Charges for Services	150,709	-	-	843,189	-	993,898
Other Revenues	216,082	-	77,162	-	-	293,244
Total Revenues	2,787,505	276,025	387,002	1,345,252	119,208	4,916,992
<b>EXPENDITURES</b>						
Public Safety	-	-	300,382	-	-	300,382
Public Works	-	-	-	1,237,479	-	1,237,479
Health and Human Services	2,815,582	-	-	-	-	2,815,582
Conservation and Development	-	192,769	-	-	100,000	292,769
Total Expenditures	2,815,582	192,769	300,382	1,237,479	100,000	4,646,212
Net Change in Fund Balance	(28,077)	85,256	86,620	107,773	19,208	270,880
Fund Balance (Deficit) - January 1	296,084	33,572	(134,831)	430,438	-	625,273
Fund Balance (Deficit) - December 31	268,017	118,828	(48,211)	538,211	19,208	896,053

**EAU CLAIRE COUNTY, WISCONSIN**  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet

	December 31, 2017					Total
	Aging & Disability Resource Center	Watershed Fund	Anti-Drug Program Fund	Recycling Fund	Land Records	
<b>ASSETS</b>						
Cash and Temporary Cash Investments	\$ 730	\$ 55,380	\$ 72,343	\$ 593,218	\$ 19,208	\$ 710,879
Accounts payable	110,539	-	-	-	-	110,539
Accrued compensation	34,172	-	34,909	63,611	-	132,692
Accounts Receivable	763,790	150,595	18,590	15,630	-	948,575
Due from Other Governments	-	-	-	-	-	-
Total Assets	909,231	205,975	125,812	642,459	19,208	1,902,685
<b>LIABILITIES</b>						
Accounts payable	\$ 142,915	\$ 87,147	\$ 1,218	\$ 97,796	\$ -	\$ 329,076
Accrued compensation	91,761	-	6,723	4,653	-	103,137
Due to other governments	41,479	-	10,926	1,799	-	54,204
Due to other funds	167,153	-	155,158	-	-	322,311
Total Liabilities	443,308	87,147	174,023	104,248	-	808,728
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Succeeding Years Property Tax	110,539	-	-	-	-	110,539
Unavailable Revenue	87,367	-	-	-	-	87,367
Total Deferred Inflows of Resources	197,906	-	-	-	-	197,906
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	98,744	-	-	538,211	-	636,955
Assigned	169,276	118,828	-	-	19,208	307,312
Unassigned	-	-	(48,211)	-	-	(48,211)
Total Fund Balances (Deficit)	268,017	118,828	(48,211)	538,211	19,208	896,053
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	909,231	205,975	125,812	642,459	19,208	1,902,685

**EAU CLAIRE COUNTY, WISCONSIN**

**AGING & DISABILITY RESOURCE CENTER SPECIAL REVENUE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 114,394	\$ 138,394	\$ 138,394	\$ -
Intergovernmental	2,123,429	2,382,543	2,282,320	(80,223)
Public Charges for Services	177,138	177,138	150,709	(26,429)
Investment Income	20	20	-	(20)
Other Revenue	183,649	183,649	216,082	32,433
<b>Total Revenues</b>	<b>2,598,630</b>	<b>2,861,744</b>	<b>2,787,505</b>	<b>(74,239)</b>
<b>EXPENDITURES</b>				
Health and Human Services:				
Net Change in Fund Balance	2,637,293	2,900,407	2,815,582	84,825
Fund Balance (Deficit) - January 1	\$ (38,663)	\$ (38,663)	(28,077)	\$ 10,586
<b>Fund Balance (Deficit) - December 31</b>			<b>296,094</b>	<b>\$ 268,017</b>

**EAU CLAIRE COUNTY, WISCONSIN**

**WATERSHED SPECIAL REVENUE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Intergovernmental	126,400	191,104	266,025	74,921
<b>Total Revenues</b>	<b>138,400</b>	<b>203,104</b>	<b>278,025</b>	<b>74,921</b>
<b>EXPENDITURES</b>				
Conservation and Development:				
Net Change in Fund Balance	138,400	203,104	192,769	10,335
Fund Balance - January 1	\$ -	\$ -	85,256	\$ 85,256
<b>Fund Balance - December 31</b>			<b>33,572</b>	<b>\$ 118,828</b>



**EAU CLAIRE COUNTY, WISCONSIN**

**ANTI-DRUG PROGRAM SPECIAL REVENUE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 205,161	\$ 205,161	\$ 205,161	\$ -
Intergovernmental	85,657	135,657	104,679	(30,978)
Other Revenues	81,640	81,640	77,162	(4,478)
Total Revenues	372,458	422,458	387,002	(35,456)
<b>EXPENDITURES</b>				
Public Safety	372,458	422,458	300,382	122,076
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,620</b>	<b>\$ 86,620</b>
Fund Balance (Deficit) - January 1			(134,831)	
<b>Fund Balance (Deficit) - December 31</b>			<b>\$ (48,211)</b>	

**EAU CLAIRE COUNTY, WISCONSIN**

**RECYCLING SPECIAL REVENUE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 487,000	\$ 487,000	\$ 502,063	\$ 15,063
Public Charges for Services	823,000	823,000	843,189	20,189
Total Revenues	1,310,000	1,310,000	1,345,252	35,252
<b>EXPENDITURES</b>				
Public Works	1,310,000	1,310,000	1,237,479	72,521
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 107,773</b>	<b>\$ 107,773</b>
Fund Balance - January 1			430,438	
<b>Fund Balance - December 31</b>			<b>\$ 538,211</b>	

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2017**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final	
<b>REVENUES</b>			
Licenses and Permits	\$ -	\$ 100,000	\$ 19,208
<b>EXPENDITURES</b>			
Conservation and Development	-	100,000	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,208</b>
Fund Balance - January 1			-
<b>Fund Balance - December 31</b>		<b>\$ 19,208</b>	

EAU CLAIRE COUNTY, WISCONSIN  
AGENCY FUNDS  
Combining Statement of Net Position  
December 31, 2017

### Combining Statement of Net Position

December 31, 2017

Assets		Cash and Temporary Cash Investments		Taxes Receivable		Total Assets		Liabilities		Special deposits		Due to other governments		Total Liabilities	
Tax Agency	\$ 15,096,269	\$	2,779	\$	14,053	\$ 577,964	\$ 236,056	\$ 40,336	\$	10,921	\$ 303,106	\$	15,305,167	\$	\$ 15,305,167
Sunshine	*	*	2,779	*	14,053	*	236,056	*	40,336	*	303,106	*	15,305,167	*	15,305,167
District Attorney	\$	\$	2,779	\$	14,053	\$ 577,964	\$ 236,056	\$ 40,336	\$	10,921	\$ 303,106	\$	15,305,167	\$	15,305,167
Clerk of Court	*	*	2,779	*	14,053	*	236,056	*	40,336	*	303,106	*	15,305,167	*	15,305,167
West Central Drug	\$	\$	2,779	\$	14,053	\$ 577,964	\$ 236,056	\$ 40,336	\$	10,921	\$ 303,106	\$	15,305,167	\$	15,305,167
Housing Authority	\$	\$	2,779	\$	14,053	\$ 577,964	\$ 236,056	\$ 40,336	\$	10,921	\$ 303,106	\$	15,305,167	\$	15,305,167
Chipewa Valley Lower River Basin	\$	\$	2,779	\$	14,053	\$ 577,964	\$ 236,056	\$ 40,336	\$	10,921	\$ 303,106	\$	15,305,167	\$	15,305,167
Sheriff	\$	\$	2,779	\$	14,053	\$ 577,964	\$ 236,056	\$ 40,336	\$	10,921	\$ 303,106	\$	15,305,167	\$	15,305,167
Total Agency Funds	\$ 16,281,466	\$	303,106	\$	16,490,384	\$	303,106	\$	16,490,384	\$	303,106	\$	16,490,384	\$	16,490,384

## **APPENDIX B**

### **FORM OF LEGAL OPINION**

(See following page)

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

November 1, 2018

Re: Eau Claire County, Wisconsin ("Issuer")  
\$10,000,000 General Obligation Promissory Notes, Series 2018A,  
dated November 1, 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 September 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 970,000	____%
2020	945,000	____
2021	965,000	____
2022	985,000	____
2023	1,015,000	____
2024	965,000	____
2025	995,000	____
2026	1,020,000	____
2027	1,055,000	____
2028	1,085,000	____

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

The Notes maturing on September 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2024 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 awarding 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 individuals. 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](http://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 County 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 County 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 County, 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 County 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 County 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 County 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 County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following page)



## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Eau Claire County, Wisconsin (the "Issuer") in connection with the issuance of \$10,000,000 General Obligation Promissory Notes, Series 2018A, dated November 1, 2018 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on October 2, 2018 and October 16, 2018 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://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 October 17, 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 County Board of Supervisors of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Eau Claire County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Finance Director of the Issuer who can be contacted at 721 Oxford Avenue, Suite 3400, Eau Claire, Wisconsin 54703, phone (715) 839-2827, fax (715) 839-1669.

"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 ending December 31, 2018, 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 1st day of November, 2018.

(SEAL)

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Nicholas Smiar  
Chairperson

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Janet K. Loomis  
County Clerk

## APPENDIX E

### NOTICE OF SALE

#### **\$10,000,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A EAU CLAIRE COUNTY, WISCONSIN**

Bids for the purchase of \$10,000,000\* General Obligation Promissory Notes, Series 2018A (the "Notes") of Eau Claire County, Wisconsin (the "County") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the County, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on October 16, 2018, at which time they will be opened, read and tabulated. The bids will be presented to the Board of Supervisors for consideration for award by resolution at a meeting to be held at 7:00 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 County 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 financing 2018 capital improvement projects and highway improvements. The Notes are general obligations of the County, and all the taxable property in the County 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 November 1, 2018, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on September 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$970,000	2023	\$1,015,000	2027	\$1,055,000
2020	945,000	2024	965,000	2028	1,085,000
2021	965,000	2025	995,000		
2022	985,000	2026	1,020,000		

#### **ADJUSTMENT OPTION**

\* The County 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 September 1 and March 1 of each year, commencing September 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. 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%.

## **PAYING AGENT**

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

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

## **OPTIONAL REDEMPTION**

At the option of the County, the Notes maturing on or after September 1, 2025 shall be subject to optional redemption prior to maturity on September 1, 2024 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 County. If only part of the Notes having a common maturity date are called for redemption, then the County 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 November 1, 2018, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the County 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 County, threatened. Payment for the Notes must be received by the County 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 County, 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 County; 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 County to serve as Disclosure Counsel to the County with respect to the Notes. Although, as Disclosure Counsel to the County, Quarles & Brady LLP has assisted the County with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Preliminary 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 the Preliminary 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 \$9,880,000 plus accrued interest on the principal sum of \$10,000,000 from date of original issue of the Notes to date of delivery. **The maximum proposal allowed is \$10,200,000.** 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](mailto:bondsale@ehlers-inc.com); or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 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, 2<sup>nd</sup> 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 County nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$200,000 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 County 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 County 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 County as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The County 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 County 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 County'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 County 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 County requested and received a rating on the Notes from a rating agency, the County will pay that rating fee. Any rating agency fees not requested by the County 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 County 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 County 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 County 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 County in establishing the issue price of the Notes and shall execute and deliver to the County 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 County under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the County by the County’s municipal advisor identified herein and any notice or report to be provided to the County may be provided to the County’s municipal advisor.

(b) The County 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 County 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 County 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 County 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 County shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the County agrees to use the rule selected by the bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder 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 bidder 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 (5<sup>th</sup>) 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 will advise the County promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has 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.

The County acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Notes, 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 requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party 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 requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, 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 third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with 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 bidder selects the 10% test, the bidder agrees to promptly report to the County, 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 either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the County or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party 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 third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the County or bond counsel.

(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 or selling group agreement 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 a party to a third-party 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 third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) 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 County (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 third-party 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 (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Notes are awarded by the County 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](http://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 Board of Supervisors

Eau Claire County, Wisconsin

# BID FORM

The Board of Supervisors  
Eau Claire County, Wisconsin

October 16, 2018

RE: \$10,000,000\* General Obligation Promissory Notes, Series 2018A

DATED: November 1, 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 \$9,880,000, **and not more than \$10,200,000**) 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 County 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.

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 \$200,000, to be held by the County 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 County 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 County 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 November 1, 2018.

This bid is subject to the County'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 County 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 November 1, 2018 of the above bid is \$\_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

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The foregoing offer is hereby accepted by and on behalf of the Board of Supervisors of Eau Claire County, Wisconsin, on October 16, 2018.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_