



OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department Committee, Agency, Corporation, Quasi-Municipal Corporation or Sub-unit thereof.

Meeting:

Community Development Authority Board

Members:

R. Wilson, S. Napgezek, R. Wagner, D. Welles,
A. Witt, G. Gisselman, D. Korzilius

Location:

550 East Thomas Street, Wausau, WI

Date/Time:

12:00 pm, Tuesday, July 28, 2015

AGENDA ITEMS FOR CONSIDERATION (Note: All agenda items may be acted upon)

1. Call Meeting to Order
2. Approval of Minutes
3. 2014 Audit Presentations - Schenck SC
4. 303-305 S. 2nd Avenue - Status Update
5. 2102 North 2nd Street - Status Update
6. Consideration and Action on Resolution 15-003 - Capitalization Policy Revision
7. Operational Issues and Current Activities
 - Occupancy Update
 - Scattered Sites Garage Project Update
 - Housing Software Update
 - Rental Assistance Demonstration (RAD) Application Update
 - NEF Annual LIHTC File Review Update - RVT LLC
 - WHEDA Management & Property Review Update - RVT LLC
 - State of Wisconsin, DHS, DQA Survey Update - Riverview Terrace
8. Adjourn

Russell W. Wilson
Committee Chairperson

Questions regarding this agenda may be directed to the
Community Development Authority Office
at 715-261-6687

This Notice was posted at City Hall and faxed to the Wausau Daily Herald newsroom
on 07/22/2015 @ 10:00 am

COMMUNITY DEVELOPMENT AUTHORITY
MINUTES

05/26/15

MEMBERS PRESENT: Russ Wilson, Andy Witt, Sarah Napgezek, Gary Gisselman, Dorothy Korzilius, Romey Wagner, David Welles

MEMBERS ABSENT:

OTHERS PRESENT: Ann Werth, Betty Noel, Juli Birkenmeier, Tammy Stratz, Kevin Fabel, Ken Lassa, REI, Lisa Gutknecht, DNR,

(1) Call Meeting to Order

Meeting was called to order at 12:00 pm in the WCDA Boardroom at 550 E Thomas Street, Wausau, Wisconsin.

(2) Approval of Minutes

Wagner moved to approve the minutes from 03/24/15. Gisselman seconded the motion. Motion approved unanimously.

(3) 303-305 S. 2nd Avenue – Status Update

Lisa Gutknecht from the DNR gave an update on the status of 303-305 S. 2nd Avenue. She stated that the soil extraction system is up and running and sampling will be done in June to see if there have been any significant changes. Those samples should give us a good indication of what will need to be done over the next six months to a year, and provide us with a good assessment of the numbers. Currently, the sub slab samples collected have shown a decrease in levels.

Ms. Gutknecht advised the commissioners that more project oversight is needed from consultant, AECOM, contracted by the WCDA, for the 2nd Avenue project. Currently, AECOM has been contacting Ms. Gutknecht more as a consultant than as a regulatory body. She believes AECOM should be providing an action plan for the future of the property. Her advice to the WCDA board was AECOM should also be looking at ways to maximize our DERF funds, and where the WCDA would be able to potentially access additional funding to continue with the clean-up project if the cap for DERF reimbursement is exhausted. She said AECOM must become a master of the DERF regulations in order to provide the best service to their client. Wilson will set a meeting with AECOM and staff to move the project forward with the recommendations presented today.

Fabel agreed with Gutknecht that DERF funds have strict guidelines that must be adhered to for reimbursement and AECOM wants to make sure they have DNR approval prior to any work being done. He stated AECOM understands there is a budget for this project and does not want to spend funds beyond what is reimbursable. Gutknecht reiterated that the WCDA needs to rely more on AECOM as their consultant. She informed us the DNR agency as a whole will be going

through a large turnover of staff in the near future and we won't get the same service as we did in the past.

Fabel stated that the soil samples collected from the street were good and should cost less to remediate than previously thought. The City will be able to proceed with the street project as scheduled pending all committee and council approvals. Gutknecht informed the board that there needs to be a specific plan regarding the removal of the contaminated material in the street. Fable relayed that AECOM is currently writing the bid specifications for the City in reference to the contamination. This will provide consistency to the project.

(4) Discussion and Possible Action on 2102 North 2nd Street

Werth gave an update regarding a recent meeting with Fabel, Gutknecht, and Ken Lassa, REI, to discuss the property located at 2102 North 2nd Street, currently under the PECFA fund. Staff has been receiving a number of inquiries concerning the potential purchase and re-use of this building and its availability to the public. Council members have also expressed redevelopment interest of the area, and have requested a time line of this building going to market.

Gutknecht explained to the committee that we potentially are now dealing with more than petroleum contamination. In her review of the project it was noted there was some testing done previously indicating the presence of PCE's on the north end of the property. Gutknecht is recommending we do borings on the north end of the property to confirm absence or presence of PCE's on property. There was also testing for vapor intrusion and we need to do additional testing.

She explained there are three areas of concern that need to be addressed to move this project forward: 1.) Confirming the presence or absence of PCE in the soil on the north end of the building, this is the CDA's responsibility; 2.) Ground water under the site – vapor intrusion into the building, appears at present time that this would come under the responsibility of the Superfund site; 3.) Petroleum contamination – reimbursement by the PECFA Fund.

Gutknecht stated there should be a meeting to review the sampling results for confirmation the contamination is gone before a closure letter can be drafted. From the vapor intrusion samples that were previously collected, there were low levels of petroleum, but, some PCE was also present.

REI has submitted a proposal for the cost of additional testing for \$4,010. In order to sell the property the buyer would need to be aware that all contamination has been removed and the testing done is complete. Gutknecht believes excavating the site would remove the contamination. Lassa felt the earliest the soil boring could be done would be June 12th and results would be available 7 to 10 days after. The results will determine how the CDA will need to proceed.

Welles made a motion to approve the proposed testing to be done by REI, Napgezsek seconded. Motion approved unanimously.

(5) Finance Committee Report & 2014 Audit Update

Witt distributed his Chair Report from the May 6, 2015 Finance Committee meeting. He gave an update on the WCDA investment sheet as of April 30, 2015, noting that due to continued low interest rates, the Committee approved the transfer of \$150,000 from the public housing money market at Associated Bank to the public housing money market at Integrity First Bank. Noel

recommended that we hold off closing any of the Associated accounts that receive ACH deposits from HUD until further decisions have been made relative to a possible RAD conversion.

Witt then gave an update on the WCDA's open Capital Fund Program (CFP) grants stating that the 2013 grant will be fully expended after completion of the scattered site garage modernization project. He said that although just \$8,000 of the 2014 CFP grant has been used it is well within obligation and expenditure guidelines and furthered that HUD recently released the 2015 grant funds.

Witt stated that the 2015 first quarter financial statements and summaries for both RVT LLC and the WCDA were reviewed by the Finance Committee and further reviewed the items of note contained in his Chair Report. He reported that although HUD has now completed an allocation for RVT LLC operating subsidy, the actual subsidy transfer still needs to be manually calculated each month to remain in compliance with the Operating Agreement. He said the Operating Agreement calculation to date reflects a lower allocation than HUD's so Hawkins Ash has created a separate set of financials, Public Housing – Amp 3, to keep track of the allocations and balances created by both calculations.

Witt concluded by saying that the audits for both RVT LLC and the WCDA have been completed and that Schenck will present them at either the June or July board meeting.

(6) Consideration and Action on Resolution 15-003 – Capitalization Policy Revision

Noel proposed moving this to next month's agenda as she is considering making a few minor revisions resulting from knowledge gained at a recent financial training seminar she attended, hosted by Hawkins Ash CPAs. Welles made a motion to defer Resolution 15-003 to a future agenda, Napgezek seconded. Motion approved unanimously.

(7) Operational Issues and Current Activities

- **Occupancy Overview** – Birkenmeier stated that occupancy for the Scattered Sites, Riverview Towers, and Riverview Terrace remains above 94%.
- **Scattered Sites Project** – Werth gave an update on the garage modernization project stating that door installation will begin next week and project completion is estimated for the end of June.
- **Development of CDA Web Page Status** – Wilson sought testimonials of service from all board commissioners along with success stories of WCDA projects. Werth will follow up with individuals to secure the information so they may be added to the City of Wausau's website as soon as possible.
- **Housing Software RFP** – Noel gave a background on Yardi Systems, the current software the WCDA uses for the administration of all programs. She reiterated that the software is very expensive and includes many unused features better suited for large housing authorities or management companies. She said the current agreement with Yardi expires on November 30, 2015 and said that staff has been busy networking with similarly-sized Wisconsin housing authorities to find software that is efficient, user-friendly and cost-effective. Noel plans to seek proposals from some Wisconsin firms as well as a few national vendors who participate at WAHA conferences. Werth said she contacted Gerard Kline, Director of City-County IT, and Tara Alfonso, Assistant City Attorney, to review the current Yardi agreement to ensure a smooth data conversion process.

(8) Adjourn

Napgezek moved to adjourn, Gisselman seconded. Meeting adjourned.

Respectfully Submitted,

Russ Wilson
Chairperson

RIVERVIEW TOWERS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

RIVERVIEW TOWERS, LLC
December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Members
Riverview Towers, LLC
Wausau, Wisconsin

We have audited the accompanying financial statements of Riverview Towers, LLC, which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company'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 Company'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverview Towers, LLC as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Certified Public Accountants

Green Bay, Wisconsin
February 17, 2015

FINANCIAL STATEMENTS

RIVERVIEW TOWERS, LLC
Balance Sheets
December 31, 2014 and 2013

Assets	2014	2013
Current assets		
Cash and cash equivalents		
Operations	\$ 58,858	\$ 200,795
Security deposits	46,423	45,285
Reserves		
Replacement reserve	44,772	-
Operating reserve	427,883	-
ACC reserve	201,737	-
Accounts receivable		
Tenants	300	925
Other	46,813	74,381
Prepaid expenses	11,569	7,793
Total current assets	838,355	329,179
Construction work in progress	-	106,690
Property and equipment, net	9,819,379	9,863,849
Intangible assets, net	90,287	95,238
Total assets	\$ 10,748,021	\$ 10,394,956
Liabilities and Members' Equity		
Current liabilities		
Short-term construction note payable	\$ -	\$ 3,706,232
Construction accounts payable	-	1,245,443
Developer fee payable	-	337,500
Accounts payable	17,051	23,014
Due to related parties		
Management fee payable	2,573	2,277
Developer fee payable	-	337,500
Asset management fee payable	-	9,431
Accrued payroll	19,064	-
Accrued compensated absences	7,081	6,132
Payment in lieu of taxes	35,090	29,078
Tenant security deposits payable	44,765	43,088
Prepaid rent	-	59
Total current liabilities	125,624	5,739,754
Long-term liabilities		
Long-term debt	3,250,000	3,250,000
Accrued interest payable	53,750	-
Accrued compensated absences	-	2,751
Total long-term liabilities	3,303,750	3,252,751
Total liabilities	3,429,374	8,992,505
Members' equity	7,318,647	1,402,451
Total liabilities and members' equity	\$ 10,748,021	\$ 10,394,956

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Operations
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Rental income	\$ 462,403	\$ 397,527
Operating subsidy	100,615	60,562
Other	32,008	33,107
Interest	<u>2,208</u>	<u>1,070</u>
Total revenues	<u>597,234</u>	<u>492,266</u>
Expenses		
Administrative	218,592	166,002
Tenant services	11,000	11,253
Utilities	111,499	106,744
Maintenance and operations	165,658	147,541
Protective services	2,440	4,413
Insurance	24,116	11,520
Payment in lieu of taxes	35,090	29,078
Collection losses	61	192
General	19,070	15,522
Interest	53,750	-
Depreciation and amortization	<u>329,295</u>	<u>180,809</u>
Total expenses	<u>970,571</u>	<u>673,074</u>
Net loss	<u>\$ (373,337)</u>	<u>\$ (180,808)</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Members' Equity
For the Years Ended December 31, 2014 and 2013

	<u>Riverview Towers MM, LLC</u>	<u>National Equity Fund, Inc.</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2013, as previously reported	\$ 174,999	\$ 2,712,135	\$ -	\$ 2,887,134
Adjustment to member contributions	<u>-</u>	<u>(1,303,875)</u>	<u>-</u>	<u>(1,303,875)</u>
Balance at January 1, 2013, as restated	174,999	1,408,260	-	1,583,259
Net loss	-	-	(180,808)	(180,808)
Net loss allocated to members	<u>(18)</u>	<u>(180,790)</u>	<u>180,808</u>	<u>-</u>
Balance at December 31, 2013	174,981	1,227,470	-	1,402,451
Contributions	-	6,289,533	-	6,289,533
Net loss	-	-	(373,337)	(373,337)
Net loss allocated to members	<u>(37)</u>	<u>(373,300)</u>	<u>373,337</u>	<u>-</u>
Balance at December 31, 2014	<u>\$ 174,944</u>	<u>\$ 7,143,703</u>	<u>\$ -</u>	<u>\$ 7,318,647</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Activities		
Receipts		
Rental income	\$ 464,585	\$ 401,978
Operating subsidy	114,441	-
Other	45,758	19,362
Interest	<u>2,200</u>	<u>1,001</u>
Total receipts	<u>626,984</u>	<u>422,341</u>
Disbursements		
Administrative	(156,933)	(104,120)
Employee salaries and wages	(129,064)	(142,065)
Tenant services	(11,000)	(11,253)
Utilities	(108,575)	(104,631)
Maintenance and operations	(88,449)	(72,953)
Protective services	(2,440)	(4,413)
Insurance	(37,654)	(6,289)
Payment in lieu of taxes	(29,078)	(7,697)
General	<u>(20,872)</u>	<u>(14,675)</u>
Total disbursements	<u>(584,065)</u>	<u>(468,096)</u>
Net cash provided by (used in) operating activities	<u>42,919</u>	<u>(45,755)</u>
Investing Activities		
Deposits to replacement reserve	(44,772)	-
Deposits to operating reserve	(435,083)	-
Withdrawals from operating reserve	7,200	-
Deposits to ACC reserve	(201,737)	-
Purchases of property and equipment	<u>(2,092,627)</u>	<u>(6,269,135)</u>
Net cash used in investing activities	<u>(2,767,019)</u>	<u>(6,269,135)</u>
Financing Activities		
Proceeds from issuance of short-term construction note	1,315,584	3,706,232
Principal payments on short-term construction note	(5,021,816)	-
Contributions received from member	<u>6,289,533</u>	<u>-</u>
Net cash provided by financing activities	<u>2,583,301</u>	<u>3,706,232</u>
Decrease in cash	(140,799)	(2,608,658)
Cash and cash equivalents - beginning of year	<u>246,080</u>	<u>2,854,738</u>
Cash and cash equivalents - end of year	<u>\$ 105,281</u>	<u>\$ 246,080</u>
Reconciliation of cash and cash equivalents		
Operations	\$ 58,858	\$ 200,795
Security deposits	<u>46,423</u>	<u>45,285</u>
	<u>\$ 105,281</u>	<u>\$ 246,080</u>

See Notes to Financial Statements.

	<u>2014</u>	<u>2013</u>
Reconciliation of net loss to net cash flows provided by (used in) operating activities		
Net loss	\$ (373,337)	\$ (180,808)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	329,295	180,809
Collection losses written off	61	192
Changes in operating assets and liabilities:		
Accounts receivable - tenants	564	(447)
Accounts receivable - other	27,568	(74,376)
Prepaid expenses	(3,776)	(4,476)
Accounts payable - trade	(5,963)	14,420
Accounts payable - related party	(10,135)	7,727
Accrued payroll	19,064	(15,922)
Accrued compensated absences	(1,802)	847
Interest payable	53,750	-
Payment in lieu of taxes	6,012	21,381
Tenant security deposits payable	1,677	4,839
Prepaid rents	(59)	59
	<u>\$ 42,919</u>	<u>\$ (45,755)</u>
Net cash provided by (used in) operating activities		
Supplementary schedule of cash flow activities		
Interest paid, \$54,925 and \$29,186 capitalized, respectively	<u>\$ 65,663</u>	<u>\$ 18,448</u>
Supplementary schedule of noncash investing and financing activities		
Property and equipment accrued in construction accounts payable at the end of the year	<u>\$ -</u>	<u>\$ 1,233,715</u>
Construction period interest accrued in construction accounts payable at the end of the year	<u>\$ -</u>	<u>\$ 10,728</u>
Developer fees payable included in the costs of property and equipment	<u>\$ -</u>	<u>\$ 67,500</u>

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of business

Riverview Towers, LLC (the Company) was organized in 2011 under the laws of the State of Wisconsin to modernize and operate a ten-story, 149-unit public housing rental project, known as Riverview Towers, for elderly and disabled residents of low- and very low-income, located at 500 Grand Avenue, Wausau, Wisconsin. The Company is managed by the Community Development Authority (CDA) of the City of Wausau, Wisconsin, which is the sole owner of the Company's managing member, Riverview Towers MM, LLC (RVTMM). The units underwent substantial rehabilitation during 2013 and were placed in service by the end of that year. Rehabilitation continued into 2014 to complete corridors and other finishing work. The project is subject to a Consolidated Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD). Of the 149 public housing units, 148 units are also subject to the rules and requirements of the Low-Income Housing Tax Credit program under Internal Revenue Code Section 42.

The Company is 99.99% owned by National Equity Fund, Inc. (NEF) and .01% owned by RVTMM. Operating profits and losses and the tax credits are allocated based upon ownership. Both members have limited liability with respect to the expenses, liabilities and obligations of the Company, except that RVTMM, as managing member, has guaranteed certain payments to NEF, the investor member, if the Company fails to qualify for a specified amount of tax credits during the term of the tax credit guaranty agreement.

B. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

C. Basis of accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

D. Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

E. Accounts receivable

Accounts receivable due from tenants are stated at the amount management expects to collect from outstanding balances based on an evaluation of uncollected accounts. Bad debts are provided for using the allowance method. As of December 31, 2014 and 2013, management considered the entire receivable balance to be collectible and deemed an allowance as not necessary.

Other accounts receivable consists of an operating subsidy due from HUD of \$46,736 and \$60,562, extraordinary maintenance reimbursement of \$0 and \$13,750, and accrued interest of \$77 and \$69 as of December 31, 2014 and 2013, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fair value of financial instruments

All cash, cash equivalents, accounts receivable, prepaid expenses, notes payable, accounts payable and accrued liabilities approximate fair value at December 31, 2014 and 2013, respectively.

G. Impairment of long-lived assets

When events or conditions warrant, the Company evaluates the recoverability of long-lived assets and considers whether these assets are impaired. The Company assesses the recoverability of these assets based on several factors, including management's intention with respect to these assets and their projected undiscounted cash flows. If projected undiscounted cash flows are less than the carrying amount of the respective assets, the Company adjusts the carrying amounts of such assets to their estimated fair value. Based on management's evaluation, there was no impairment loss recognized for the years ended December 31, 2014 and 2013, respectively.

H. Property and equipment

During construction work in progress, all acquisitions and improvements of property and equipment are capitalized. Additionally, the Company follows the CDA's policy whereby personal property items having a useful life of more than one year and a value of at least \$200 are capitalized while all expenditures for personal property valued under the threshold and for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Property and equipment is valued at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

I. Accrued payroll and compensated absences

The Company has been allocated its portion of employee salaries and wages, and related earned compensated absences by CDA, which follows the City of Wausau's policies on vacation and sick leave. Vacation benefits accrue at various rates based on employees' years of continuous service. Unused benefits may accumulate up to a maximum number of hours ranging from 120 to 280 annually. Benefits vest after six months of service and are paid out at the time of voluntary separation if the employee is in good standing and has given ten working days written notice.

Regular full-time employees earn sick leave at a rate of 3.6923 hours per bi-weekly pay period up to a maximum of 133 days (1,064 hours). Regular part-time employees earn sick leave at a rate of 1.85 hours per bi-weekly pay period up to a maximum of 66 days (528 hours). Employees earn sick leave immediately upon starting employment and must have six days of paid time in a pay period in order to earn sick leave during that pay period. When an employee retires, up to one hundred percent of the sick leave remaining in the employee's accumulated sick leave account may be converted to its monetary value and used to pay premiums towards the hospital and surgical program then in effect for the employee. The percentage of sick leave remaining in the employee's accumulated sick leave that is convertible is based on a formula which takes into consideration an employee's age and length of service.

J. Tenant security deposits payable

The Company requires tenants to pay a security deposit equal to one month's rent. Security deposits due to tenants are reflected as a liability in the accompanying balance sheets.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Advertising

The Company expenses advertising and marketing costs as they are incurred. Total advertising costs were \$3,366 and \$6,471 for the years ended December 31, 2014 and 2013, respectively.

L. Income taxes

The Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code and comparable state regulations. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the proportionate share of the Company's taxable income flows through to its members.

Penalties and interest assessed by income taxing authorities are included in operating expenses, if applicable. The Company had no interest and penalties related to income taxes for the years ended December 31, 2014 and 2013. As of December 31, 2014, the Company's federal returns are subject to examination generally for three years after they are filed and its state returns are subject to examination generally for four years after they are filed.

M. Subsequent events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 17, 2015, the date on which the financial statements were available to be issued.

NOTE 2 - OPERATING AGREEMENT

The Company is subject to an operating agreement between its members. A non-deferred developer fee totaling \$900,000 was paid in installments to the developers, Gorman & Company, Inc. and CDA, as specified within the operating agreement, with \$112,500 and \$337,500 paid in 2013 and 2014, respectively, to each developer. Upon reaching stabilized occupancy which was attained in early 2014, the Company was required to establish and maintain an operating reserve, an Annual Contributions Contract (ACC) reserve, and a project replacement reserve. All reserves were established and properly funded during the year as follows:

	<u>Replacement Reserve</u>	<u>Operating Reserve</u>	<u>ACC Reserve</u>
Balance - beginning of year	\$ -	\$ -	\$ 175,989
Deposits	44,700	433,941	24,900
Interest earned	72	1,142	848
Withdrawals	-	(7,200)	-
Balance - end of year	<u>\$ 44,772</u>	<u>\$ 427,883</u>	<u>\$ 201,737</u>

Additionally, the Company is required to pay an annual fee to NEF for asset management services to be rendered to the Company. The fee is subject to an annual increase of 3%. Asset management fees expensed were \$8,223 and \$7,556 for 2014 and 2013, respectively. Amounts of \$0 and \$9,431 are accrued on the accompanying balance sheets as asset management fee payable as of December 31, 2014 and 2013, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company maintains its bank accounts at several banks in the Wausau area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured depository institution. Additionally, amounts held at Integrity First Bank in excess of FDIC coverage are insured by the State of Wisconsin insurance fund up to \$400,000. The Company's cash deposits may exceed these federally insured limits at times during the year. The Company has not experienced any losses on these accounts. Management believes the Company is not exposed to any significant credit risk on cash.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Land improvements	\$ 17,560	\$ 17,560
Buildings and improvements	10,043,201	9,766,505
Furniture, fixtures and equipment	<u>258,820</u>	<u>255,642</u>
	10,319,581	10,039,707
Less accumulated depreciation	<u>500,202</u>	<u>175,858</u>
Property and equipment, net	<u>\$ 9,819,379</u>	<u>\$ 9,863,849</u>

Depreciation expense for 2014 and 2013 totaled \$324,344 and \$175,858, respectively.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of tax credit fees paid to Wisconsin Housing and Economic Development Authority in the amount of \$47,114, and loan financing fees paid to BMO Harris Bank, N.A. in the amount of \$54,313. The tax credit fees are being amortized over 15 years and the loan financing fees are being amortized over 30 years. Total amortization expense for the years ended December 31, 2014 and 2013 was \$4,951 and \$4,951, respectively.

NOTE 6 - SHORT-TERM CONSTRUCTION NOTE PAYABLE

The Company's short-term construction note payable to BMO Harris Bank N.A. totaled \$0 and \$3,706,232 at December 31, 2014 and 2013, respectively. The maximum financing available was \$5,200,000, with interest at the prime rate plus .65%. The note was paid off on May 30, 2014.

NOTE 7 - CAPITALIZED INTEREST

The Company capitalizes interest on the financing of major fixed asset additions in accordance with generally accepted accounting principles. Total interest costs were \$108,675 and \$29,186 during 2014 and 2013, respectively. Of these amounts, interest costs of \$54,925 and \$29,186 were capitalized during the years ended December 31, 2014 and 2013, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company has entered into an agreement with CDA as management agent for the Company. The term of the agreement is for two years and expired on August 31, 2014. The agreement was subsequently extended for two additional years to August 31, 2016. Fees for management agent services are calculated at the rate of 6% of total monthly gross receipts. Total fees incurred were \$28,919 and \$24,763, with \$2,573 and \$2,277 accrued at December 31, 2014 and 2013, respectively, as management fee payable in the accompanying balance sheets.

A ground lease agreement exists between the Company and CDA whereby the Company is leasing the apartment building and all parking spaces from CDA for the purpose of rehabilitating, equipping and developing the 149-unit facility. The agreement terminates on the latest to occur of (a) expiration of the minimum period during which the public housing units are required by law to be operated as public housing; or (b) the expiration of 75 years from the date the project becomes available for occupancy. The fixed rent is \$1, which was paid upon execution of the lease and closing of the first mortgage financing for construction of the project. All other monies paid, such as for maintenance of the building and grounds, utility services to common areas of the building and property, reasonable building security services and other operating expenses, are considered to be additional rent. No additional rent was paid during the years ended December 31, 2014 and 2013.

NOTE 9 - LONG-TERM DEBT

The Company's long-term debt consisted of the following at December 31:

	2014	2013
2.0%, construction second mortgage payable to CDA, with payments commencing one year from date project placed in service assuming available project cash flows, amortizing over 40 years from the in-service date, collateralized by an open-end leasehold mortgage and a security agreement, maturing in 2054.	\$ 2,500,000	\$ 2,500,000
0.5%, affordable housing program loan payable to CDA, with payments of principal and interest sufficient to amortize the loan over 40 years assuming available project cash flows, collateralized by an open-end junior leasehold mortgage and a security agreement maturing in September, 2052.	<u>750,000</u>	<u>750,000</u>
	<u>\$ 3,250,000</u>	<u>\$ 3,250,000</u>

The above notes are supported by mortgage, security and regulatory agreements.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 10 - RETIREMENT PLAN

Employees are covered under the State of Wisconsin Retirement System as part of the City of Wausau, Wisconsin. The employer's portion of the current annual contribution was paid by the Company and totaled \$11,877 and \$9,842 for the years ended December 31, 2014 and 2013.

NOTE 11 - CONTINGENCY

An Affordable Housing Program Retention/Repayment Agreement dated September 26, 2012 was entered into among BMO Harris Bank N.A., CDA and the Company. BMO Harris Bank N.A. disbursed the proceeds of an Affordable Housing Program (AHP) grant in the amount of \$750,000 from Federal Home Loan Bank of Chicago (FHLB) to CDA for use in connection the construction and rehabilitation of the project. The Company must comply with the AHP provisions of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 for a term of 15 years from the date of project completion (the retention period), at which time the recapture agreement terminates. Such provisions include managing and operating the property as rental housing for very low income households and providing compliance information as required by FHLB during the term of the agreement. In an event of default under the agreement, the Company and CDA will repay that portion of the grant that may be recaptured by BMO Harris Bank N.A. and FHLB.

NOTE 12 - PRIOR PERIOD ADJUSTMENT

During 2013, an error was discovered relating to the amount previously reported as investor member contribution and the balance in construction cash as of the end of 2012. Both, construction cash and NEF's ending capital balance, were overstated by \$1,303,875. A correction has been made to reduce these balances by that amount as of January 1, 2013, with no effect on previously reported net income.

SUPPLEMENTARY INFORMATION

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses
For the Years Ended December 31, 2014 and 2013

	2014	2013
Administrative		
Administrative salaries	\$ 71,968	\$ 52,912
Administrative employee benefits	44,135	27,699
Advertising and marketing	3,366	6,471
Staff training	1,980	854
Travel and mileage	2,494	1,146
Office	13,899	11,464
Accounting and auditing	34,597	11,223
Other administrative and sundry	2,254	15,114
Telephone	1,937	2,673
Management fee	28,919	24,763
Compliance fees	4,820	4,127
Asset management fee	8,223	7,556
	\$ 218,592	\$ 166,002
Tenant services		
Recreation and other	\$ 4,293	\$ 4,452
Tenant store	6,707	6,801
	\$ 11,000	\$ 11,253
Utilities		
Water	\$ 4,545	\$ 5,458
Electricity	47,994	48,674
Gas	51,952	43,582
Sewer	7,008	9,030
	\$ 111,499	\$ 106,744
Maintenance and operations		
Maintenance labor	\$ 76,160	\$ 73,231
Maintenance employee benefits	37,008	35,388
Maintenance materials	12,453	10,524
Heating and cooling	2,813	856
Snow removal	1,002	1,600
Elevator maintenance	5,479	6,927
Landscape and grounds	2,830	5,478
Electrical	3,885	610
Plumbing	175	240
Extermination	9,173	2,103
Other contract costs	8,251	4,696
Garbage and trash removal	6,429	5,888
	\$ 165,658	\$ 147,541
Protective services		
Contract costs	\$ 2,440	\$ 4,413

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses, Continued
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Insurance		
Property	\$ 8,751	\$ 6,679
Liability	12,449	2,421
Workers compensation	2,430	2,420
Other	486	-
	<u>\$ 24,116</u>	<u>\$ 11,520</u>
General		
Compensated absences	\$ (1,802)	\$ 847
Extraordinary maintenance	9,167	14,675
Other	11,705	-
	<u>\$ 19,070</u>	<u>\$ 15,522</u>
Depreciation and amortization		
Depreciation	\$ 324,344	\$ 175,858
Amortization of tax credit fees	3,141	3,141
Amortization of loan financing fees	1,810	1,810
	<u>\$ 329,295</u>	<u>\$ 180,809</u>

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Community Development Authority of the City of Wausau
Wausau, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Community Development Authority of the City of Wausau, Wisconsin (CDA), which comprise the statements of net position as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the CDA'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 CDA'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Community Development Authority of the City of Wausau, Wisconsin, as of December 31, 2014 and 2013, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial data schedules on pages 24 - 38 are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the financial statements. The accompanying schedule of modernization costs on page 39 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is also not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2015, on our consideration of the CDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CDA's internal control over financial reporting and compliance.



Certified Public Accountants

Green Bay, Wisconsin
June 2, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis
For Year Ended December 31, 2014

As management of the Wausau Community Development Authority (CDA), we offer readers of the CDA's financial statements, this narrative overview and the analysis of the financial activities of the CDA for the fiscal year which ended December 31, 2014. The CDA's Management Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the CDA's financial activity, identify changes to the Authority's financial position and identify fund issues and/or concerns.

The MD&A is designed to focus on the current year's activities, changes and currently known facts. Please read it in conjunction with the CDA's Financial Statements for the year ending December 2014.

FINANCIAL HIGHLIGHTS

- The CDA's total assets increased by \$162,149 over 2013.
- The CDA's cash, and cash equivalents increased by \$617,839 over 2013.
- The CDA did receive an operating subsidy in 2014 from the Department of Housing and Urban Renewal (HUD). Total operating subsidy received was \$196,070. The breakdown of the subsidy is public housing - \$95,455 and \$100,615 to Riverview Towers.
- Riverview Towers was split off from our public housing stock in 2012 and was turned into a low income tax credit project with an award from Wisconsin Housing and Economic Development Authority (WHEDA). Riverview Towers is now a limited liability corporation (LLC) in order to stay in compliance with tax credit regulations. This past year was our second year as a LLC taxable entity.

OVERVIEW OF THE FINANCIAL STATEMENTS

The CDA's Financial Report consists of the following three parts:

- Management's Discussion and Analysis
- Basic Financial Statements
- Additional Supplementary Information

BASIC FINANCIAL STATEMENT

The basic financial statements provide information about the overall financial position of the CDA and the results of its operations. These statements contain: Statements of Net Position; Statements of Revenue, Expenses and Changes in Net Position; Statements of Cash Flows; and Notes to Financial Statements.

The Statements of Net Position present the financial capital and resources of the CDA. Changes in the Net Position of the CDA may serve as an indicator of whether the financial position of the CDA is improving or deteriorating.

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components.

- Net investment in capital assets – this component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – this component consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – this component, consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”

The Statements of Revenue, Expenses and Changes in Net Position present the revenues and expenses for the current and previous fiscal year. The CDA received \$1,320,765 from HUD and \$129,718 from WHEDA in grants.

The Statements of Cash Flows disclose net cash provided by (used for) operating and investing activities and capital and related financing activities.

Supplementary Information

In addition to the Management Discussion and Analysis there is also the Schedule of Expenditures of Federal and State Awards and other schedules required by regulatory agencies.

OVERVIEW OF THE WAUSAU COMMUNITY DEVELOPMENT AUTHORITY

The Wausau CDA was established by the Wausau City Council in May of 1989, combining the Housing Authority and Redevelopment Authority under a single entity now known as the Wausau Community Development Authority. The Community Development Authority is a division of the Community Development Department and is staffed with city employees. The role of the CDA is to administer housing programs for low and moderate income persons and families, and assist with the redevelopment needs within the City of Wausau.

The Wausau Community Development Authority operates under the direction of a board of commissioners specifically appointed to this board by the acting mayor of the City. All property is owned by the Authority and not City owned which is a wide misconception.

The CDA administers the Housing Choice Voucher Program and currently maintains an annual contribution contract with HUD. This program facilitates contracts with eligible tenants and landlords. Each unit is inspected and must meet the Housing Qualified Standards (HQS) established by HUD. Currently, we have 435 vouchers under contract. Contracts are for a one year period of time. In 2014 we also administered the Housing Choice Voucher Program through the Wisconsin Housing and Economic Development Authority (WHEDA). We previously were under contract for 30 vouchers, but on January 1, 2013 we received 20 additional vouchers from the Wittenberg Housing Authority, Shawano County which brought the total WHEDA vouchers to 50. As of January 1, 2015, the CDA is no longer administering the WHEDA vouchers due to the additional staffing burdens they presented. The CDA staff's focus will be on the current voucher program administered throughout the City of Wausau.

The CDA has operated public housing at 500 Grand Avenue commonly referred to as Riverview Towers since the late 1960's. Recently Riverview Towers LLC underwent major interior and exterior renovations of all 149 units. The renovation was made possible through a WHEDA low income housing tax credit, CDA funds, and a grant from the Home Loan Bank of Chicago. Gorman and Company was our partner on the project and National Equity Fund (NEF) is our investor. All 149 units were completed on schedule before the 12/31/13 deadline.

In June of 2014 we hosted a Grand Re-Opening of the Riverview Towers LLC to celebrate with the tenants, contractors, funding agencies, elected officials and the community. Everyone was invited to participate in the celebration and take a tour of the renovated building and view the total transformation of the building that took over a year in the making.

Before the renovations took place our units were available to elderly 62 and over and disabled persons over 18 years of age. Through a formal board action in 2013, we now rent these units to 55 and older and it is considered as near elderly. Through this action we have had a considerable number of applicant's apply for and receive housing at Riverview Towers LLC. This meets a pent-up demand in this area.

The CDA also has 46 units of scattered site family housing units throughout Wausau. Units are completely occupied with a current waiting list. For the second year in a row we have made major improvements to the 6 units on Bopf Street. Previously it was all new windows and in 2014 the CDA replaced all the flooring in the units.

A majority of the 40 units of scattered site, consisting of both single family and duplexes had landscaping upgrades. Several of these units had significant drainage problems that were addressed and alleviated through this project.

The CDA also has 36 units of assisted living on its campus. Assistance is provided through project-based Housing Choice Vouchers and services provided under contract with Aspirus. The facility is licensed by the State of Wisconsin as a Residential Care Apartment Complex (RCAC).

In 2014, the CDA paid its first installment of \$200,000 on its \$400,000 loan from Section 17 funds that were used previously for construction of Riverview Terrace, the CDA's assisted living facility. The second and final installment of \$200,000 will be due in 2015.

The redevelopment division of the Authority continues to be very active this past year. The CDA took ownership of the 303-305 South Second Avenue property a few years back from the City of Wausau who had taken ownership from the county on a tax deed. The site was a former dry cleaning facility. The City of Wausau previously had demolished the building and the CDA had been doing testing of the site. This past year tests confirmed a major vapor plume that is spreading towards the Wisconsin River. Staff has been working with the Department of Natural Resources (DNR), AECOM (CDA's contracted consultant) and the City of Wausau's Environmental Engineer, Kevin Fable to mitigate the site. This past year testing has taken place in all businesses and residential units as required. We have installed a vapor mitigation system to remove the fumes. We are also part of the DERF program and have met our deductible and have filed claims for reimbursement through the State of Wisconsin.

The CDA also owns the property at 2102 North 2nd Street, the former Wausau Energy bulk tank site. We are proceeding with testing of the site and moving this project forward to closure. We have had several inquiries from interested parties to purchase this property. It is located in an up and coming neighborhood that has seen substantial investments over the last couple of years. We continue to work with REI (our consultant), the DNR and our City Environmental Engineer to keep this on track for closure.

The CDA sold one of its redevelopment properties on 17th Avenue in 2013 to a low income business owner who had been renting on Thomas Street and operating an auto repair shop. The CDA also committed funds from the proceeds of the sale for a loan commitment of \$25,000 to the Thunder Lube project. Construction was completed in 2014 and the owner has had great success in increasing his business at the new location. The owners of Thunder Lube are in compliance with their development agreement and pay-back schedule.

BASIC FINANCIAL STATEMENTS

The following table shows the condensed Statements of Net Position for the years ended December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets	\$ 5,527,664	\$ 4,924,973
Capital Assets, net	16,237,166	16,632,783
Other Assets	<u>870,672</u>	<u>915,697</u>
Total Assets	<u>\$ 22,635,502</u>	<u>\$ 22,473,453</u>
Liabilities		
Current Liabilities	\$ 460,825	\$ 5,718,879
Long-term Liabilities	<u>791,209</u>	<u>992,442</u>
Total Liabilities	<u>1,252,034</u>	<u>6,711,321</u>
Net Position		
Net Investment in Capital Assets	15,487,166	12,176,551
Restricted	16,350	57,883
Unrestricted	<u>5,879,952</u>	<u>3,527,698</u>
Total Net Position	<u>21,383,468</u>	<u>15,762,132</u>
Total Liabilities and Net Position	<u>\$ 22,635,502</u>	<u>\$ 22,473,453</u>

Restricted net position consists entirely of the Housing Choice Voucher Program cumulative totals of unspent Housing Assistance Payment (HAP) funds provided by HUD. These funds may only be used for future HAP to eligible recipients.

Significant changes in capital assets during 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Capital assets, beginning of year	\$ 22,699,743	\$ 16,599,145
Additions	300,130	8,332,457
Disposals	<u>(6,383)</u>	<u>(2,231,859)</u>
Capital assets, end of year	\$ 22,993,490	\$ 22,699,743
Less accumulated depreciation	<u>(6,756,324)</u>	<u>(6,066,960)</u>
Capital Assets, net	<u>\$ 16,237,166</u>	<u>\$ 16,632,783</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority's financial position are as follows:

- Marathon County's unemployment rate continues to be higher than the state as a whole in 2014, but we are starting to see significant changes with more postings of jobs available in our market. The recession and the job market have both put a significant burden on the Housing Choice Voucher program as many of the current clients served lost their employment, and have not been able to secure new employment, thus rent subsidy costs have increased. We also continue to experience high levels of voucher recipients that are on disability which contributes to higher rent subsidies as well.

GOALS AND OBJECTIVES

GOALS

- Maintain the CDA owned properties to the highest standards to better serve our tenants.
- Provide housing counseling to our residents and clients regarding various programs that offer homeownership opportunities.
- Promote Community Development activities that provide living-wage employment opportunities to our residents and clients.
- Assistance and counseling to achieve economic self-sufficiency.
- Continue to provide programming to our tenants that will educate them on computer use, safety, nutrition, etc.
- Continue clean - up of our brownfield sites and turn them back into tax base for the community.
- Engage our tenants on how we can better serve them and their needs.

OBJECTIVES

- Assure families who have little or no opportunity to achieve economic self-sufficiency, a safe, decent and affordable housing inventory.
- Promote neighborhood stability and economic upward mobility through homeownership.
- Maintain the viability of the privately held affordable housing inventory.
- Lessen the need for subsidized housing.

**CONTACTING THE COMMUNITY DEVELOPMENT AUTHORITY'S
FINANCIAL MANAGEMENT PERSONNEL**

This financial report is designed to provide a general overview of the CDA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Wausau Community Development Authority, 550 East Thomas Street, Wausau, Wisconsin 54403.

FINANCIAL STATEMENTS

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**

Statements of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,521,831	\$ 4,536,912
Cash and cash equivalents - restricted	968,491	335,571
Total cash and cash equivalents	<u>5,490,322</u>	<u>4,872,483</u>
Receivables		
PHA projects	-	429
Tenants	2,052	3,558
Fraud recovery, net of allowance (\$0 for 2014; \$4,897 for 2013)	9,100	12,729
Other	5,136	18,153
Accrued interest	77	69
Notes receivable, current portion	1,520	3,534
Prepaid expenses	<u>19,457</u>	<u>14,018</u>
Total current assets	<u>5,527,664</u>	<u>4,924,973</u>
Capital Assets		
Capital assets not being depreciated	1,011,544	1,098,906
Capital assets, net of accumulated depreciation	<u>15,225,622</u>	<u>15,533,877</u>
Total capital assets	<u>16,237,166</u>	<u>16,632,783</u>
Other Assets		
Notes receivable, net of current portion	780,385	820,459
Intangibles, net of accumulated amortization	<u>90,287</u>	<u>95,238</u>
Total Assets	<u>22,635,502</u>	<u>22,473,453</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	53,209	1,651,750
Accrued wages	53,618	-
Compensated absences	23,773	24,442
Accrued property taxes	54,134	46,423
Tenant security deposits	76,091	74,761
Unearned revenue	-	730
Other accrued liabilities	-	14,541
Current portion of long-term debt	<u>200,000</u>	<u>3,906,232</u>
Total current liabilities	<u>460,825</u>	<u>5,718,879</u>
Long-term Liabilities		
Long-term debt	-	200,000
Compensated absences	41,209	42,442
Loan payable	<u>750,000</u>	<u>750,000</u>
Total long-term liabilities	<u>791,209</u>	<u>992,442</u>
Total Liabilities	<u>1,252,034</u>	<u>6,711,321</u>
Net Position		
Net investment in capital assets	15,487,166	12,176,551
Restricted	16,350	57,883
Unrestricted	<u>5,879,952</u>	<u>3,527,698</u>
Total Net Position	<u>\$ 21,383,468</u>	<u>\$ 15,762,132</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operative Revenues		
HUD contributions	\$ 1,320,765	\$ 1,427,287
WHEDA contributions	129,718	122,751
Other government grants	29,777	40,347
Tenant care revenue	304,119	294,604
Rental income	843,862	766,529
Other income	<u>82,025</u>	<u>420,979</u>
Total operating revenues	<u>2,710,266</u>	<u>3,072,497</u>
Operating Expenses		
Administration	778,771	601,379
Housing assistance payments	1,025,152	1,107,343
Tenant services	342,655	333,288
Utilities	180,734	171,838
Operations and maintenance	319,082	308,537
General expenses	112,034	90,700
Depreciation and amortization	<u>699,688</u>	<u>575,760</u>
Total operating expenses	<u>3,458,116</u>	<u>3,188,845</u>
Operating Loss	(747,850)	(116,348)
Nonoperating Income		
Interest income	<u>23,275</u>	<u>25,707</u>
Loss before contributions, gains and losses	(724,575)	(90,641)
Capital contributions	6,346,923	61,461
Loss on disposal of capital assets	<u>(1,012)</u>	<u>(240,791)</u>
Change in net position	5,621,336	(269,971)
Total net position - beginning	<u>15,762,132</u>	<u>16,032,103</u>
Total net position - ending	<u>\$ 21,383,468</u>	<u>\$ 15,762,132</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Activities		
Collections from tenants, HUD, and others	\$ 2,729,447	\$ 3,055,442
Payments for housing assistance	(1,025,152)	(1,107,343)
Payments made to suppliers	(1,104,925)	(836,738)
Payments made to employees	<u>(605,502)</u>	<u>(665,799)</u>
Net cash provided by (used in) operating activities	<u>(6,132)</u>	<u>445,562</u>
Noncapital Financing Activities		
Change in bank overdraft	<u>-</u>	<u>(6,712)</u>
Capital and Related Financing Activities		
Principal paid on long-term debt	(200,000)	-
Acquisition and construction of capital assets	(1,882,075)	(6,749,769)
Proceeds from issuance of short-term construction note	1,315,584	3,706,232
Principal payments on short-term construction note	(5,021,816)	-
Capital contributions received	<u>6,346,923</u>	<u>62,993</u>
Net cash provided by (used in) capital and related financing activities	<u>558,616</u>	<u>(2,980,544)</u>
Investing Activities		
Redemptions of certificates of deposit	-	226,189
Decrease in notes receivable	42,088	4,150
Interest on investments	<u>23,267</u>	<u>25,638</u>
Net cash provided by investing activities	<u>65,355</u>	<u>255,977</u>
Net change in cash and cash equivalents	617,839	(2,285,717)
Cash and cash equivalents, beginning of year	<u>4,872,483</u>	<u>7,158,200</u>
Cash and cash equivalents, end of year	<u>\$ 5,490,322</u>	<u>\$ 4,872,483</u>

The accompanying notes are an integral part of these financial statements.

	<u>2014</u>	<u>2013</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (747,850)	\$ (116,348)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	699,688	575,760
Changes in operating assets and liabilities:		
Receivables	18,581	(25,315)
Prepaid expenses	(5,439)	(3,922)
Accounts payable	(16,598)	23,248
Accrued wages	53,618	(49,877)
Compensated absences	(1,902)	19,401
Accrued property taxes	7,711	1,689
Tenant security deposits	1,330	7,945
Unearned revenue	(730)	315
Other accrued liabilities	<u>(14,541)</u>	<u>12,666</u>
 Net cash provided by (used in) operating activities	 <u>\$ (6,132)</u>	 <u>\$ 445,562</u>
 Supplementary Schedule of Noncash Capital and Related Financing Activities		
Property and equipment costs accrued in accounts payable at the end of the year	<u>\$ -</u>	<u>\$ 1,581,943</u>

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**

Notes to Financial Statements
December 31, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Community Development Authority of the City of Wausau, Wisconsin (the "CDA"), was created by the Common Council of the City of Wausau on May 1, 1989, pursuant to Section 66.4325 of the Wisconsin Statutes, for the purpose of carrying out blight elimination, slum clearance, urban renewal programs and projects, and housing projects, and act as the agent of the City of Wausau in planning and carrying out community development programs and activities approved by the Mayor and Common Council under the Federal Housing and Community Development Act of 1974. The majority of the CDA's funding is provided by the U. S. Department of Housing and Urban Development (HUD).

These financial statements include all of the programs operated by the CDA. The reporting entity for the CDA consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria for including organizations as component units within the reporting entity include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The primary government holds the corporate powers of the organization
- The primary government appoints a voting majority of the organization's governing board
- The primary government is able to impose its will on that organization
- The organization has the potential to provide specific financial benefits to, or burdens on, the primary government
- The organization is fiscally dependent on the primary government

Based on the foregoing criteria, Riverview Towers MM, LLC and Riverview Towers, LLC were identified as component units of the CDA. The CDA is considered a component unit of the City of Wausau, Wisconsin.

The programs of the CDA are organized on the basis of fund accounting, as prescribed by HUD. Each is maintained using a separate set of self-balancing accounts. The CDA operates the following programs:

- Housing Choice Vouchers Program - the CDA maintains one annual contributions contract with HUD for the funding and administration of 435 HUD housing assistance payments vouchers and 30 Wisconsin Housing and Economic Development Authority (WHEDA) housing assistance payments vouchers. Effective December 31, 2014, the CDA ceased administration of the WHEDA housing assistance payments vouchers.
- Low-rent Public Housing Program - consists of 46 units of low-income public housing owned by the CDA. Riverview Towers MM, LLC is wholly-owned by the CDA and is also a .01% owner and the managing member of Riverview Towers, LLC.
- Capital Funds Program - consists of modernization projects in progress.
- Riverview Terrace - a Residential Care Apartment Complex (RCAC) consisting of 36 assisted-living housing units for low-income persons.
- Redevelopment Program - provides for various urban renewal programs on an as-needed basis.
- Property Management - consists of managing Riverview Towers, LLC.
- Riverview Towers, LLC - consists of 149 housing units for elderly and disabled residents of low- and very low-income, known as Riverview Towers Apartments. Of these housing units, 148 are subject to the rules and requirements of the Low-Income Housing Tax Credit program under Internal Revenue Code Section 42. One unit remains part of the Low-Rent Public Housing program.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Basis of Presentation and Accounting

The CDA's financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The accounts of the CDA are organized on the basis of a proprietary fund type, specifically an enterprise fund. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the CDA is determined by its measurement focus. The transactions of the CDA are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e. total assets net of total liabilities) are segregated into net investment in capital assets, restricted and unrestricted components.

Enterprise 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 CDA are intergovernmental rent subsidies and charges to residents for rents and services. Operating expenses for enterprise funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Management of the CDA has made certain estimates and assumptions that affect the reporting of assets and liabilities and revenues and expenses in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

3. Budgets and Budgetary Accounting

The CDA is required by contractual agreements to adopt annual, appropriated operating budgets for all programs funded by federal awards. All budgets are prepared on a basis of accounting practices prescribed by HUD, which is materially consistent with GAAP. All annual appropriations lapse at fiscal year-end.

Budgets for the Low-rent Public Housing program and Riverview Terrace are prepared annually. The Board of Commissioners adopts the budget for the Low-rent Public Housing program through passage of a budget resolution.

4. Cash and Cash Equivalents

Cash deposits consist of cash on hand, and demand and time deposits with financial institutions that are carried at cost. For purposes of the statements of cash flows, all cash deposits and highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Restricted Assets

Restricted assets consist of the following:

- Tenant security deposits - tenants are required to pay a security deposit upon move-in. Tenant deposits are refunded upon move-out if the premises are left in satisfactory condition and if the rent obligation has been met.
- Housing Choice Voucher cash - restricted for housing assistance payments within the Housing Choice Voucher program.
- Cash restricted for payment of current liabilities - cash received but unearned and amounts due on current debt obligations as of the end of the year.

6. Capital Assets

Land, buildings and equipment are stated at cost at the date of acquisition, or at fair value if donated. The CDA defines capital assets as assets with an initial, individual cost of more than \$200 and an estimated useful life in excess of one year. Depreciation of all exhaustible capital assets used by the CDA is charged as an expense of operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	15 - 40 Years
Furniture and equipment	5 - 10 Years

7. Intangible Assets

Intangible assets relate to Riverview Towers, LLC and consist of tax credit fees paid to Wisconsin Housing and Economic Development Authority in the amount of \$47,114, and loan financing fees paid to BMO Harris Bank, N.A. in the amount of \$54,313. The tax credit fees are being amortized over 15 years and the loan financing fees are being amortized over 30 years. Total amortization expense was \$4,951 for both 2014 and 2013.

8. Accumulated Unpaid Vacation and Sick Leave

The CDA follows the City of Wausau's policies on vacation and sick leave. Vacation and sick leave benefits accrue at various rates on a bi-weekly basis based on employees' years of continuous service. A liability for accrued compensated absences totaling \$64,982 and \$66,884 has been recorded in the accompanying statements of net position as of December 31, 2014 and 2013, respectively.

When an employee retires or is forced to retire due to medical disability and meets specified requirements, a maximum of 60% (80% for employees with at least 25 years of services and 100% for non-represented employees with at least 30 years of service as of December 31, 2012) of the remaining accumulated sick pay (employee's hourly rate, exclusive of longevity and shift differential) is used to pay premiums toward the hospital and surgical program then in effect for the employee. The employee may use the foregoing benefit until such time as one of the following occurs: the fund is depleted, the employee dies, or the employee becomes employed and/or eligible for other comparable hospital and surgical programs from another source.

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

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

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**

Notes to Financial Statements
December 31, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

- Net investment in capital assets - this component consists of capital assets, net of accumulated depreciation and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted - this component consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - this component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

10. Due To/From Other Programs

During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables have been eliminated in the financial statements.

11. Interprogram Transactions

Quasi-external transactions are accounted for as revenues and expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

12. Related Party Transactions with Riverview Towers, LLC

On October 1, 2012, the CDA, through Riverview Towers MM, LLC, invested \$175,000 in Riverview Towers, LLC as a new tax credit project and received a .01% ownership interest.

The CDA entered into an agreement as management agent for the project. The agreement is for two years and expired on August 1, 2014. The agreement was subsequently extended for two additional years to August 31, 2016. Fees for management agent services are calculated at the rate of 6% of total monthly gross receipts. Total property management fees were \$28,919 and \$24,763 for 2014 and 2013, respectively.

The CDA also provided a construction second mortgage in the amount of \$2,500,000 for rehabilitation of the apartment units. The construction mortgage bears interest at 2.0% with payment commencing one year from the date the completed project is placed in service, assuming available project cash flows. It is collateralized by an open-end leasehold mortgage and a security agreement.

These preceding transactions have been eliminated in the accompanying financial statements.

Additionally, a developer fee payment of \$337,500 for 2013, was received by the CDA as part of project construction costs. This amount is included in other income in the accompanying statements of revenues, expenses and changes in net position for the year ended December 31, 2013.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Deferred Inflows and Deferred Outflows

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The CDA currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The CDA currently does not have any items that qualify for reporting in this category.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The carrying amounts of the CDA's cash and cash equivalents are as follows at December 31:

	<u>2014</u>	<u>2013</u>
Deposits	\$ 5,490,202	\$ 4,872,363
Petty cash	<u>120</u>	<u>120</u>
Total cash and cash equivalents	<u>\$ 5,490,322</u>	<u>\$ 4,872,483</u>

Reconciliation to the statements of net position:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 4,521,831	\$ 4,536,912
Cash and cash equivalents - restricted	<u>968,491</u>	<u>335,571</u>
Total cash and cash equivalents	<u>\$ 5,490,322</u>	<u>\$ 4,872,483</u>

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

Deposits

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**

Notes to Financial Statements
December 31, 2014 and 2013

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits (continued)

Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has not been considered for custodial risk determination.

At December 31, 2014, the carrying amount of the CDA's deposits was \$5,490,322 and the financial institution balance was \$5,526,640. Of the financial institution balance, \$4,568,199 was covered by federal and state depository insurance; \$958,441 was in excess of federal and state depository insurance limits and collateralized by securities held by the pledging institution or its trust department or agent.

At December 31, 2013, the carrying amount of the CDA's deposits was \$4,872,483 and the financial institution balance was \$4,741,602. Of the financial institution balance, \$716,450 was covered by federal depository insurance; \$4,006,971 was in excess of federal depository insurance limits and collateralized by securities held by the pledging institution or its trust department or agent, leaving \$18,181 as uninsured or not collateralized as of December 31, 2013.

Investments

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The CDA requires all funds in excess of federal depository insurance coverage to be secured.

Investment Policy

The CDA has adopted a formal investment policy; however, the CDA invests in accordance with Wisconsin State Statutes. Under the policy, investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association authorized to transact business in the state;
- The state local government investment pool.

Credit Risk

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

Concentration of Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The CDA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2014 and 2013

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2014, was as follows:

	<u>Balance</u> <u>1/1/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2014</u>
Capital assets, not being depreciated:					
Land and improvements	\$ 981,317	\$ -	\$ -	\$ -	\$ 981,317
Construction in progress	<u>117,589</u>	<u>54,974</u>	<u>-</u>	<u>(142,336)</u>	<u>30,227</u>
Total capital assets, not being depreciated	<u>1,098,906</u>	<u>54,974</u>	<u>-</u>	<u>(142,336)</u>	<u>1,011,544</u>
Capital assets, being depreciated:					
Buildings and improvements	20,907,395	232,856	5,598	121,741	21,256,394
Furniture and equipment	<u>693,442</u>	<u>12,300</u>	<u>785</u>	<u>20,595</u>	<u>725,552</u>
Total capital assets being depreciated	<u>21,600,837</u>	<u>245,156</u>	<u>6,383</u>	<u>142,336</u>	<u>21,981,946</u>
Less accumulated depreciation for:					
Buildings and improvements	5,748,040	638,000	4,673	-	6,381,367
Furniture and equipment	<u>318,920</u>	<u>56,735</u>	<u>698</u>	<u>-</u>	<u>374,957</u>
Total accumulated depreciation	<u>6,066,960</u>	<u>694,735</u>	<u>5,371</u>	<u>-</u>	<u>6,756,324</u>
Total capital assets, being depreciated, net	<u>15,533,877</u>	<u>(449,579)</u>	<u>1,012</u>	<u>142,336</u>	<u>15,225,622</u>
Total capital assets, net	<u>\$ 16,632,783</u>	<u>\$ (394,605)</u>	<u>\$ 1,012</u>	<u>\$ -</u>	<u>\$ 16,237,166</u>
Less related long-term debt outstanding					<u>750,000</u>
Net investment in capital assets					<u>\$ 15,487,166</u>

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2014 and 2013

NOTE C - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended December 31, 2013, was as follows:

	<u>Balance</u> <u>1/1/2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2013</u>
Capital assets, not being depreciated:					
Land	\$ 903,757	\$ 60,000	\$ -	\$ 17,560	\$ 981,317
Construction in progress	<u>2,105,942</u>	<u>8,246,871</u>	<u>-</u>	<u>(10,235,224)</u>	<u>117,589</u>
Total capital assets, not being depreciated	<u>3,009,699</u>	<u>8,306,871</u>	<u>-</u>	<u>(10,217,664)</u>	<u>1,098,906</u>
Capital assets being depreciated:					
Buildings and improvements	13,057,809	20,579	2,133,015	9,962,022	20,907,395
Furniture and equipment	<u>531,637</u>	<u>5,007</u>	<u>98,844</u>	<u>255,642</u>	<u>693,442</u>
Total capital assets being depreciated	<u>13,589,446</u>	<u>25,586</u>	<u>2,231,859</u>	<u>10,217,664</u>	<u>21,600,837</u>
Less accumulated depreciation for:					
Buildings and improvements	7,145,441	518,628	1,916,029	-	5,748,040
Furniture and equipment	<u>341,777</u>	<u>52,181</u>	<u>75,038</u>	<u>-</u>	<u>318,920</u>
Total accumulated depreciation	<u>7,487,218</u>	<u>570,809</u>	<u>1,991,067</u>	<u>-</u>	<u>6,066,960</u>
Total capital assets, being depreciated, net	<u>6,102,228</u>	<u>(545,223)</u>	<u>240,792</u>	<u>10,217,664</u>	<u>15,533,877</u>
Total capital assets, net	<u>\$ 9,111,927</u>	<u>\$ 7,761,648</u>	<u>\$ 240,792</u>	<u>\$ -</u>	<u>\$ 16,632,783</u>
Less related long-term debt outstanding					<u>4,456,232</u>
Net investment in capital assets					<u>\$ 12,176,551</u>

NOTE D - NOTES RECEIVABLE

Notes receivable consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Notes receivable from homeowners, interest at 2%, with payments of principal and interest ranging from \$106 to \$125 monthly.	\$ 23,002	\$ 40,090
Note receivable from Lube, Inc., interest only at 1.5% until principal and interest payments commence on August 15, 2016; principal and interest due on July 15, 2023.	25,000	-
Note receivable from Kannenberg Plaza, LLC, interest at 0%, with payments commencing when cash flows are sufficient to pay balance of developer fee and make distributions to members.	<u>733,903</u>	<u>783,903</u>
	<u>781,905</u>	<u>823,993</u>
Less current portion	<u>(1,520)</u>	<u>(3,534)</u>
	<u>\$ 780,385</u>	<u>\$ 820,459</u>

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2014 and 2013

NOTE E - RETIREMENT PLAN

The CDA's employees are covered under the State of Wisconsin Retirement System as part of the City of Wausau, Wisconsin. The employer's portion of the current annual contribution was paid by the CDA, and totaled \$35,989 and \$32,834 for the years ended December 31, 2014 and 2013, respectively. For additional information, the City's complete financial statements can be obtained from:

The City of Wausau
407 Grant Street
Wausau, WI 54403-4783

NOTE F - LONG-TERM LIABILITIES

Long-term debt activity for the year ended December 31, 2014, was as follows:

	<u>Balance 1/1/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/14</u>	<u>Due Within One Year</u>
Affordable Housing Program Loan	\$ 750,000	\$ -	\$ -	\$ 750,000	\$ -
City of Wausau Loan	400,000	-	(200,000)	200,000	200,000
Construction Loan	<u>3,706,232</u>	<u>1,315,584</u>	<u>(5,021,816)</u>	<u>-</u>	<u>-</u>
	<u>\$4,856,232</u>	<u>\$ 1,315,584</u>	<u>\$ (5,221,816)</u>	<u>\$ 950,000</u>	<u>\$ 200,000</u>

Federal Home Loan Bank Affordable Housing Program (AHP) Loan - 0%, non-amortizing note payable to BMO Harris Bank for use in connection with the construction and rehabilitation of Riverview Towers Apartments project. The CDA and Riverview Towers, LLC must comply with the AHP provisions of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 for a term of 15 years from the date of project completion (the retention period), at which time the recapture agreement terminates and the loan balance will be forgiven.

City of Wausau Loan - 2% loan for the construction of the CDA's RCAC facility that was obtained in 1997. The balance is to be repaid in two \$200,000 installments in 2014 and 2015.

Construction Loan - construction financing for rehabilitation of Riverview Towers Apartments with BMO Harris Bank N.A. with maximum available of \$5,200,000, with interest at the prime rate plus .65%, collateralized by a construction leasehold first mortgage, a security agreement, assignment of leases and rents, a completion guaranty by the developers, a capital contribution guaranty by the investor member, assignment of membership interest and capital contributions, and construction, management and architect engineer contracts. The note was paid off on May 30, 2014.

Interest is capitalized on the financing of major capital asset additions in accordance with generally accepted accounting principles. Interest costs of \$54,925 and \$29,186 were capitalized during the years ended December 31, 2014 and 2013, respectively.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2014 and 2013

NOTE G - RESTRICTED NET POSITION

Restricted net position consists entirely of amounts restricted for housing assistance payments under the Housing Choice Voucher program. Amounts restricted were \$16,350 and \$57,883 for the years ended December 31, 2014 and 2013, respectively.

NOTE H - COMMITMENTS AND CONTINGENCIES

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

In 2002, Wausau Area Housing Development Corporation obtained a grant totaling \$359,100 under the HOME Investment Partnerships Program for the purpose of financing construction costs for a six-unit apartment complex. The CDA purchased the property in 2009 and in 2010, the CDA received permission to convert the property to low-rent public housing. This project is subject to the Affordability Compliance Period and reporting requirements under Section 92 of the National Affordable Housing Act of 1990 for a period of 20 years from the rent-up completion date, which will expire on December 31, 2023. Noncompliance with the terms of the grant agreement subjects the project to recapture during the period of affordability.

NOTE I - SIGNIFICANT CONCENTRATIONS

The CDA receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support would have a significant effect on the CDA's programs and activities.

NOTE J - RISK MANAGEMENT

The CDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The CDA, through the City of Wausau, carries commercial insurance for risk of loss. The CDA did not have settled claims that exceeded the commercial insurance coverage in any of the past three years.

SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

December 31, 2014

Statement of Net Position Data

Line #	Account Description	Project WI031000001	Housing Choice Vouchers 14,871	State / Local
Assets				
Current assets				
Cash				
111	Cash - unrestricted	\$ 706,288	\$ 105,189	\$ -
113	Cash - other restricted	-	16,350	-
114	Cash - tenant security deposits	20,255	-	-
115	Cash - restricted for payment of current liability	-	-	-
100	Total cash	<u>726,543</u>	<u>121,539</u>	<u>-</u>
Accounts and notes receivables				
125-050	Accounts receivable - other	-	-	-
125-060	Other - comment	-	-	-
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable tenants	1,363	-	-
127	Notes, loans, and mortgages receivable - current	-	-	-
128	Fraud recovery	-	9,100	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances for doubtful accounts	<u>1,363</u>	<u>9,100</u>	<u>-</u>
Current investments				
142	Prepaid expenses and other assets	1,100	1,100	-
144	Inter program - due from	-	-	-
150	Total current assets	<u>729,006</u>	<u>131,739</u>	<u>-</u>
Noncurrent assets				
Capital assets				
161	Land	899,407	-	-
162	Buildings	8,033,703	-	-
163	Furniture, equipment and machinery - dwellings	126,419	-	-
164	Furniture, equipment and machinery - administrative	246,984	4,299	-
165	Leasehold improvements	229,485	-	-
166	Accumulated depreciation	(5,130,020)	(2,773)	-
167	Construction in progress	30,227	-	-
160	Total capital assets, net of accumulated depreciation	<u>4,436,205</u>	<u>1,526</u>	<u>-</u>
Other noncurrent assets				
171-040	Notes, loans and mortgages receivable - tax credit			
171-050	Notes, loans and mortgages receivable - other			
171-060	Other - comment			
171	Notes, loans and mortgages receivable - non-current	3,303,750	-	-

Business Activities	Component Unit - Blended	Total Before Eliminations	Eliminations	Total
---------------------	--------------------------	---------------------------	--------------	-------

\$ 3,651,496	\$ 58,858	\$ 4,521,831	\$ -	\$ 4,521,831
-	674,392	690,742	-	690,742
11,071	46,423	77,749	-	77,749
200,000	-	200,000	-	200,000
<u>3,862,567</u>	<u>779,673</u>	<u>5,490,322</u>	<u>-</u>	<u>5,490,322</u>

5,136	-			
Due for December VNA services				
5,136	-	5,136	-	5,136
389	300	2,052	-	2,052
1,520	-	1,520	-	1,520
-	-	9,100	-	9,100
-	77	77	-	77
<u>7,045</u>	<u>377</u>	<u>17,885</u>	<u>-</u>	<u>17,885</u>

5,688	11,569	19,457	-	19,457
2,573	46,736	49,309	(49,309)	-
<u>3,877,873</u>	<u>838,355</u>	<u>5,576,973</u>	<u>(49,309)</u>	<u>5,527,664</u>

64,350	17,560	981,317	-	981,317
2,904,990	10,043,201	20,981,894	-	20,981,894
45,144	258,820	430,383	-	430,383
43,887	-	295,170	-	295,170
45,015	-	274,500	-	274,500
(1,123,330)	(500,202)	(6,756,325)	-	(6,756,325)
-	-	30,227	-	30,227
<u>1,980,056</u>	<u>9,819,379</u>	<u>16,237,166</u>	<u>-</u>	<u>16,237,166</u>

733,903	-			
46,482	-			
Loans to individuals				
780,385	-	4,084,135	(3,303,750)	780,385

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

December 31, 2014

Statement of Net Position Data, continued

Line #	Account Description	Project WI031000001	Housing Choice Vouchers 14,871	State / Local
174-050	Other assets - other			
174-060	Other - comment			
174	Other assets	-	-	-
176	Investments in joint venture	174,944	-	-
180	Total non-current assets	<u>7,914,899</u>	<u>1,526</u>	-
190	Total assets	<u>\$ 8,643,905</u>	<u>\$ 133,265</u>	<u>\$ -</u>
Liabilities and net position				
Liabilities				
Current liabilities				
312	Accounts payable <= 90 days	\$ 4,002	\$ -	\$ -
321	Accrued wages/payroll taxes payable	16,343	9,583	-
322	Accrued compensated absences - current portion	5,758	9,124	-
333	Accounts payable - other government	14,312	-	-
341	Tenant security deposit	20,255	-	-
343	Current portion of LT debt - capital projects/ mortgage revenue bonds	-	-	-
344	Current portion of LT debt - operating borrowings	-	-	-
347	Inter program - due to	46,736	-	-
310	Total current liabilities	<u>107,406</u>	<u>18,707</u>	-
353	Non-current liabilities - other	-	-	-
354	Accrued compensated absences - non-current	4,213	27,691	-
355-050	Loan liability - other	750,000		
		Affordable Housing Program Loan		
355-060	Other - comment			
355	Loan liabilities - non-current	750,000	-	-
350	Total non-current liabilities	<u>754,213</u>	<u>27,691</u>	-
300	Total liabilities	<u>861,619</u>	<u>46,398</u>	-
Net position				
508.4	Net investment in capital assets	3,686,205	1,526	-
511.4	Restricted net position	-	16,350	-
512.4	Unrestricted net position	4,096,081	68,991	-
513	Total net position	<u>7,782,286</u>	<u>86,867</u>	-
600	Total liabilities and net position	<u>\$ 8,643,905</u>	<u>\$ 133,265</u>	<u>\$ -</u>

Business Activities	Component Unit - Blended	Total Before Eliminations	Eliminations	Total
-	90,287			
	\$40,047 tax credit fees, net of accumulated amortization of \$7,067; \$50,240 financing fees, net of accumulated amortization of \$4,073			
-	90,287	90,287	-	90,287
-	-	174,944	(174,944)	-
2,760,441	9,909,666	20,586,532	(3,478,694)	17,107,838
<u>\$ 6,638,314</u>	<u>\$ 10,748,021</u>	<u>\$ 26,163,505</u>	<u>\$ (3,528,003)</u>	<u>\$ 22,635,502</u>

\$ 32,156	\$ 17,051	\$ 53,209	\$ -	\$ 53,209
8,628	19,064	53,618	-	53,618
1,810	7,081	23,773	-	23,773
4,732	35,090	54,134	-	54,134
11,071	44,765	76,091	-	76,091
200,000	-	200,000	-	200,000
-	-	-	-	-
-	2,573	49,309	(49,309)	-
258,397	125,624	510,134	(49,309)	460,825
-	-	-	-	-
9,305	-	41,209	-	41,209
-	3,303,750	4,053,750	(3,303,750)	750,000
9,305	3,303,750	4,094,959	(3,303,750)	791,209
267,702	3,429,374	4,605,093	(3,353,059)	1,252,034
1,980,056	9,819,379	15,487,166	-	15,487,166
-	-	16,350	-	16,350
4,390,556	(2,500,732)	6,054,896	(174,944)	5,879,952
6,370,612	7,318,647	21,558,412	(174,944)	21,383,468
<u>\$ 6,638,314</u>	<u>\$ 10,748,021</u>	<u>\$ 26,163,505</u>	<u>\$ (3,528,003)</u>	<u>\$ 22,635,502</u>

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2014

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project WI031000001	Housing Choice Vouchers 14,871	State / Local
Revenues				
70300	Net tenant rental revenue	\$ 173,851	\$ -	\$ -
70400	Tenant revenue - other	7,619	-	-
70500	Total tenant revenue	181,470	-	-
70600-010	Housing assistance payments		849,618	
70600-020	Ongoing administrative fees earned		116,705	
70600	HUD PHA operating grants	354,442	966,323	-
70610	Capital grants	57,390	-	-
70800	Other government grants	-	-	129,718
71100-020	Administrative fee		146	
71100	Investment income - unrestricted	56,031	146	-
71400-010	Housing assistance payment		3,622	
71400-020	Administrative fee		3,623	
71400	Fraud recovery	-	7,245	-
71500	Other revenue	3,750	27,998	-
71600	Gain or (loss) on sale of capital assets	-	-	-
70000	Total revenues	653,083	1,001,712	129,718
Expenses				
91100	Administrative salaries	87,950	74,162	-
91200	Auditing fees	4,000	1,500	-
91400	Advertising and marketing	666	252	-
91500	Employee benefit contributions - administrative	47,780	44,762	-
91600	Office expenses	7,889	10,182	-
91700	Legal expense	595	-	-
91800	Travel	2,167	578	-
91900	Other	18,762	5,993	13,083
91000	Total operating - administrative	169,809	137,429	13,083
92400	Tenant services - other	133	-	-
92500	Total tenant services	133	-	-
93100	Water	8,100	-	-
93200	Electricity	5,545	-	-
93300	Gas	6,271	-	-
93600	Sewer	11,221	-	-
93000	Total utilities	31,137	-	-

Business Activities	Component Unit - Blended	Total Before Eliminations	Eliminations	Total
\$ 207,608	\$ 462,403	\$ 843,862	\$ -	\$ 843,862
296,500	-	304,119	-	304,119
504,108	462,403	1,147,981	-	1,147,981
-	-	1,320,765	-	1,320,765
-	-	57,390	-	57,390
29,777	-	159,495	-	159,495
18,640	2,208	77,025	(53,750)	23,275
-	-	7,245	-	7,245
39,943	132,623	204,314	(129,534)	74,780
(1,012)	-	(1,012)	-	(1,012)
591,456	597,234	2,973,203	(183,284)	2,789,919
62,181	71,968	296,261	-	296,261
3,722	9,000	18,222	-	18,222
3,418	3,366	7,702	-	7,702
26,153	44,135	162,830	-	162,830
5,420	15,836	39,327	-	39,327
-	-	595	-	595
1,417	2,494	6,656	-	6,656
166,466	71,793	276,097	(28,919)	247,178
268,777	218,592	807,690	(28,919)	778,771
331,522	11,000	342,655	-	342,655
331,522	11,000	342,655	-	342,655
1,721	4,545	14,366	-	14,366
22,386	47,994	75,925	-	75,925
11,334	51,952	69,557	-	69,557
2,657	7,008	20,886	-	20,886
38,098	111,499	180,734	-	180,734

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2014

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project WI031000001	Housing Choice Vouchers 14.871	State / Local
94100	Ordinary maintenance and operations - labor	44,986	4,807	-
94200	Ordinary maintenance and operations - materials and other	11,880	-	-
94300-010	Garbage and trash removal contracts	126		-
94300-020	Heating and cooling contracts	1,404		-
94300-030	Snow removal contracts	-		-
94300-040	Elevator maintenance contracts	-		-
94300-050	Landscape and grounds contracts	402		-
94300-060	Unit turnaround contracts	10,010		-
94300-070	Electrical contracts	78		-
94300-080	Plumbing contracts	-		-
94300-090	Extermination contracts	885		-
94300-110	Routine maintenance contracts	1,063		-
94300-120	Miscellaneous contracts	4,066		-
94300	Ordinary maintenance and operations contracts	18,034	-	-
94500	Employee benefit contribution - ordinary maintenance	17,703	805	-
94000	Total maintenance	92,603	5,612	-
95200	Protective services - other contract costs	-	-	-
95000	Total protective services	-	-	-
96110	Property insurance	3,439	-	-
96120	Liability insurance	946	308	-
96130	Workmen's compensation	1,586	1,034	-
96140	All other insurance	194	-	-
96100	Total insurance premiums	6,165	1,342	-
96200	Other general expenses	102,823	1,128	-
96210	Compensated absences	(196)	(232)	-
96300	Payments in lieu of taxes	14,312	-	-
96400	Bad debt - tenant rents	2,123	-	-
96000	Total other general expenses	119,062	896	-
96720	Interest on notes payable (short and long term)	-	-	-
96730	Amortization of bond issue costs	-	-	-
96700	Total interest expense and amortization cost	-	-	-
96900	Total operating expenses	418,909	145,279	13,083
97000	Excess (deficiency) of total revenues over (under) operating expenses	234,174	856,433	116,635
97100	Extraordinary maintenance	-	-	-
97300-040	Tenant protection		17,596	
97300-041	Portability-out		23,604	
97300-050	All other		853,573	
97300	Housing assistance payments	-	894,773	116,635
97350	HAP portability-in	-	13,744	-
97400	Depreciation expense	290,489	479	-

Business Activities	Component Unit - Blended	Total Before Eliminations	Eliminations	Total
11,459	76,160	137,412	-	137,412
7,650	12,453	31,983	-	31,983
1,605	6,429	8,160		
4,862	2,814	9,080		
324	1,002	1,326		
5,981	5,479	11,460		
-	2,830	3,232		
1,500	-	11,510		
846	3,884	4,808		
-	175	175		
537	9,173	10,595		
-	831	1,894		
2,122	7,420	13,608		
17,777	40,037	75,848	-	75,848
7,101	37,008	62,617	-	62,617
43,987	165,658	307,860	-	307,860
2,874	2,440	5,314	-	5,314
2,874	2,440	5,314	-	5,314
2,675	8,751	14,865	-	14,865
972	12,449	14,675	-	14,675
395	2,430	5,445	-	5,445
1,598	486	2,278	-	2,278
5,640	24,116	37,263	-	37,263
-	11,705	115,656	(100,615)	15,041
328	(1,802)	(1,902)	-	(1,902)
4,732	35,090	54,134	-	54,134
-	61	2,184	-	2,184
5,060	45,054	170,072	(100,615)	69,457
-	53,750	53,750	(53,750)	-
-	4,951	4,951	-	4,951
-	58,701	58,701	(53,750)	4,951
695,958	637,060	1,910,289	(183,284)	1,727,005
(104,502)	(39,826)	1,062,914	-	1,062,914
2,055	9,167	11,222	-	11,222
-	-	1,011,408	-	1,011,408
-	-	13,744	-	13,744
79,425	324,344	694,737	-	694,737

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2014

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project WI031000001	Housing Choice Vouchers 14,871	State / Local
90000	Total expenses	709,398	1,054,275	129,718
10010	Operating transfer in	301,206	-	-
10020	Operating transfer out	(301,206)	-	-
10080	Special items, net gain/loss	(37)	-	-
10100	Total other financing sources (uses)	(37)	-	-
10000	Excess (deficiency) of total revenues over (under) total expenses	\$ (56,352)	\$ (52,563)	\$ -
11020	Required debt principal payments	\$ -	\$ -	\$ -
11030	Beginning net position	7,838,638	139,430	-
11170-001	Administrative fee equity - beginning		81,547	
11170-010	Administrative fee revenue		116,705	
11170-040	Investment income		146	
11170-045	Fraud recovery revenue		3,623	
11170-050	Other revenue		27,998	
11170-051	Comment for other revenue		Other Income \$315; Port-in HAP \$13,744; Port-in Admin Fee \$856; WHEDA Management Fee \$13,083	
11170-060	Total administrative fee revenues		148,472	
11170-080	Total operating expenses		145,279	
11170-090	Depreciation		479	
11170-095	Housing assistance portability-in		13,744	
11170-100	Other expenses		-	
11170-101	Comment for other expenses			
11170-110	Total expenses		159,502	
11170-002	Net administrative fee		(11,030)	
11170-003	Administrative fee equity - ending		70,517	
11170-005	Pre-2004 Administrative Fee Reserves		70,517	
11170-006	Post-2003 Administrative Fee Reserves		-	
11170	Administrative fee equity		70,517	

Business Activities	Component Unit - Blended	Total Before Eliminations	Eliminations	Total
777,438	970,571	3,641,400	(183,284)	3,458,116
-	-	301,206	(301,206)	-
-	-	(301,206)	301,206	-
-	6,289,533	6,289,496	37	6,289,533
-	6,289,533	6,289,496	37	6,289,533
\$ (185,982)	\$ 5,916,196	\$ 5,621,299	\$ 37	\$ 5,621,336

\$ 200,000	\$ -	\$ 200,000	\$ -	\$ 200,000
6,556,594	1,402,451	15,937,113	(174,981)	15,762,132
		70,517	-	\$ 70,517

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2014

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project WI031000001	Housing Choice Vouchers 14,871	State / Local
11180-001	Housing assistance payments equity - beginning		57,883	
11180-010	Housing assistance payment revenues		849,618	
11180-015	Fraud recovery revenue		3,622	
11180-020	Other revenue		-	
11180-021	Comment for other revenue		-	
11180-025	Investment income		-	
11180-030	Total HAP revenues		853,240	
11180-080	Housing assistance payments		894,773	
11180-090	Other expenses		-	
11180-091	Comment for other expenses			
11180-100	Total housing assistance payments expenses		894,773	
11180-002	Net housing assistance payments		(41,533)	
11180-003	Housing assistance payments equity - ending		16,350	
11180	Housing assistance payments equity		16,350	
11190-210	Total ACC HCV units		5,220	
11190-220	Unfunded units		(2,334)	
11190	Unit months available	552	2,886	600
11210	Unit months leased	531	2,886	387
11270	Excess cash	\$ 587,084		
11620	Building purchases	\$ 56,994		
11640	Furniture and equipment - administrative purchases	\$ 23,011		
11650	Leasehold improvements purchases	\$ 16,363		

Business Activities	Component Unit - Blended	Total Before Eliminations	Eliminations	Total
		16,350	-	\$ 16,350
432	1,771	4,470	-	4,470
408	1,701	4,212	-	4,212
		\$ 587,084	-	\$ 587,084
		\$ 56,994	-	\$ 56,994
		\$ 23,011	-	\$ 23,011
		\$ 16,363	-	\$ 16,363

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

December 31, 2014

Statement of Net Position Data		Low Rent Public Housing 14.850	Capital Funds Program 14.872	Total Project WI031000001
Assets				
Current assets				
111	Cash - unrestricted	\$ 706,288	\$ -	\$ 706,288
114	Cash - tenant security deposits	20,255	-	20,255
100	Total cash	<u>726,543</u>	-	<u>726,543</u>
Accounts and notes receivables				
126	Accounts receivable - tenants	1,363	-	1,363
120	Total receivables, net of allowances for doubtful accounts	<u>1,363</u>	-	<u>1,363</u>
142	Prepaid expenses and other assets	1,100	-	1,100
150	Total current assets	<u>729,006</u>	-	<u>729,006</u>
Noncurrent assets				
161	Land	899,407	-	899,407
162	Buildings	8,033,703	-	8,033,703
163	Furniture, equipment and machinery - dwellings	126,419	-	126,419
164	Furniture, equipment and machinery - administration	244,568	2,416	246,984
165	Leasehold improvements	229,485	-	229,485
166	Accumulated depreciation	(5,130,000)	(20)	(5,130,020)
167	Construction in progress	-	30,227	30,227
160	Total capital assets, net	<u>4,403,582</u>	<u>32,623</u>	<u>4,436,205</u>
171-040	Notes, loans & mortgages receivable - tax credit	3,303,750	-	3,303,750
171	Notes, loans and mortgages receivable - non-current	3,303,750	-	3,303,750
172	Notes, loans and mortgages receivable - past due	-	-	-
173	Grants receivable - non-current	-	-	-
174	Other assets	-	-	-
176	Investments in joint venture	174,944	-	174,944
180	Total noncurrent assets	<u>7,882,276</u>	<u>32,623</u>	<u>7,914,899</u>
190	Total assets	<u>\$ 8,611,282</u>	<u>\$ 32,623</u>	<u>\$ 8,643,905</u>
Liabilities and Net Position				
Liabilities				
312	Accounts payable < 90 days	\$ 4,002	\$ -	\$ 4,002
321	Accrued wage/payroll taxes payable	16,343	-	16,343
322	Accrued compensated absences	5,758	-	5,758
333	Accounts payable - other government	14,312	-	14,312
341	Tenant security deposits	20,255	-	20,255
347	Interprogram due to	46,736	-	46,736
310	Total current liabilities	<u>107,406</u>	-	<u>107,406</u>
354	Accrued compensated absences - noncurrent	4,213	-	4,213
355	Loan liabilities - non-current	750,000	-	750,000
350	Total non-current liabilities	<u>754,213</u>	-	<u>754,213</u>
300	Total liabilities	<u>861,619</u>	-	<u>861,619</u>
Net position				
508.4	Net investment in capital assets	3,653,582	32,623	3,686,205
511.4	Restricted net position	-	-	-
512.4	Unrestricted net position	4,096,081	-	4,096,081
513	Total net position	<u>7,749,663</u>	<u>32,623</u>	<u>7,782,286</u>
600	Total liabilities and net position	<u>\$ 8,611,282</u>	<u>\$ 32,623</u>	<u>\$ 8,643,905</u>

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2014

Statement of Revenues, Expenses and Changes in Net Position Data

		Low Rent Public Housing 14.850	Capital Funds Program 14.872	Total Project WI031000001
Revenues				
70300	Net tenant rental revenue	\$ 173,851	\$ -	\$ 173,851
70400	Tenant revenue - other	7,619	-	7,619
70500	Total tenant revenue	<u>181,470</u>	<u>-</u>	<u>181,470</u>
70600	HUD PHA grants	196,070	158,372	354,442
70610	Capital grants	-	57,390	57,390
71100	Investment income - unrestricted	56,031	-	56,031
71500	Other revenues	3,750	-	3,750
70000	Total revenues	<u>437,321</u>	<u>215,762</u>	<u>653,083</u>
Expenses				
91100	Administrative salaries	87,950	-	87,950
91200	Auditing fees	1,099	2,901	4,000
91400	Advertising and marketing	666	-	666
91500	Employee benefit contributions - administrative	47,780	-	47,780
91600	Office expenses	7,889	-	7,889
91700	Legal expense	595	-	595
91800	Travel	2,167	-	2,167
91900	Other administrative	5,948	12,814	18,762
91000	Total operating - administrative	<u>154,094</u>	<u>15,715</u>	<u>169,809</u>
92400	Tenant services - other	133	-	133
92500	Total tenant services	<u>133</u>	<u>-</u>	<u>133</u>
93100	Water	8,100	-	8,100
93200	Electricity	5,545	-	5,545
93300	Gas	6,271	-	6,271
93600	Sewer	11,221	-	11,221
93800	Other utilities expense	-	-	-
93000	Total utilities	<u>31,137</u>	<u>-</u>	<u>31,137</u>
94100	Ordinary maintenance and operations - labor	44,986	-	44,986
94200	Ordinary maintenance and operations - materials and other	11,880	-	11,880
94300-010	Garbage and trash removal contracts	126		
94300-020	Heating and cooling contracts	1,404		
94300-050	Landscape and grounds contracts	402		
94300-060	Unit turnaround contracts	10,010		
94300-070	Electrical contracts	78		
94300-080	Plumbing contracts	-		
94300-090	Extermination contracts	885		
94300-100	Janitorial contracts	-		
94300-110	Routine maintenance contracts	1,063		
94300-120	Miscellaneous contracts	4,066		
94300	Ordinary maintenance and operations - contract costs	<u>18,034</u>	<u>-</u>	<u>18,034</u>
94500	Employee benefit contribution - ordinary maintenance	17,703	-	17,703
94000	Total maintenance	<u>92,603</u>	<u>-</u>	<u>92,603</u>

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2014

Statement of Revenues, Expenses and Changes in Net Position Data, continued

		Low Rent Public Housing 14.850	Capital Funds Program 14.872	Total Project WI031000001
96110	Property insurance	3,439	-	3,439
96120	Liability Insurance	946	-	946
96130	Workmen's compensation	1,586	-	1,586
96140	All other insurance	194	-	194
96100	Total insurance premiums	<u>6,165</u>	<u>-</u>	<u>6,165</u>
96200	Other general expenses	100,615	2,208	102,823
96210	Compensated absences	(196)	-	(196)
96300	Payments in lieu of taxes	14,312	-	14,312
96400	Bad debt - tenant rents	2,123	-	2,123
96000	Total other general expenses	<u>116,854</u>	<u>2,208</u>	<u>119,062</u>
96900	Total operating expenses	<u>400,986</u>	<u>17,923</u>	<u>418,909</u>
97000	Excess (deficiency) of total revenues over (under) operating expenses	<u>36,335</u>	<u>197,839</u>	<u>234,174</u>
97400	Depreciation	<u>287,826</u>	<u>2,663</u>	<u>290,489</u>
90000	Total expenses	<u>688,812</u>	<u>20,586</u>	<u>709,398</u>
10010	Operating transfer in	301,206	-	301,206
10020	Operating transfer out	-	(301,206)	(301,206)
10080	Special items, net gain/(loss)	(37)	-	(37)
10100	Total other financing sources (uses)	<u>301,169</u>	<u>(301,206)</u>	<u>(37)</u>
10000	Excess (deficiency) of total revenues over (under) total expenses	<u>\$ 49,678</u>	<u>\$ (106,030)</u>	<u>\$ (56,352)</u>
11030	Beginning net position	\$ 7,699,985	\$ 138,653	\$ 7,838,638
11190	Unit months available	\$ 552	\$ -	\$ 552
11210	Number of unit months leased	\$ 531	\$ -	\$ 531
11270	Excess cash	\$ 587,084	\$ -	\$ 587,084
11620	Building purchases	\$ 38,978	\$ 18,016	\$ 56,994
11640	Furniture and equipment - administrative purchases	\$ -	\$ 23,011	\$ 23,011
11650	Leasehold improvements purchases	\$ -	\$ 16,363	\$ 16,363

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN
Schedule of Modernization Costs
For the Year Ended December 31, 2014

Completed Projects

Project WI39P031501-12

Funds approved	\$ 189,910
Funds expended	<u>189,910</u>
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 189,910
Funds expended	<u>189,910</u>
Excess of funds advanced	<u>\$ -</u>

The distribution of costs of Project WI39P031501-12 is in agreement with the Authority's records.
All modernization costs have been paid and all related liabilities have been discharged through payment.

Incomplete Projects

Project WI39P031501-13

Funds approved	\$ 183,141
Funds expended	<u>32,313</u>
Excess of funds approved	<u>\$ 150,828</u>
Funds advanced	\$ 32,313
Funds expended	<u>32,313</u>
Excess of funds advanced	<u>\$ -</u>

Project WI39P031501-14

Funds approved	\$ 176,073
Funds expended	<u>8,251</u>
Excess of funds approved	<u>\$ 167,822</u>
Funds advanced	\$ 8,251
Funds expended	<u>8,251</u>
Excess of funds advanced	<u>\$ -</u>

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

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

To the Board of Commissioners
Community Development Authority of the City of Wausau
Wausau, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Development Authority of the City of Wausau, Wisconsin, which comprise the statements of net position as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 2, 2015. The financial statements of Riverview Towers, LLC were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of Report

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



Certified Public Accountants

Green Bay, Wisconsin
June 2, 2015

FEDERAL AND STATE AWARDS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners
Community Development Authority of the City of Wausau
Wausau, Wisconsin

Report on Compliance for Major Federal Program

We have audited Community Development Authority of the City of Wausau, Wisconsin's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. Community Development Authority of the City of Wausau, Wisconsin's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Community Development Authority of the City of Wausau, Wisconsin's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Development Authority of the City of Wausau, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of Community Development Authority of the City of Wausau, Wisconsin's compliance.

Opinion on Major Federal Program

In our opinion, Community Development Authority of the City of Wausau, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of Community Development Authority of the City of Wausau, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Development Authority of the City of Wausau, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Development Authority of the City of Wausau, Wisconsin's internal control over compliance.

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

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

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Green Bay, Wisconsin
June 2, 2015

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2014

Grantor/Program Title/Contract No.	Pass-through Agency	Period Covered	CFDA # / State ID	Expended
<u>U.S. Department of Housing and Urban Development:</u>				
Low Rent Public Housing Program	Direct Program			
Operating Subsidy		1/1/2014 - 12/31/2014	14.850	\$ <u>196,070</u>
Housing Choice Voucher Program	Direct Program			
WI031 Administration Fees		1/1/2014 - 12/31/2014	14.871	159,502
WI031 Vouchers		1/1/2014 - 12/31/2014	14.871	<u>894,773</u>
Total Direct Program				<u>1,054,275</u>
Passed through Wisconsin Housing and Economic Development Authority				
Housing Choice Voucher Program	Indirect Program			
Administration Fees		1/1/2014 - 12/31/2014	14.871	13,083
Vouchers		1/1/2014 - 12/31/2014	14.871	<u>116,635</u>
Total Indirect Program				<u>129,718</u>
Total CFDA #14.871				<u>1,183,993</u>
Capital Funds Program	Direct Program			
WI39P031501-12		3/12/2012 - 3/11/2016	14.872	175,198
WI39P031501-13		9/9/2013 - 6/30/2017	14.872	32,313
WI39P031501-14		9/1/2014 - 6/30/2017	14.872	<u>8,251</u>
Total CFDA #14.872				<u>215,762</u>
Total expenditures of federal awards				<u>\$ 1,595,825</u>
<u>Wisconsin Department of Natural Resources:</u>				
Passed through City of Wausau, Wisconsin				
Dry Cleaner Environmental Response Fund Program		3/22/2014 - 9/5/2014	n/a	\$ <u>29,777</u>

See Note to Schedule of Expenditures of Federal and State Awards.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Note to Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Community Development Authority of the City of Wausau, Wisconsin, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

A. Summary of Auditors' Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of audit report issued on basic financial statements? | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards Programs

- | | |
|---|---------------|
| 1. Type of audit report issued on major program compliance? | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None reported |
| 3. Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 4. Major program: | |

CFDA Number	Name of Federal Program or Cluster
14.871	Housing Choice Voucher Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$300,000 |
| 6. Did the auditee qualify as low-risk auditee? | Yes |

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Awards Program Audit

None

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Summary Schedule of Prior Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2014

Prior Audit Findings

There are no prior year audit findings to report.

Corrective Action Plan

A corrective action plan is not required as there were no findings reported for 2014.

RESOLUTION NUMBER 15-003

CAPITALIZATION POLICY

WHEREAS, The Wausau Community Development Authority (WCDA) currently has a Capitalization Policy which was adopted by the Board of Commissioners in 1999; and

WHEREAS, The WCDA's current Capitalization Policy requires revisions to better serve the needs of the WCDA and remain in accordance with Generally Accepted Accounting Principles, federal regulations and requirements of authorized examining bodies; and

WHEREAS, the WCDA is required to have the Board of Commissioners approve any revisions to its Capitalization Policy.

NOW THEREFORE, BE IT RESOLVED, The WCDA Commission hereby adopts Resolution 15-003 approving the August 1, 2015, Capitalization Policy revision as presented.

BE IT FURTHER RESOLVED, that all purchases or acquisition expenditures relative to the management and maintenance of Riverview Towers, LLC will follow the same capitalization policy guidelines.

AYES _____ NAYS _____

Approved Date _____

Community Development Authority
Of the City of Wausau

Russell W. Wilson
Chairperson

Ann M. Werth
Secretary / Executive Director

Wausau Community Development Authority

CAPITALIZATION POLICY

EFFECTIVE AUGUST 1, 2015

Purpose: These guidelines shall be observed by the management and employees of the Wausau Community Development Authority (WCDA) who are responsible for the accounting and management of all WCDA-owned fixed assets.

The guidelines set forth in this document shall be known as the WCDA's capitalization policies, and are all in accordance with Generally Accepted Accounting Principles, federal regulations and requirements of authorized examining bodies.

The guidelines likewise serve as the WCDA's compliance with the property and equipment regulations according to the provisions embodied in Sec. 1.263A-1 of the Internal Revenue Code for Uniform Capitalization of Costs.

A current expenditure related to an acquisition or repair should be capitalized based on the criteria identified below. All possible capital expenditures are reviewed at year end.

The \$500 amount indicated below is applied on a "per item" basis and not to the total invoice cost.

The following are items that are **not capitalized**:

- Any item that will not last more than 12 month should be currently expensed when used. The dollar amount of the expenditure is not relevant.
- Generally any purchase of a piece of equipment (i.e. office furniture, machinery equipment, etc.) that is less than \$500.
- Expenditures in the nature of repairs or maintenance to equipment or facilities can be expensed if it does not extend the useful life, or enhance the efficiency or capability of the existing asset.
- Computers and related equipment that is less than \$500. Computer related equipment, or office furnishings that are less than \$500 per item.
- Computer software that is less than \$500.
- Annual software maintenance or license fees regardless of the cost.

The following are items that **are capitalized** if the total cost is \$500 or greater:

- Any purchase of a piece of equipment (i.e. office furniture, machinery equipment, etc.) that is greater than \$500 with a life of more than 12 months.
- Computers and related equipment that are greater than \$500, and generally have an individual serial number.
- Computer equipment and office furnishings purchased during a calendar year may be capitalized as a group or set even though individual items may be less than \$500. (Examples: Computer monitors, scanners, meeting room chairs.)
- Computer software with an initial cost of \$500. However, annual maintenance or licensing fees associated with shall be expensed.
- Exception: Stove and refrigerator purchases shall be capitalized even if the purchase price is less than \$500.

Assets that are capitalized will be depreciated over their estimated useful lives as follows:

Land	Not depreciated
Land Improvements	15 years
Buildings	40 years
Building Improvements	15 years
Furniture & Appliances	10 years
Office Equipment	10 years
Maintenance Equipment	10 years
Machinery	10 Years
Vehicles	5 years
Computers	5 years

The Executive Director, or the Executive Director's designee, is hereby authorized and directed to make determinations, upon the purchase of equipment and supplies acquired by the WCDA in connection with the development, management and maintenance of the projects owned and/or operated by the WCDA, of whether the property shall be classified as capitalized. The Executive Director, or designee, is further directed to ensure that the determination is documented in the appropriate records of the WCDA and retained for the information and guidance of its personnel and for auditing purposes.

Any purchases prior to the August 1, 2015 Capitalization Policy revision shall be capitalized according to existing policy guidelines. Purchases made August 1, 2015 and after will be capitalized according to the revised policy.

Occupancy Overview

July 28, 2015

Riverview Towers (149)

- 4 vacancies
- 97% Occupancy

Riverview Terrace (36)

- 5 vacancies
- 86% Occupancy

Scattered Sites (46)

- 1 vacancy
- 98% Occupancy

June 19, 2015

**Wausau Community Development Authority
Juli Birkenmeier
Community Service Analyst
550 E. Thomas Street
Wausau, WI, 54403**

Re: Riverview Towers

Dear Julie,

On 6/15/2015 a 10% review of the LIHTC tenant files for **Riverview Towers** was completed. The purpose of this tenant file review was to access the current procedures for tenant compliance and income verification documentation to ensure that qualified occupancy was (is to be) achieved.

The condition of the tenant files was exceptional. There were no findings. The documentation was well organized and complete. I would like to take this opportunity to personally extend my thanks to you and your staff for their diligence and hard work. It is highly appreciated!

Please do not hesitate to call me with any questions that you may have at (312) 697-8219 or Kelly Schoon (312) 697-6112

Sincerely,



Torrye Wells
Asset Analyst

CC: Kelly Schoon
Asset Manager NEF

Disclaimer: "We have reviewed a sample of tenant files at the above referenced project. This process consisted principally of verifying the presence and accuracy of third party income verifications and student status. In addition to these items, at the sole discretion of the individual performing this review, leases and low income lease riders, notices of rent changes, unit inspection report, legal notices, tenant correspondence, and other items of importance also may have been reviewed. This review was made for

June 19, 2015

**Wausau Community Development Authority
Betty Noel
Public Housing Manager
550 E. Thomas Street
Wausau, WI, 54403**

Re: Riverview Towers

Dear Betty,

On **6/15/2015** a 10% review of the LIHTC tenant files for **Riverview Towers** was completed. The purpose of this tenant file review was to access the current procedures for tenant compliance and income verification documentation to ensure that qualified occupancy was (is to be) achieved.

The condition of the tenant files was exceptional. There were no findings. The documentation was well organized and complete. I would like to take this opportunity to personally extend my thanks to you and your staff for their diligence and hard work. It is highly appreciated!

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Sincerely,



Torrye Wells
Asset Analyst

CC: Kelly Schoon
Asset Manager NEF

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