CITY OF WAUSAU
Wausau, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended
December 31, 2006

Finance Department
Maryanne Groat, Finance Director / Treasurer
Richard M. Whalen, Assistant Finance Director

CITY OF WAUSAU, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2006

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INTRODUCTORY SECTION

August 15, 2007

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

The Comprehensive Annual Financial Report of the City of Wausau for the fiscal year ended December 31, 2006 is hereby submitted.

Management Representations
Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Profile of the Government
The City of Wausau was incorporated as a city on April 2, 1872. The City is located in north central Wisconsin, approximately 185 miles northwest of Milwaukee, Wisconsin and 175 mile east of Minneapolis/St. Paul, Minnesota. Wausau is the county seat of Marathon County, which is Wisconsin's largest county, covering 1,584 square miles. The City of Wausau covers 18.27 square miles and 229.39 miles of streets. County population per the 2000 census was 125,834 which includes the City's census population of 38,936. The City operates under the mayoral form of government. Policy making and legislative authority are vested in a governing council consisting of twelve alderpersons, elected by district, who serve two-year terms. The elected mayor serves a four-year term.

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

Budgetary Controls
The annual budget serves as the foundation for the City of Wausau's financial planning and control. Activities of the general fund, certain special revenue funds, debt service fund, capital projects funds and proprietary funds (exclusive of the discretely presented component unit) are included in the City's annual budget. City departments submit their annual budget requests for the ensuing year to the Mayor. After all requests have been reviewed, services prioritized and available resources evaluated, the Mayor submits the budget to the Finance Committee for review, and recommendation to the Common Council. After conducting a public hearing of the budget, the Common Council adopts the budget no later than the fourth Tuesday in November. The budget as

adopted includes total expenditures at the cost center level. A cost center can be a fund, department, program or other activity for which control of expenditures is considered desirable. Costs centers are defined as follows: General Fund at department level, Special Revenue and Capital Projects at program level and Debt Service at total fund level. Expenditures cannot legally exceed appropriations at this level. The City's Finance Director and Mayor may authorize transfers of budgeted amounts within expenditures of a cost center up to $2,500 for the General Fund and Special Revenue Funds and up to $20,000 for the Capital Projects Funds. Transfers of all other appropriations require two-thirds (2/3) Common Council approval to amend the budget.

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Wausau operates.

Economic Condition and Outlook/Major Initiatives

Wausau continues to be financially strong. The city uses certain indicators to measure the health of the economy including: building permits issued, unemployment rates, per capita adjusted gross income and equalized value trends. All of these indicators point to continued growth for the community. Commerical growth continues within the central business district and along the major state highways, Interstate 39 and State Highway 29, that intersect the City.

Wausau is a significant regional center for the insurance industry, paper manufacturing, medical facilities, and home construction industry. In addition, the City of Wausau/Marathon County is now ranked 13th in the state for traveler tourism spending. Recent developments initiated or completed in 2006 include construction of a 400,000 square foot Class A office tower along with Wisconsin River in the Central Business District, construction of a state of the art medical facility along the Wisconsin River in the Central Business District, ground breaking on the expansion of the downtown hotel, interior and exterior renovations to the downtown shopping mall.

Independent Audit

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wausau for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. The Certificate of Achievement is a prestigious national award recognizing the conformance with the highest standards for preparation of the state and local government financial reports.

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

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

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

Respectfully Submitted,
CITY OF WAUSAU

Maryanne Groat, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wausau
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF WAUSAU

Organizational Chart

Citizens of Wausau (Electorate)

Common Council

Mayor

Assessor's Office

- Administration
- Inspections Division

Community Development

- Administration
- Community Development
- Housing Division
- Business Development

Finance Department

- Accounting Division
- Administration
- Clerk/Customer Service Division
- Safety & Maintenance Division

Fire Department

- Administration
- Inspections Division
- Operations Division

Inspections & Electrical Systems

- Electrical Systems Division
- Inspections Division

City Attorneys Office

- Legal Staff

Parks Department

- Administration
- Forestry Division
- Operations Division
- Recreation Division

Human Resources Department

- Administration

Police Department

- Administration Bureau
- Detective Bureau
- Patrol Operations

Public Works Department

- Construction & Maintenance Division
- Engineering Division
- Parking Facility Division
- Planning Division

Water & Sewer Utilities

- Administration
- Environmental Division
- Wastewater Division
- Water Plant Division

Wausau Area Transit

- Administration
- Maintenance Division
- Operations Division

CITY OF WAUSAU
List of Principal Officials on December 31, 2006

ELECTED

Mayor ..... James E. Tipple

Municipal Judge ..... Phillip Freeburg

Common Council President ..... Debra Hadley

Alderman District

First ..... Jim Rosenberg
Second ..... Debra Hadley
Third ..... Bill Forrest
Fourth ..... Jim Brezinski
Fifth ..... Gary Gisselman
Sixth ..... Gary Klingbeil
Seventh ..... Michelle Ostrowski
Eighth ..... Tom Miller
Ninth ..... DuWayne Herning
Tenth ..... Steve Foley
Eleventh ..... Sherry Abitz
Twelfth ..... Ed Gale

APPOINTED

Finance Director / City Treasurer ..... Maryanne Groat

Assistant Finance Director ..... Richard M. Whalen

City Clerk ..... Kelly Michaels-Saager

City Attorney / Human Resources Director ..... William P. Nagle

Police Chief ..... Jeff Hardel

Fire Chief ..... Gary Buchberger

City Assessor ..... Nan Giese

City Engineers ..... Bradley Marquardt/Tony Lehman

Chief Inspector & Zoning Administrator ..... Gordon Popko

Community Development Director ..... Mike Morrissey

Parks Director ..... Bill Duncanson

Director of Administration-Public Works & Utilities ..... Joseph Gehin

Airport Manager ..... John Chmiel

Transit Lines Manager ..... Greg Seubert

FINANCIAL SECTION

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

The Honorable Mayor and
Members of the Common Council
City of Wausau
Wausau, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Wausau, Wisconsin as of and for the year ended December 31, 2006 which collectively comprise City of Wausau, Wisconsin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Wausau, Wisconsin's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Wausau, Wisconsin as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2007 on our consideration of City of Wausau, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Offices in 15 states and Washington, DC

Member of HLB International

The management's discussion and analysis on pages 3 through 11 and budgetary comparison information on page 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wausau, Wisconsin's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Stevens Point, Wisconsin
August 16, 2007

CITY OF WAUSAU, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Wausau (City) presents the following discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2006. This discussion and analysis is intended to assist readers in focusing on significant financial issues, changes in the City's financial position, and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $131,368,403.
- The City's total net assets increased by $8,649,470.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $16,856,558, a decrease of $6,297,144 from the prior year. This decrease is attributed to the spend down of the 2005 capital borrowing proceeds and the 2004 cross-over debt refunding. The total unreserved fund balance of $10,538,817 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $8,011,044, or 30.25% of expenditures. Of this amount, $2,037,491 is designated and $5,973,553 is undesignated. The General Fund is in compliance with the City's fund balance policy at December 31, 2006.
- The City of Wausau's total general obligation debt decreased $6,692,714 or 12.24%. This reflects the City's debt management efforts.
- The City established a Parking Utility Fund to account for all of the financial transactions related to the parking services and parking enforcement efforts of the City. Previously these efforts were reported in the General Fund while capital expenditures were accounted for in the Capital Projects Fund. This change will improve financial information available to management as it makes decisions regarding services, operations, facilities and customer charges.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Statements

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

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

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

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

The government-wide financial statements are presented on pages 12-14 of this report.

Fund Financial Statements

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

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

The City has three kinds of funds:

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

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

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

Budgetary comparison statements for the general fund are included in the required supplementary information. These statements demonstrate compliance with the City's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 15-17 of this report.

Proprietary Funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the functions presented in business-type activities in the government-wide financial statements. Services are provided to customers external to the City organization and include the parking, water and wastewater funds. The City's internal service fund, the Motor Pool Fund, is used to accumulate and allocate costs internally among the City's various functions. Because the City's internal service fund primarily serves governmental functions, it has been included within the governmental activities of the government-wide financial statements.

Proprietary fund financial statements provide separate and more detailed information for the parking, water, wastewater and internal service funds.

The basic proprietary fund financial statements can be found on pages 18-22 of this report.

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

The basic fiduciary fund financial statements are presented on pages 23-24 of this report.

Notes to the Financial Statements provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other information is provided in addition to the basic financial statements and accompanying notes. This supplementary information consists of combining and individual fund schedules which can be found on pages 65-91 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Wausau's net assets at fiscal year-end are $131,368,403.

By far, the largest portion of the City of Wausau's net assets (85.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Wausau used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Wausau's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	$ 90,758,582	$ 95,220,890	$ 7,961,446	$ 6,211,006	$ 98,720,028	$ 101,431,896
Capital assets	73,874,213	90,123,989	87,379,588	62,655,612	161,253,801	152,779,601
Total assets	164,632,795	185,344,879	95,341,034	68,866,618	259,973,829	254,211,497
Long-term liabilities	52,292,130	58,964,579	10,977,861	9,429,205	63,269,991	68,393,784
Other liabilities	65,001,058	62,715,307	334,377	383,473	65,335,435	63,098,780
Total liabilities	117,293,188	121,679,886	11,312,238	9,812,678	128,605,426	131,492,564
Net assets:						
Invested in capital assets, net of related debt	35,633,500	37,208,205	76,721,443	51,075,070	112,354,943	88,283,275
Restricted	3,596,784	7,028,259	3,986,878	4,458,382	7,583,662	11,486,641
Unrestricted	8,109,323	19,428,529	3,320,475	3,520,488	11,429,798	22,949,017
Total net assets	$ 47,339,607	$ 63,664,993	$ 84,028,796	$ 59,053,940	$ 131,368,403	$ 122,718,933

An additional portion of the City's net assets (5.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance represents unrestricted net assets of $11,429,798 which may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Wausau is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business type activities. The City's total net assets increased by $8,649,470 during the current fiscal year.

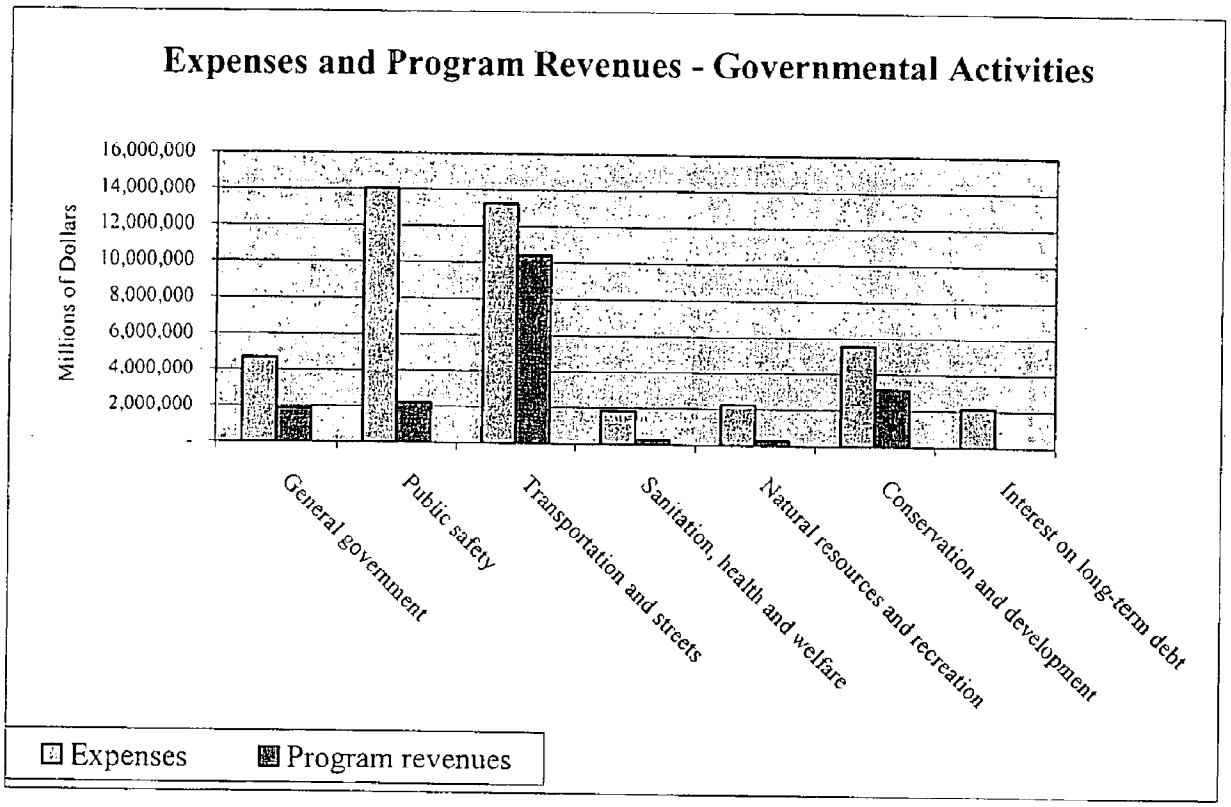
The changes by net asset category are as follows:

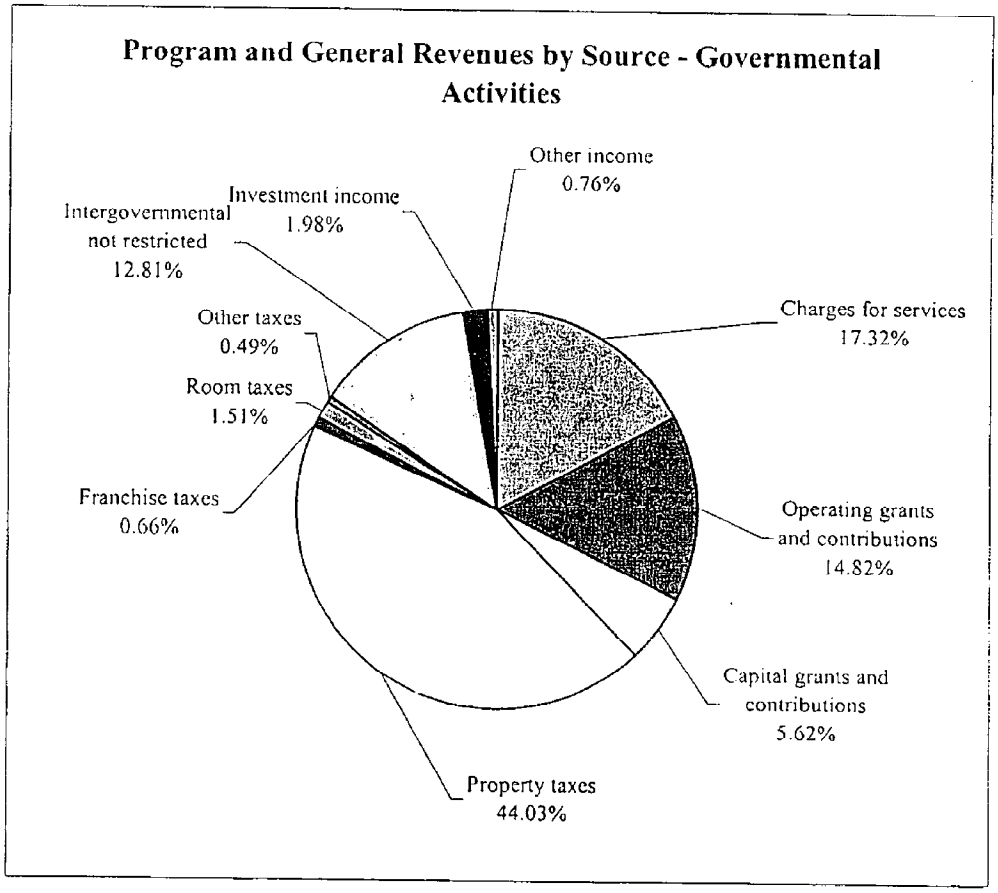
Net assets invested in capital assets, net of related debt	24,071,668
Restricted	(3,902,979)
Unrestricted	(11,519,219)
Total	$8,649,470

The following table provides a summary of the City's operations for the year ended December 31, 2006 and a comparison to December 31, 2005.

CITY OF WAUSAU'S CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

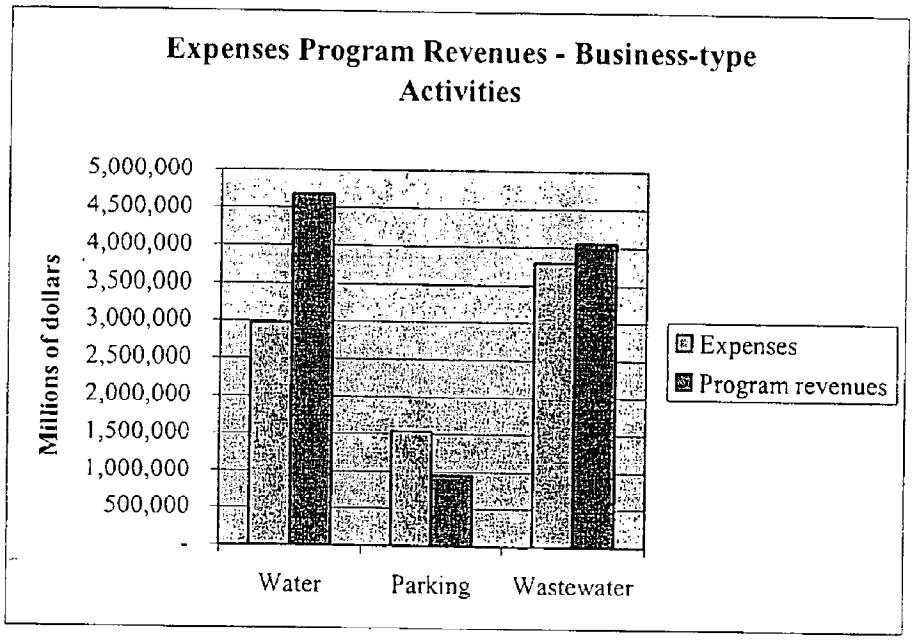
	Government Activities		Business-type Activities		Total	
Revenues:	2006	2005	2006	2005	2006	2005
Program Revenues						
Charges for services	$8,346,347	$7,898,252	$9,676,524	$7,742,851	$18,022,871	$15,641,103
Operating grants and contributions	7,138,318	7,444,513			7,138,318	7,444,513
Capital grants and contributions	2,708,386	2,429,797	2,115,497	2,541,168	4,823,883	4,970,965
General Revenues						
Property taxes	21,211,012	20,453,967	333,632		21,544,644	20,453,967
Franchise taxes	316,002	306,132			316,002	306,132
Room taxes	726,495	710,520			726,495	710,520
Other taxes	235,255	214,122			235,255	214,122
Grants and contributions not restricted to specific purposes	6,173,713	6,393,727			6,173,713	6,393,727
Investment Income	954,555	810,153	226,023	150,923	1,180,578	961,076
Other	366,821	359,382	80,206	657	447,027	360,039
Total Revenues	48,176,904	47,020,565	12,431,882	10,435,599	60,608,786	57,456,164
Expenses						
General Government	4,622,132	4,202,725			4,622,132	4,202,725
Public Safety	14,030,085	13,341,781			14,030,085	13,341,781
Transportation and streets	13,247,438	14,511,592	1,540,251		14,787,689	16,051,843
Sanitation, health and welfare	1,834,002	1,761,656			1,834,002	1,761,656
Natural resources and recreation	2,248,861	2,303,364			2,248,861	2,303,364
Economic development	5,538,980	3,390,715			5,538,980	3,390,715
Other	0	0			0	0
Interest on long term debt	2,124,013	2,279,157			2,124,013	2,279,157
Water			2,976,625	3,046,366	2,976,625	3,046,366
Wastewater			3,796,929	3,724,228	3,796,929	3,724,228
Total Expenses	43,645,511	41,790,990	8,313,805	6,770,594	51,959,316	50,101,835
Increase in net assets before transfers	4,531,393	5,229,575	4,118,077	3,665,005	8,649,470	8,894,580
Transfers	(20,856,779)	1,086,471	20,856,779	(1,086,471)	0	0
Increase in net assets	(16,325,386)	6,316,046	24,974,856	2,578,534	8,649,470	8,894,580
Net assets - January 1 2006	63,664,993	57,348,947	59,053,940	56,475,406	122,718,933	113,824,353
Net assets - December 31 2006	$47,339,607	$63,664,993	$84,028,796	$59,053,940	$131,368,403	$122,718,933

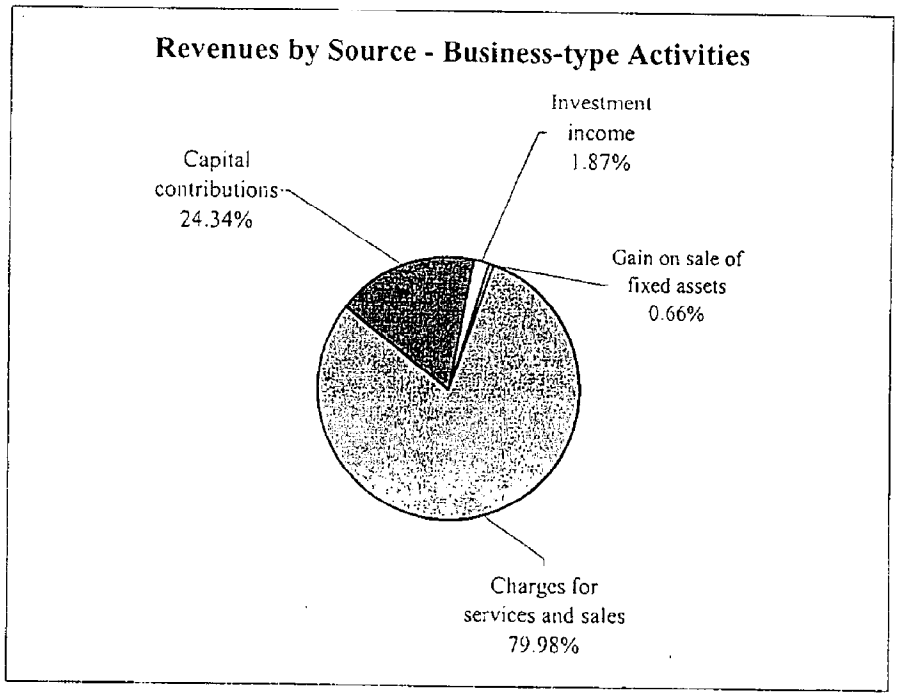

Expenses and Program Revenues - Governmental Activities
Millions of Dollars
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
General government
Public safety
Transportation and streets
Sanitation, health and welfare
Natural resources and recreation
Conservation and development
Interest on long-term debt
Expenses
Program revenues


Program and General Revenues by Source - Governmental Activities
Other income 0.76%
Investment income 1.98%
Intergovernmental not restricted 12.81%
Other taxes 0.49%
Room taxes 1.51%
Franchise taxes 0.66%
Charges for services 17.32%
Operating grants and contributions 14.82%
Capital grants and contributions 5.62%
Property taxes 44.03%

Business-type activities increased the City of Wausau's net assets by $24,974,856. Key elements of the increase are as follows:

Operating income was $1,835,097, an increase of $349,951 which is due to the addition of the parking utility. Operating expenses increased $1,583,722 from the prior year. This also reflects the addition of the parking utility which attributed to $1,540,251 of the increase. The most significant change in net assets, $21,969,837, was due to the transfer of the parking utility capital assets from the government activities to enterprise fund classification.





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, the City of Wausau's governmental funds reported combined ending fund balance of $16,856,558, a decrease of $6,297,144 from the prior year. This decrease is attributed to the spend down of the 2005 debt proceeds and the 2004 crossover refunding. The total unreserved fund balance of $10,538,817 is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to: offset long term advances to other funds $2,619,766, offset inventories and prepayments $606,620, committed to service debt $2,193,326, committed to trust purposes $398,029, and contingencies $500,000.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased $938,505 to $11,578,309. This is a planned decrease as the City has been annually transferring funds to capital projects to supplement redevelopment efforts in the central business district. The City is utilizing resources made available by special revenue fund advance repayments for these transfers. This has not had a negative impact on the undesignated fund balance which was $5,973,553 at year-end which represents a $325,811 increase from 2005. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represents 30.25 percent of general fund expenditures, while total fund balance represents 43.73 percent of the same amount.

The Debt Service fund balance of $636,877 is fully reserved. The net decrease in fund balance during the current year in the debt service fund was $3,351,055. This significant reduction reflects the 2004 cross-over debt refunding paid in 2006.

TID #3 Downtown Development fund balance of $828,970 represents unexpended proceeds from long-term debt. These funds will be depleted as projects are completed.

Capital Improvements fund balance of $2,179,472 represents unexpended capital projects in process. These projects will be completed in 2007.

Proprietary Funds

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

General Fund Budgetary Highlights

The final budget increased $123,139 due to common council authorization to carry forward unexpended budget line items from the 2005 budget into 2006. The majority of this action involved funding for small projects in process.

- General Fund expenditures and other financing uses exceeded budget by $69,666. Savings occurred within all categories but for sanitation garbage and refuse collection which exceeded budget by $34,761 and the transfer to TID#3 exceeded budget by $957,577.
- General Fund revenues and other financing sources exceeded budget expectations by $681,835. The most significant budget variations occurred in licenses and permits of $69,238, taxes $177,140, fines and forfeitures $57,669, public charges for services $403,074 and intergovernmental charges $171,055. These positive variances were offset by shortcomings in interest income and miscellaneous revenues of $47,190 and $391,409 respectively.

Capital Asset and Debt Administration

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2006 was $161,253,801. This investment in capital assets includes land, buildings and improvements,

machinery, equipment, infrastructure placed in service after 2001 and construction in progress. The total increase in net capital assets for the current fiscal year was $8,474,200 or 5%.

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

- Land for right of way and street projects $1,760,949.
- Motor Pool additions $1,115,704.
- Various road projects totaling $4,209,847.

Business-use Activities

- The Wastewater Utility distribution and infrastructure system increased $1,832,003.
- Water Utility installed water mains and other system support totaling $1,981,618.
- The Parking Utility, created in 2006 reported capital assets of $28,365,210.

City of Wausau
Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	$28,315,222	$ 26,272,052	$ 2,344,038	$ 2,344,038	$ 30,659,260	$ 28,616,090
Buildings and improvements	12,713,404	13,278,622	24,145,132	25,012,795	36,858,536	38,291,417
Machinery and equipment	6,216,954	5,711,999	6,679,462	6,882,116	12,896,416	12,594,115
Infrastructure	25,807,969	22,482,836	54,140,955	49,965,072	79,948,924	72,447,908
Investment in Joint Venture	174,152	175,155	-	-	174,152	175,155
Construction in progress	646,512	217,123	70,001	437,792	716,513	654,915
Total	$73,874,213	$ 68,137,787	$87,379,588	$84,641,813	$ 161,253,801	$ 152,779,600

Additional information on the City of Wausau's capital assets can be found in Note 4.C. on pages 43-45 of this report.

Long Term Debt

At the end of the current fiscal year, the City of Wausau had total bonded debt outstanding of $58,630,494. Of this amount $51,415,494 comprises debt backed by the full faith and credit of the City of Wausau. The remainder, $7,215,000 represents bonds secured solely by specified revenue sources (revenue bonds).

City of Wausau's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation debt	$47,952,653	$54,645,367	$ 3,462,841	$ 658,131	$ 51,415,494	$ 55,303,498
Revenue bonds			7,215,000	8,455,000	7,215,000	8,455,000
Total	$47,952,653	$54,645,367	$10,677,841	$ 9,113,131	$ 58,630,494	$ 63,758,498

In 2006 the City issued debt as follows:

- 2006 Promissory Note Series A $5,765,000, this debt financed the City's capital improvements as outlined by the Capital Improvement Plan adopted by the common council.

The City maintained its Aa3 rating from Moody's Investors Service for general obligation issues. The City of Wausau Sewer System Refunding Revenue Bonds issued in 2001 received a Moody's rating of A1. The City of Wausau Water System

Revenue Bonds issued in 1999 received a Moody's rating of A1. This issue with insurance was marketed with an AAA rating.

Additional information regarding the City of Wausau's long-term debt can be found in Note 4 .E. on pages 47-50 of this report.

Economic Factors and the Next Year's Budgets and Rates

Wausau is characterized by a broad economic base of diverse industrial and commercial businesses. The area consistently maintains unemployment rates below state average. The 2006 annual average unemployment rate for the Wausau area was 4.7% while the State of Wisconsin annual average was 4.9%. In addition, inflationary trends in the region compare favorably to national indices. Equalized values have steadily increased, and construction permits have been very strong.

These factors were considered in preparing the City of Wausau's budget for 2006.

During the current fiscal year, unreserved – undesignated fund balance within the general fund increased to $5,973,553. Similar to past years, The City of Wausau appropriated $1,500,000 of surplus for spending in the adopted 2007 budget. It is intended that this use of available fund balance will stabilize the tax rate during 2007. Subsequently at year ended December 31, 2006 this appropriation was supplemented by Council resolution to provide an additional allocation of $22,900 of funds for the continuation of projects in progress.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF WAUSAU, WISCONSIN
STATEMENT OF NET ASSETS
December 31, 2006

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	$ 17,731,508	$ 1,030,122	$ 18,761,630	$ 1,484,649
Investments	13,839,542	-	13,839,542	708,195
Receivables (net of allowance for uncollectible accounts)	57,946,479	2,824,966	60,771,445	1,006,655
Inventories and prepayments	606,620	86,495	693,115	500
Deferred charges	634,433	-	634,433	-
Restricted assets:				
Cash and investments	-	4,019,863	4,019,863	35,018
Capital assets (net of accumulated depreciation)				
Land	28,315,222	2,344,038	30,659,260	1,008,489
Buildings and improvements	12,713,404	24,145,132	36,858,536	7,542,685
Machinery and equipment	6,216,954	6,679,462	12,896,416	188,360
Infrastructure	25,807,969	54,140,955	79,948,924	-
Investment in joint venture	174,152	-	174,152	-
Construction in progress	646,512	70,001	716,513	-
TOTAL ASSETS	164,632,795	95,341,034	259,973,829	11,974,551
LIABILITIES				
Accounts payable and other current liabilities	3,151,845	301,392	3,453,237	311,289
Accrued interest payable	491,548	32,985	524,533	-
Due to other governments	38,491,739	-	38,491,739	-
Unearned revenue	22,865,926	-	22,865,926	188,039
Noncurrent liabilities:				
Due within one year	8,245,673	1,805,424	10,051,097	153,134
Due in more than one year	44,046,457	9,172,437	53,218,894	338,780
TOTAL LIABILITIES	117,293,188	11,312,238	128,605,426	991,242
NET ASSETS				
Invested in capital assets, net of related debt	35,633,500	76,721,443	112,354,943	8,247,620
Restricted for:				
Debt service	2,711,622	2,488,570	5,200,192	-
Capital improvements	463,731	1,498,308	1,962,039	-
Other purposes	421,431	-	421,431	367,593
Unrestricted	8,109,323	3,320,475	11,429,798	2,368,096
TOTAL NET ASSETS	$ 47,339,607	$ 84,028,796	$ 131,368,403	$ 10,983,309

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF ACTIVITIES
Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 4,622,132	$ 1,777,260	$ 64,384	$ -
Public safety	14,030,085	1,786,014	435,352	-
Transportation and streets	13,247,438	3,293,605	4,582,601	2,506,015
Sanitation, health and welfare	1,834,002	116,176	179,936	-
Natural resources and recreation	2,248,861	209,163	74,068	-
Economic development	5,538,980	1,164,129	1,801,977	202,371
Interest on long-term debt	2,124,013	-	-	-
Total governmental activities	43,645,511	8,346,347	7,138,318	2,708,386
Business-type activities:				
Water	2,976,625	4,676,062	-	960,172
Wastewater	3,796,929	4,052,274	-	1,107,678
Parking	1,540,251	948,188	-	47,647
Total business-type activities	8,313,805	9,676,524	-	2,115,497
Total primary government	$ 51,959,316	$ 18,022,871	$ 7,138,318	$ 4,823,883
Component unit:				
Community Development Authority	$ 3,090,299	$ 1,211,437	$ 1,643,402	$ 156,531

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

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
$ (2,780,488)	$ -	$ (2,780,488)	$ -
(11,808,719)	-	(11,808,719)	-
(2,865,217)	-	(2,865,217)	-
(1,537,890)	-	(1,537,890)	-
(1,965,630)	-	(1,965,630)	-
(2,370,503)	-	(2,370,503)	-
(2,124,013)	-	(2,124,013)	-
(25,452,460)	-	(25,452,460)	-
-	2,659,609	2,659,609	-
-	1,363,023	1,363,023	-
-	(544,416)	(544,416)	-
-	3,478,216	3,478,216	-
(25,452,460)	3,478,216	(21,974,244)	-
-	-	-	(78,929)
11,739,324	333,632	12,072,956	-
4,156,866	-	4,156,866	-
1,741,685	-	1,741,685	-
3,573,137	-	3,573,137	-
316,002	-	316,002	-
726,495	-	726,495	-
235,255	-	235,255	-
6,173,713	-	6,173,713	-
954,555	226,023	1,180,578	88,549
309,620	-	309,620	-
57,201	80,206	137,407	-
(20,856,779)	20,856,779	-	-
9,127,074	21,496,640	30,623,714	88,549
(16,325,386)	24,974,856	8,649,470	9,620
63,664,993	59,053,940	122,718,933	10,973,689
$ 47,339,607	$ 84,028,796	$ 131,368,403	$ 10,983,309

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

CITY OF WAUSAU, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	General	Debt Service	TID #3 Downtown Development	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 10,453,776	$ 636,877	$ 1,278,473	$ 1,548,555	$ 3,813,827	$ 17,731,508
Investments	13,241,246	-	-	-	598,296	13,839,542
Receivables (net of allowance for uncollectible accounts):						
Taxes	34,095,900	4,156,866	992,593	2,028,756	4,318,400	45,592,515
Delinquent personal property tax	70,064	-	-	-	-	70,064
Accounts	971,134	-	2,999	163,426	384,981	1,522,540
Notes	-	-	-	-	7,273,091	7,273,091
Federal and state grants	-	-	-	354,235	1,538,095	1,892,330
Special assessments	564,667	-	-	680,072	-	1,244,739
Interest	203,804	-	-	-	-	203,804
Due from other funds	1,852,809	-	-	-	37,857	1,890,666
Advances to other funds	2,619,766	-	-	-	-	2,619,766
Inventories and prepayments	447,499	-	-	-	159,121	606,620
TOTAL ASSETS	$ 64,520,665	$ 4,793,743	$ 2,274,065	$ 4,775,044	$ 18,123,668	$ 94,487,185
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 583,084	$ -	$ 136,195	$ 67,629	$ 369,727	$ 1,156,635
Contracts payable	-	-	316,307	17,822	-	334,129
Accrued payroll and benefits	2,616,923	-	-	-	207,962	2,824,885
Due to other governments	38,491,739	-	-	-	-	38,491,739
Deferred revenue	11,250,610	4,156,866	992,593	2,510,121	11,692,559	30,602,749
Due to other funds	-	-	-	-	1,600,724	1,600,724
Advances from other funds	-	-	-	-	2,619,766	2,619,766
Total Liabilities	52,942,356	4,156,866	1,445,095	2,595,572	16,490,738	77,630,627
Fund balances:						
Reserved	3,567,265	636,877	-	-	2,113,599	6,317,741
Unreserved, reported in:						
General fund	8,011,044	-	-	-	-	8,011,044
Special revenue funds	-	-	-	-	1,149,999	1,149,999
Capital project funds	-	-	828,970	2,179,472	(1,630,668)	1,377,774
Total Fund Balances	11,578,309	636,877	828,970	2,179,472	1,632,930	16,856,558
TOTAL LIABILITIES AND FUND BALANCES	$ 64,520,665	$ 4,793,743	$ 2,274,065	$ 4,775,044	$ 18,123,668	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	70,736,849
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,879,625
An internal service fund is used to charge the costs of motor pool expenses to individual funds. Assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,695,868
Long-term liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	(50,829,293)
Net assets of governmental activities	$ 47,339,607

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2006

	General	Debt Service	TID #3 Downtown Development	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 11,041,433	$ 4,156,866	$ 831,571	$ 1,741,685	$ 4,401,207	$ 22,172,762
Special assessments	31,774	-	-	472,496	-	504,270
Intergovernmental	8,533,152	-	171,695	2,318,596	4,541,091	15,564,534
Licenses and permits	715,458	-	-	-	35,921	751,379
Fines, forfeitures and penalties	364,019	-	-	-	-	364,019
Public charges for services	1,993,258	-	-	-	543,793	2,537,051
Intergovernmental charges for services	980,846	-	-	-	-	980,846
Commercial revenues	983,357	1,173	65,158	14,332	1,064,898	2,128,918
Miscellaneous revenues	384,086	268,984	12,481	-	435,444	1,100,995
Total Revenues	25,027,383	4,427,023	1,080,905	4,547,109	11,022,354	46,104,774
EXPENDITURES						
Current:						
General government	3,733,801	-	-	-	627,067	4,360,868
Public safety	13,343,383	-	-	-	220,141	13,563,524
Transportation and streets	6,273,065	-	-	-	3,447,312	9,720,377
Sanitation, health and welfare	1,139,761	-	-	-	633,461	1,773,222
Natural resources and recreation	1,986,127	-	-	-	32,658	2,018,785
Economic development	-	-	-	-	5,393,409	5,393,409
Capital outlay	-	-	1,301,728	6,162,780	701,620	8,166,128
Debt service:						
Principal retirement	-	6,123,812	-	-	-	6,123,812
Interest and debt service charges	-	2,099,721	-	-	-	2,099,721
Total Expenditures	26,476,137	8,223,533	1,301,728	6,162,780	11,055,668	53,219,846
Excess (Deficiency) of Revenues over Expenditures	(1,448,754)	(3,796,510)	(220,823)	(1,615,671)	(33,314)	(7,115,072)
OTHER FINANCING SOURCE (USES)						
Issuance of debt	-	-	-	2,401,098	350,000	2,751,098
Discount on debt issued	-	-	-	(4,831)	(700)	(5,531)
Payment to bond escrow agent	-	(3,320,000)	-	-	-	(3,320,000)
Transfers in	1,467,826	3,765,455	1,805,970	152,000	191,835	7,383,086
Transfers out	(957,577)	-	(2,975,011)	(25,465)	(2,032,672)	(5,990,725)
Total Other Financing Sources (Uses)	510,249	445,455	(1,169,041)	2,522,802	(1,491,537)	817,928
Net change in Fund Balance	(938,505)	(3,351,055)	(1,389,864)	907,131	(1,524,851)	(6,297,144)
Fund balances - beginning	12,516,814	3,987,932	2,218,834	1,272,341	3,157,781	23,153,702
Fund balances - ending	$ 11,578,309	$ 636,877	$ 828,970	$ 2,179,472	$ 1,632,930	$ 16,856,558

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

CITY OF WAUSAU, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2006

Net change in fund balances - total governmental funds	$ (6,297,144)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, net of disposals, exceeded depreciation in the current period.	5,415,761
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(182,059)
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,712,103
Net capital assets were transferred to the Parking Utility on January 1, 2006. This is the amount transferred to the business-type activities.	(21,986,202)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	12,155
Change in net assets of governmental activities	$ (16,325,386)

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

	Business Type Activities-Enterprise Funds				Governmental Activities-
	Water Utility	Wastewater Utility	Parking Utility	Totals	Internal Service Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 420,000	$ 324,202	$ 285,920	$ 1,030,122	$ -
Restricted cash and cash equivalents available to pay maturing debt	987,503	839,681	-	1,827,184	-
Accounts receivable	1,309,656	1,477,936	37,374	2,824,966	4,594
Due from other funds	-	100,000	-	100,000	-
Inventories and prepayments	86,495	-	-	86,495	-
Total Current Assets	2,803,654	2,741,819	323,294	5,868,767	4,594
Noncurrent Assets:					
Restricted cash and cash equivalents:					
Debt service	176,309	518,062	-	694,371	-
Replacement fund investments	390,390	1,107,918	-	1,498,308	-
Total Restricted Assets	566,699	1,625,980	-	2,192,679	-
Advances to other funds	-	300,000	-	300,000	-
Property, Plant and Equipment:					
Property and equipment	43,839,382	48,362,027	28,365,210	120,566,619	7,915,360
Accumulated depreciation	(10,337,395)	(15,986,653)	(6,862,983)	(33,187,031)	(4,777,996)
Net Property, Plant and Equipment	33,501,987	32,375,374	21,502,227	87,379,588	3,137,364
Total Noncurrent Assets	34,068,686	34,301,354	21,502,227	89,872,267	3,137,364
TOTAL ASSETS	$ 36,872,340	$ 37,043,173	$ 21,825,521	$ 95,741,034	$ 3,141,958

	Business Type Activities-Enterprise Funds				Governmental Activities-
	Water Utility	Wastewater Utility	Parking Utility	Totals	Internal Service Fund
LIABILITIES					
Current Liabilities:					
Accounts payable	$ 54,105	$ 12,610	$ 43,635	$ 110,350	$ 138,591
Contracts payable	101,318	89,724	-	191,042	-
Compensated absences payable	10,917	308	-	11,225	-
Due to other funds	100,000	-	-	100,000	289,942
Current Liabilities Payable From Restricted Assets:					
General obligation bonds payable	397,517	121,682	-	519,199	-
Mortgage revenue bonds payable	560,000	715,000	-	1,275,000	-
Accrued interest payable	29,986	2,999	-	32,985	-
Total Current Liabilities	1,253,843	942,323	43,635	2,239,801	428,533
Noncurrent Liabilities:					
Long-term Debt:					
General obligation bonds payable (net of unamortized issue costs)	2,791,286	124,331	-	2,915,617	-
Mortgage revenue bonds payable (net of unamortized issue costs)	2,738,813	3,209,516	-	5,948,329	-
Advances from other funds	300,000	-	-	300,000	-
Compensated absences payable	175,564	110,094	22,833	308,491	17,557
Total Noncurrent Liabilities	6,005,663	3,443,941	22,833	9,472,437	17,557
TOTAL LIABILITIES	7,259,506	4,386,264	66,468	11,712,238	446,090
NET ASSETS					
Invested in capital assets, net of related debt	27,014,371	28,204,845	21,502,227	76,721,443	3,137,364
Restricted for debt service	1,133,826	1,354,744	-	2,488,570	-
Restricted for capital improvements	390,390	1,107,918	-	1,498,308	-
Unrestricted	1,074,247	1,989,402	256,826	3,320,475	(441,496)
TOTAL NET ASSETS	$ 29,612,834	$ 32,656,909	$ 21,759,053	$ 84,028,796	$ 2,695,868

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2006

	Business Type Activities-Enterprise Funds				Governmental Activities-
	Water Utility	Wastewater Utility	Parking Utility	Totals	Internal Service Fund
OPERATING REVENUES					
Charges for services and sales	$ 4,619,553	$ 4,051,256	$ 948,188	$ 9,618,997	$ 2,213,915
Other operating revenues	56,509	1,018	-	57,527	15,213
Total Operating Revenues	4,676,062	4,052,274	948,188	9,676,524	2,229,128
OPERATING EXPENSES					
Operating and maintenance	1,978,596	2,490,207	944,929	5,413,732	1,367,367
Depreciation	760,244	1,067,804	595,322	2,423,370	621,519
Amortization	4,045	280	-	4,325	-
Total Operating Expenses	2,742,885	3,558,291	1,540,251	7,841,427	1,988,886
Operating income (loss)	1,933,177	493,983	(592,063)	1,835,097	240,242
NONOPERATING REVENUES (EXPENSES)					
Property taxes	-	-	333,632	333,632	-
Investment income	97,596	128,427	-	226,023	-
Interest expense	(233,740)	(238,638)	-	(472,378)	-
Gain on sale of capital assets	80,206	-	-	80,206	39,061
Total Nonoperating Revenues (Expenses)	(55,938)	(110,211)	333,632	167,483	39,061
Income (loss) before Capital Contributions and Transfers	1,877,239	383,772	(258,431)	2,002,580	279,303
Capital Contributions	960,172	1,107,678	47,647	2,115,497	-
Contribution from Municipality	-	-	21,969,837	21,969,837	-
Transfers Out	(761,058)	(352,000)	-	(1,113,058)	(279,303)
Change in Net Assets	2,076,353	1,139,450	21,759,053	24,974,856	-
Total net assets - beginning of year	27,536,481	31,517,459	-	59,053,940	2,695,868
Total net assets - end of year	$29,612,834	$32,656,909	$21,759,053	$84,028,796	$ 2,695,868

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2006

	Business Type Activities-Enterprise Funds				Governmental Activities-
	Water Utility	Wastewater Utility	Parking Utility	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 4,476,293	$ 3,501,375	$ 910,814	$ 8,888,482	$ 2,285,001
Payments to suppliers	(1,187,633)	(1,999,893)	(755,001)	(3,942,527)	(961,964)
Payments to employees	(849,301)	(571,757)	(139,825)	(1,560,883)	(281,631)
Net Cash Provided by Operating Activities	2,439,359	929,725	15,988	3,385,072	1,041,406
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property taxes received	-	-	333,632	333,632	-
Due to/from other funds	(1,959,912)	1,559,912	-	(400,000)	141,020
Transfers out	(761,058)	(352,000)	-	(1,113,058)	(279,303)
Net Cash Provided (Used) by Noncapital Financing Activities	(2,720,970)	1,207,912	333,632	(1,179,426)	(138,283)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	419,504	636,390	47,647	1,103,541	-
Proceeds from issuance of debt	3,013,902	-	-	3,013,902	-
Debt issuance costs	(21,030)	-	-	(21,030)	-
Acquisition and construction of capital assets	(2,331,672)	(1,706,168)	(111,347)	(4,149,187)	(942,184)
Repayment of advance	(100,000)	100,000	-	-	-
Principal paid on capital debt	(627,743)	(821,449)	-	(1,449,192)	-
Interest paid on capital debt	(207,255)	(240,035)	-	(447,290)	-
Proceeds from sale of capital assets	80,206	-	-	80,206	39,061
Net Cash Provided (Used) by Capital and Related Financing Activities	225,912	(2,031,262)	(63,700)	(1,869,050)	(903,123)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	97,596	128,427	-	226,023	-
Net Increase in Cash and Cash Equivalents	41,897	234,802	285,920	562,619	-
Cash and cash equivalents - beginning of year	1,932,305	2,555,061	-	4,487,366	-
Cash and cash equivalents - end of year	$ 1,974,202	$ 2,789,863	$ 285,920	$ 5,049,985	$ -

	Business Type Activities-Enterprise Funds				Governmental Activities-
	Water Utility	Wastewater Utility	Parking Utility	Totals	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 1,933,177	$ 493,983	$ (592,063)	$ 1,835,097	$ 240,242
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	760,244	1,067,804	595,322	2,423,370	621,519
Amortization expense	4,045	280	-	4,325	-
Changes in assets and liabilities:					
Accounts receivable	(199,769)	(550,899)	(37,374)	(788,042)	55,873
Inventories and prepayments	(10,270)	-	-	(10,270)	-
Accounts payable	(39,131)	(78,688)	43,635	(74,184)	119,080
Accrued compensated absences	(8,937)	(2,755)	6,468	(5,224)	4,692
Net cash provided by operating activities	$ 2,439,359	$ 929,725	$ 15,988	$ 3,385,072	$ 1,041,406
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets					
Unrestricted	$ 420,000	$ 324,202	$ 285,920	$ 1,030,122	$ -
Restricted (current)	987,503	839,681	-	1,827,184	-
Restricted (noncurrent)	566,699	1,625,980	-	2,192,679	-
Total cash and cash equivalents	$ 1,974,202	$ 2,789,863	$ 285,920	$ 5,049,985	$ -

NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES

During 2006, $540,668 and $471,288 of capital additions were contributed to the Water and Wastewater utilities, respectively, by private contractors and developers. In addition, net capital assets of $21,969,837 were transferred in from the City for creation of a new parking utility on January 1, 2006.

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2006

	Cemetery Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ 542,875	$ 209,934
Accounts receivable	-	4,626
TOTAL ASSETS	542,875	$ 214,560
LIABILITIES		
Accounts payable	-	$ 214,560
NET ASSETS		
Held in trust for private purpose	$ 542,875	

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

CITY OF WAUSAU, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended December 31, 2006

	Cemetery Private Purpose Trust Fund
ADDITIONS	
Perpetual care contributions	$ 5,100
Interest and dividends	13,437
Net increase in fair value of investments	40,902
Total additions	59,439
DEDUCTIONS	
Distributions to beneficiary	25,588
Administrative expenses	1,089
Total deductions	26,677
Change in net assets	32,762
Net assets - beginning of year	510,113
Net assets - end of year	$ 542,875

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Wausau, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the City of Wausau. The reporting entity for the City 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component units. The Community Development Authority of the City of Wausau was created under Section 66.4325 of the Wisconsin Statutes for the purpose of carrying out blight elimination, slum clearance, urban renewal programs and housing projects. The board of the Authority is appointed by the Mayor and two commissioners are members of the City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Authority, and also create a potential financial benefit to or burden on the City. The Community Development Authority Commission approves the annual budget, is fiscally separate from the City and possesses independent authority to acquire property and issue debt. As a component unit, the Authority's financial statements have been presented as a discrete column in the City's financial statements. Complete financial statements can be obtained from:

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

Joint venture. The City of Wausau, in conjunction with Marathon County, has created the City-County Data Center Commission. The commission provides for the implementation and operation of a cooperative data and management information service. The commission is governed by a six member board consisting of the City of Wausau Mayor and Finance Director, Marathon County Chairman of the Board of Supervisors, County Administrator and Finance Director. In addition, one member is appointed at large from within the County. The joint venture arrangement provides that net operating costs will be subsidized 70% by the County and 30% by the City. All capital assets, unless otherwise shown to benefit only one owner, are paid for on a 50/50 basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for good or services. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The City reports the following major governmental funds:

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

Debt Service Fund – This fund is used to account for the accumulation of resources for and the payment of general obligation debt principal, interest and related costs. Sources of revenue are property taxes, interest earnings and reimbursements from other entities and departments for debt payments.

TID #3 Downtown Development Fund – This fund is used to account for general obligation debt proceeds used to finance property acquisition and development within the downtown.

Capital Improvements Fund – This fund is used to account for expenditures relating to the City's annual capital improvements plan. The expenditures are financed by general property taxes, special assessments and proceeds of general obligation debt.

The City reports the following major enterprise funds:

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

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

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

The City reports the following non-major governmental funds:

Non-major Governmental Funds –

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Grants Fund
HUD Mortgage Fund
DLAD Mortgage Fund
Industrial Park Fund
Federal Rent Rehabilitation Fund
WRRP Rehabilitation Fund
Holtz-Krause Clean Up Fund
Hazardous Materials Emergency Response Fund
Room Tax Fund
Public Access Cable Fund
Recycling Fund
Wausau Area Transit System Fund
TID #1 Downtown Improvements Fund
TID #2 Industrial Park Fund
EMS Grant Fund
Trust Accounts Fund

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Capital Project Funds – These funds are used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

TID #4 Industrial Park Fund
TID #5 Industrial Park Fund
TID #6 West Side Development Fund
TID #7 West Side Development Fund

Additionally, the city reports the following fund types:

The Internal Service Fund is used to account for Motor Pool services provided by one department to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

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

Agency Funds are used to account for assets held by the city in a trustee capacity or as an agent for Wausau Area Events, Inc. and Main Street Wausau, Inc. generated to provide for area-wide events and local promotion, and for the Wausau Business Incubator generated through industrial development.

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

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

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board. The City has elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued)

1. Deposits and Investments (Continued)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2006, the fair value of the LGIP's assets was substantially equal to the City's share as reported in these statements.

2. Receivable and Payables

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

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

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

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

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

At year end, the property taxes levied for each fund are recorded as taxes receivable and deferred revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued)

3. Inventories and Prepayments

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

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

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

4. Restricted Assets

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

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. GASB 34 permits reporting infrastructure on a prospective basis until the City's fiscal year ending in 2007. Accordingly, major networks of infrastructure assets prior to 2002 are not reported in the City-wide financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Total interest expense incurred by the Water and Wastewater Utilities during the current fiscal year was $472,378, none of which was capitalized.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued)

5. Capital Assets (Continued)

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Other Assets

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacation in varying amounts. Sixty percent of the unused accumulated sick pay vests upon meeting specific requirements and is convertible into health insurance upon retirement. The City's policy is to allow employees to vest any unused vacation credits. Only benefits considered to be vested are disclosed in these statements.

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

8. Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued)

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Change in Accounting Principles

For the year ended December 31, 2006, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 44, *"Economic Condition Reporting: The Statistical Section"*. This statement amends NCGA Statement No. 1, *"Governmental Accounting and Financial Reporting Principles"*, that guide the preparation of the statistical section of the comprehensive annual financial report. The statistical section presents detailed information, typically in ten-year trends, that assist users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds". The details of this $7,879,625 difference are as follows:

Loans and mortgages receivable	$ 7,255,092
Allowance for uncollectible loans and mortgages receivable	(663,680)
Unpaid fines and forfeitures	824,482
Special assessments receivable	463,731
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ 7,879,625

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

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

Another element of that reconciliation states that "long-term liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds". The details of this $50,829,293 difference are as follows:

Bonds, notes and State trust fund loans payable	$ 47,952,653
Less: Deferred charges for issuance costs and deferred interest from refunding (to be amortized over life of debt)	(634,433)
Accrued interest payable	491,548
Compensated absences	919,843
Remediation claims payable	2,099,682
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ 50,829,293

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $5,415,761 difference are as follows:

Capital outlay	$ 7,789,649
Depreciation expense	(2,373,888)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 5,415,761

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

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

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $182,059 difference are as follows:

Net change in loan and mortgage notes receivable	$ (118,598)
Net change in fines and forfeitures receivable	67,232
Net change in special assessments receivable	(130,693)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (182,059)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." Also, governmental funds report the effect to issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this $6,712,103 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds and notes	$ (2,751,098)
Less discounts and issuance costs	19,389
Principal repayments on general obligation debt	9,443,812
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 6,712,103

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $12,155 difference are as follows:

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

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

Compensated absences	$ 97,227
Claims and judgments	(60,780)
Accrued interest	54,008
Amortization of discount and issuance costs	(78,300)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 12,155

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgeting is an essential element of the financial planning, control and evaluation process of the City. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the following Special Revenue Funds: Grants Fund, Industrial Park Fund, Hazardous Materials Emergency Response Fund, Room Tax Fund, Public Access Cable Fund, Recycling Fund, Wausau Area Transit System Fund, TID #1 Downtown Improvements Fund and TID #2 Industrial Park Fund and the following Capital Project Funds: TID #3 Downtown Development Fund, TID #4 Industrial Park Fund, TID #5 Industrial Park Fund, TID #6 West Side Development Fund, TID #7 West Side Development Fund and Capital Improvements Fund. All annual appropriations lapse at year end.

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

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

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. BUDGETARY INFORMATION (Continued)

total fund level. The City's Finance Director and Mayor may authorize transfers of budgeted amounts within expenditures of a cost center up to $2,500 for the General and Special Revenue Funds and up to $20,000 for the Capital Projects Funds. Transfers of all other appropriations require two-thirds (2/3) Council approval to amend the budget. Supplemental appropriations were necessary during the year but were not material in relation to the original appropriation. All such supplemental appropriations were properly authorized by the Common Council. Budget data presented in the financial statements reflect any adjustments made.

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

It is the responsibility of the Finance Director of the City of Wausau to administer the budget in accordance with Wisconsin statutes and instructions of the City Council.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2006, expenditures exceeded appropriations for the following departmental cost centers in the General Fund: City Council by $45,557, Elections by $20,845, Human resources by $14,161, Fire department by $110,087, Inspections and electrical systems by $30,149, Curb, gutter and paving by $18,074, Street signs and guideboards by $21,900, Weed control by $3,912, Garbage and refuse collection by $28,288 and Clean up costs by $6,473; the Debt Service Fund by $7,589; the Room Tax and Public Access Cable special revenue funds by $27,588 and $6,646, respectively; and in the TID #6 West Side Development and TID #7 West Side Development capital project funds by $313,802 and $1,951, respectively. Excess expenditures in the general fund and special revenue funds were funded by greater than anticipated revenues and in the Debt Service Fund by available fund balance. Those incurred in TID #6 and TID #7 were funded with short-term advances from the General Fund.

C. DEFICIT FUND EQUITY

The TID #1 Downtown Improvements special revenue fund had deficit fund equity of $1,436,738 at December 31, 2006. In addition, the TID #4 Industrial Park, the TID #5 Industrial Park, the TID #6 West Side Development and the TID #7 West Side Development capital project funds had deficit fund equity of $1,183,028, $29,970, $415,019 and $2,651 respectively, as of December 31, 2006. The City intends to fund the above fund balance deficits from future operation of these funds.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Cash and investments as of December 31, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets -	
Cash and cash equivalents	$ 18,761,630
Investments	13,839,542
Restricted assets - cash and cash equivalents	4,019,863
Statement of net assets - fiduciary funds	
Cash and cash equivalents	
Cemetery Private Purpose Trust Fund	542,875
Agency Funds	209,934
Total	$ 37,373,844
Cash on hand	$ 13,739
Deposits with financial institutions	14,156,253
Investments	23,203,852
Total	$ 37,373,844

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

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

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

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less Than One	1-2	2-3
U.S. Agencies	$ 8,155,387	$ 2,500,387	$ 1,155,000	$ 4,500,000
Local Government Investment Pool	4,126,003	4,126,003	-	-
Money Market Mutual Funds	9,329,634	9,329,634	-	-
Held by trustee/custodian	1,592,828	1,592,828	-	-
	$ 23,203,852	$ 17,548,852	$ 1,155,000	$ 4,500,000

Credit Risk

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

As of December 31, 2006, the City's investments were rated as follows:

Investment type	Investment	Standard & Poors	Fitch Ratings	Moody's Investor Service
Money market mutual funds	Federated Government Obligations	AAAm	AAA	Aaa
Money market mutual funds	Federated Treasury Obligations	AAAm	N/A	Aaa
Money market mutual funds	AIM Government & Agency	AAAm	AAA	Aaa

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

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

In addition, the City held investments in U.S. agency securities that were not rated.

Concentration of Credit Risk

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

At December 31, 2006, the investment portfolio was concentrated as follows:

Investment type	Issuer	Percentage of Portfolio
U.S. Agencies	Federal National Mortgage Association	15.1%
U.S. Agencies	Federal Home Loan Mortgage Corporation	4.3%
U.S. Agencies	Federal Home Loan Bank	15.8%

Custodial Credit Risk

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

At December 31, 2006, the carrying amount of the City's deposits was $14,156,253 and the financial institution balance was $14,285,251. Of the financial institution balance, $4,350,000 was covered by federal depository insurance, $200,000 was covered by the national credit union share insurance fund, $4,020,737 was covered by the State Deposit Guarantee Fund, $989,619 was covered by pledged securities held in the City's name, and $4,724,895 was unsecured.

The above-mentioned State Deposit Guarantee Fund provides additional coverage of up to $400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted at which time the fund is abolished.

Investments in the Local Government Investment Pool are covered under a financial guarantee insurance policy provided by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities, obligations of State of Wisconsin agencies and certain Wisconsin banks. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance as explained earlier.

B. RECEIVABLES

Receivables for the year ended December 31, 2006 for the City's general fund have been shown net of allowances for uncollectible ambulance accounts and uncollectible delinquent personal property taxes of $524,252 and $50,867, respectively.

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

	Unavailable	Unearned
Property taxes receivable	$ -	$ 22,746,399
Loans and mortgages receivable	7,273,091	-
Special assessments not yet due	463,731	-
Grant proceeds received in advance	-	101,894
Subsequent period prepayments	-	17,634
Total deferred/unearned revenue for governmental funds	$ 7,736,822	$ 22,865,927

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 26,272,052	$ 2,057,170	$ (14,000)	$ 28,315,222
Joint venture	175,155	-	(1,003)	174,152
Construction in progress	217,123	570,060	(140,671)	646,512
Total capital assets not being depreciated	26,664,330	2,627,230	(155,674)	29,135,886
Capital assets being depreciated:				
Buildings and improvements	21,036,031	99,767	-	21,135,798
Machinery and equipment	21,130,667	2,139,122	(841,224)	22,428,565
Infrastructure	23,874,160	4,209,847	-	28,084,007
Total capital assets being depreciated	66,040,858	6,448,736	(841,224)	71,648,370
Less accumulated depreciation for:				
Buildings and improvements	(7,757,409)	(664,985)	-	(8,422,394)
Machinery and equipment	(15,418,668)	(1,445,708)	652,765	(16,211,611)
Infrastructure	(1,391,324)	(884,714)	-	(2,276,038)
Total accumulated depreciation	(24,567,401)	(2,995,407)	652,765	(26,910,043)
Total capital assets being depreciated, net	41,473,457	3,453,329	(188,459)	44,738,327
Governmental activities capital assets, net	$ 68,137,787	$ 6,080,559	$ (344,133)	$ 73,874,213

The City created a new parking utility fund on January 1, 2006 and transferred net assets which were originally accounted for in the governmental activities. Total asset balances of $28,253,863 and accumulated depreciation balances of $6,267,661 accounted for the net total balance transfer of $21,986,202. Beginning balances shown above along with beginning balances shown on the next page for business-type activities have been restated to reflect the totals transferred to the parking utility.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	$ 2,344,038	$ -	$ -	$ 2,344,038
Construction in progress	437,792	59,213	(427,004)	70,001
Total capital assets not being depreciated	2,781,830	59,213	(427,004)	2,414,039
Capital assets being depreciated:				
Buildings	36,007,511	-	-	36,007,511
Machinery and equipment	16,232,517	565,243	(44,731)	16,753,029
Water infrastructure	30,729,125	3,079,632	(216,853)	33,591,904
Wastewater infrastructure	30,005,130	1,946,114	(151,108)	31,800,136
Total capital assets being depreciated	112,974,283	5,590,989	(412,692)	118,152,580
Less accumulated depreciation for:				
Buildings	(10,994,716)	(867,663)	-	(11,862,379)
Machinery and equipment	(9,350,401)	(767,897)	44,731	(10,073,567)
Water infrastructure	(5,524,452)	(463,494)	216,853	(5,771,093)
Wastewater infrastructure	(5,244,731)	(386,369)	151,108	(5,479,992)
Total accumulated depreciation	(31,114,300)	(2,485,423)	412,692	(33,187,031)
Total capital assets being depreciated, net	81,859,983	3,105,566	-	84,965,549
Business-type activities capital assets, net	$ 84,641,813	$ 3,164,779	$ (427,004)	$ 87,379,588

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

Governmental activities:	
General government	$ 214,171
Public safety	432,956
Transportation and streets	1,471,232
Natural resources and recreation	227,172
Conservation and development	28,357
Capital assets held by internal service funds	621,519
Total depreciation expense – governmental activities	$ 2,995,407
Business type activities:	
Water	$ 822,297
Wastewater	1,067,804
Parking	595,322
Total depreciation expense – business-type activities	$ 2,485,423

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

Construction commitments

The Water and Wastewater Utilities have committed to construction projects with estimated future costs to complete of approximately $1,500,000. The City has committed $2,000,000 to a downtown development project to provide parking as well as necessary infrastructure upgrades.

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables represent short-term loans from one fund to another to cover cash overdrafts or represent current portion of advances for the enterprise funds. Interfund receivables and payables at December 31, 2006 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Wausau Area Transit System Fund	$ 1,101,342
	Public Access Cable Fund	35,500
	TID #5 Industrial Park Fund	8,355
	TID #6 West Side Development Fund	415,019
	TID #7 West Side Development Fund	2,651
	Motor Pool Internal Service Fund	289,942
WRRP Rehabilitation Fund	Grants Fund	22,857
	DLAD Mortgage Program Fund	15,000
Total		$ 1,890,666
Wastewater Utility Fund	Water Utility Fund	$ 100,000

Advances between funds represent long-term loans principally for capital purposes. The composition of interfund advances as of December 31, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	TID #1 Downtown Improvements Fund	$ 1,436,738
	TID #4 Industrial Park Fund	1,183,028
Total		$ 2,619,766
Wastewater Utility Fund	Water Utility Fund	$ 300,000

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

For the statement of net assets, interfund balances owed within the governmental activities or business-type activities are netted and eliminated. Interfund transfers are as follows:

	Transfers to	Transfers from
General Fund		
Capital Improvements Fund	$ -	$ 25,465
Trust Accounts Fund	180	-
Room Tax Fund	-	50,000
TID #3 Downtown Development Fund	957,397	-
Water Utility Fund	-	761,058
Wastewater Utility Fund	-	352,000
Motor Pool Fund	-	279,303
Special Revenue Funds		
Grants Fund	251,890	191,655
HUD Mortgage Fund	81,655	-
TID #2 Industrial Park Fund	729,210	-
Room Tax Fund	170,000	-
Trust Accounts Fund	42,000	180
Debt Service Fund		
TID #2 Industrial Park Fund	-	32,527
TID #3 Downtown Development Fund	-	2,975,011
TID #4 Industrial Park Fund	-	182,415
TID #5 Industrial Park Fund	-	398,510
TID #6 West Side Development Fund	-	176,992
Capital Projects Fund		
General Fund	25,465	957,397
Grants Fund	-	251,890
Room Tax Fund	-	10,000
Debt Service Fund	3,732,928	-
TID #2 Industrial Park Fund	-	696,683
Trust Accounts Fund	-	42,000
Enterprise Funds		
General Fund	1,113,058	-
Internal Service Fund		
General Fund	279,303	-
Totals	$ 7,383,086	$ 7,383,086

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

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

E. LONG-TERM DEBT

General Obligation Debt

General obligation debt outstanding at December 31, 2006 is detailed as follows:

	Original Amount	Interest Rates	Final Maturity	Balance 12/31/2006
1996 Bonds	$ 4,950,000	4.15-5.75%	10/1/15	$ 455,000
1997 Notes	810,000	4.65-5.65%	4/1/07	90,000
1998 Bonds	6,050,000	3.875-4.2%	10/1/08	245,000
1998 Notes	4,915,000	4.0-4.25%	4/1/08	1,155,000
1999 Notes	1,660,000	5.35-6.2%	4/1/09	310,000
2000 Notes	5,790,000	4.875-5.0%	4/1/10	2,895,000
2001 Notes	4,875,000	3.4-4.4%	4/1/11	2,735,000
2001 State trust fund loan	1,617,503	5.25%	3/15/11	1,011,494
2002 Notes	1,450,000	2.0-4.45%	4/1/12	950,000
2003 Bonds	3,885,000	3.0-4.625%	4/1/23	3,540,000
2003 Notes (Series B)	2,075,000	2.0-3.7%	4/1/13	1,510,000
2003 Notes (Series C)	2,075,000	1.5-4.6%	4/1/13	1,525,000
2003 Notes (Series D)	3,285,000	1.35-3.45%	10/1/13	2,365,000
2003 Promissory note	1,500,000	None	9/30/07	825,000
2003 Promissory note	30,000	None	9/3/08	30,000
2004 Promissory note Series A	3,050,000	2.0-4.0%	4/1/14	2,495,000
2004 Promissory note Series B	1,500,000	2.0-5.0%	4/1/14	1,240,000
2004 Refunding bonds Series C	5,360,000	2.0-4.0%	10/1/15	4,445,000
2004 Refunding bonds Series D	13,445,000	3.0-5.0%	4/1/21	12,755,000
2004 Promissory note	324,000	Negotiable	On demand	324,000
2005 Promissory note Series A	3,830,000	2.8-3.65%	4/1/15	3,530,000
2005 Promissory note Series B	2,000,000	4.75-5.15%	10/1/15	1,220,000
2006 Promissory note Series A	5,765,000	3.55-3.8%	10/1/16	5,765,000
Total general obligation debt				$ 51,415,494

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

A summary of the long-term liability activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
General obligation debt:					
Bonds payable	$ 25,846,869	$ -	$ (4,855,808)	$ 20,991,061	$ 1,656,407
Notes payable	27,614,000	2,751,098	(4,415,000)	25,950,098	5,043,394
State trust fund loans	1,184,498	-	(173,004)	1,011,494	182,087
Compensated absences	2,280,310	104,484	(144,999)	2,239,795	1,320,389
Remediation claims payable	2,038,902	104,176	(43,396)	2,099,682	43,396
Governmental activity long-term liabilities	$ 58,964,579	$ 2,959,758	$ (9,632,207)	$ 52,292,130	$ 8,245,673
Business-type activities					
General obligation debt:					
Bonds payable	$ 658,131	$ -	$ (209,192)	$ 448,939	$ 218,593
Notes payable	-	3,013,902	-	3,013,902	300,606
Revenue bonds	8,455,000	-	(1,240,000)	7,215,000	1,275,000
Add unamortized costs	7,499	16,692	(43,887)	(19,696)	-
Compensated absences	308,575	41,769	(30,628)	319,716	11,225
Business-type activity long-term liabilities	$ 9,429,205	$ 3,072,363	$ (1,523,707)	$ 10,977,861	$ 1,805,424

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

Equalized value	$ 2,433,934,300
Legal debt margin percentage	5.00%
	121,696,715
Less: Outstanding general obligation debt	(51,415,494)
Add: Available funds reserved for debt payment	636,877
Legal debt margin	$ 70,918,098

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

During 2004, the City issued refunding bonds with an average interest rate of 3.5% to advance refund $3,320,000 of outstanding 1996 Series C general obligation bonds with an average interest rate of 5.6%. This issue was undertaken as a crossover refunding and the debt was retired on October 1, 2006.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

Debt service requirements to maturity at December 31, 2006 are as follows:

	Governmental Activities		Business-Type Activities		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ 6,881,888	$ 1,773,653	$ 519,199	$ 131,940	$ 7,401,087	$ 1,905,593
2008	5,755,576	1,570,637	530,952	110,777	6,286,528	1,681,414
2009	5,011,096	1,370,864	300,606	88,898	5,311,702	1,459,762
2010	5,091,686	1,180,064	300,606	78,077	5,392,292	1,258,141
2011	4,453,279	998,381	300,606	67,179	4,753,885	1,065,560
2012-2016	14,289,128	2,872,568	1,510,872	169,973	15,800,000	3,042,541
2017-2021	5,900,000	814,176	-	-	5,900,000	814,176
2022-2023	570,000	26,419	-	-	570,000	26,419
	$ 47,952,653	$ 10,606,762	$ 3,462,841	$ 646,844	$ 51,415,494	$ 11,253,606

Revenue Debt

The City also issues bonds where the income derived from the acquired or constructed assets are pledged to pay debt service. The Water and Wastewater Utilities have each issued revenue bond debt. The outstanding revenue bond debt at December 31, 2006 is detailed as follows:

	Original Amount	Interest Rates	Final Maturity	Balance 12/31/2006
Water Utility-				
1999 Revenue bonds	$ 4,990,000	4.9-5.0%	1/1/19	$ 3,330,000
Wastewater Utility-				
2001 Revenue refunding bonds	7,135,000	3.5-5.0%	1/1/12	3,885,000
Total revenue debt				$ 7,215,000

Annual debt service requirements for outstanding revenue debt at December 31, 2006 are as follows:

	Business-Type Activities		
Year	Principal	Interest	Total
2007	$ 1,275,000	$ 360,750	$ 1,635,750
2008	940,000	297,000	1,237,000
2009	990,000	250,000	1,240,000
2010	1,040,000	200,500	1,240,500
2011	1,025,000	148,500	1,173,500
2012-2016	1,310,000	362,000	1,672,000
2017-2018	635,000	48,000	683,000
	$ 7,215,000	$ 1,666,750	$ 8,881,750

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

Proprietary fund debt is presented in the financial statements net of unamortized issue costs and related expenses. These costs are being amortized using the effective interest method over the life of the bonds.

Other Debt Information

Per bond ordinances, the Water and Wastewater Utilities are required to establish specific cash accounts and distribute their revenues to these accounts as follows:

	Water	Wastewater
Operations Fund	95.0%	93.1%
Bond and Interest Sinking Fund	- %	3.9%
Depreciation Fund	5.0%	0.5%
Replacement Fund	- %	2.5%

In addition, the 1999 Water Utility revenue bond issue and the 2001 Wastewater Utility refunding revenue bond issue required the creation of various accounts for the payment of principal and interest. The City believes it has complied with these requirements.

Prior Years Debt Defeasance

At December 31, 2006, $4,275,000 of outstanding general obligation debt and $8,985,000 of outstanding revenue bonds (including prior years' refundings) are considered defeased.

Conduit Debt Obligations

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

As of December 31, 2006, there were five (5) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable could not be determined; however, the original issue amounts totaled $19,200,000.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

F. SEGMENT INFORMATION

The City maintains three Enterprise Funds providing for the operation of the Water, Wastewater and Parking Utilities. As previously noted, the Water and Wastewater utilities have issued revenue bonds to finance acquisition and construction of assets. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. All Enterprise funds have been presented as major funds in the City's government-wide financial statements.

G. RESTRICTED NET ASSETS/FUND BALANCES

Governmental activities restricted assets reported in the government-wide statement of net assets at December 31, 2006 includes the following:

Net assets restricted for :	
Capital assets, net of related debt	$ 35,633,500
Debt service	2,711,622
Economic development	421,431
Capital improvements	463,731
Total governmental activities restricted net assets	$ 39,230,284

Portions of fund balances reported on the fund financial statements at December 31, 2006 that are reserved and not available for current appropriation or expenditure are as follows:

Major funds:	
General Fund	
Reserved for advances	$ 2,619,766
Reserved for inventories and prepayments	447,499
Reserved for contingencies	500,000
Total General Fund	3,567,265
Debt Service Fund	
Reserved for debt service	636,877
Nonmajor funds:	
Special revenue funds	
Holtz-Krause Clean-Up Fund	
Reserved for debt service	1,556,449
Wausau Area Transit System Fund	
Reserved for inventories and prepayments	159,121
Trust Accounts Fund	
Reserved for trust purposes	398,029
Total Nonmajor funds	2,113,599
Total Reserved Fund Balance	$ 6,317,741

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

G. RESTRICTED NET ASSETS/FUND BALANCES

Unreserved fund balance as of December 31, 2006 includes the following items:

Major funds:	
General Fund	
Designated for subsequent year's expenditures	$ 1,616,060
Designated for economic development	421,431
Undesignated	5,973,553
Total General Fund	$ 8,011,044
TID #3 Downtown Development Fund	
Designated for subsequent year's expenditures	$ 828,970
Capital Improvements Fund	
Designated for subsequent year's expenditures	$ 2,179,472
Nonmajor funds:	
Special revenue funds	
Designated for:	
Grants	$ 1,105,671
HUD mortgage program	72,877
DLAD mortgage program	546,145
Industrial park	112,745
Federal rent rehabilitation	371,614
WRRP rehabilitation	185,047
Hazardous materials emergency response	102,531
Room tax	195,621
Public access cable	15,259
EMS grant	38,348
Undesignated	
Wausau Area Transit System (deficit)	(159,121)
TID #1 Downtown improvements (deficit)	(1,436,738)
Total special revenue funds	$ 1,149,999

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

G. RESTRICTED NET ASSETS/FUND BALANCES (Continued)

Capital project funds	
Undesignated	
TID #4 industrial park (deficit)	$ (1,183,028)
TID #5 industrial park (deficit)	(29,970)
TID #6 west side development (deficit)	(415,019)
TID #7 west side development (deficit)	(2,651)
Total capital project funds	$ (1,630,668)

H. RESTRICTED ASSETS

The balances of the restricted asset accounts in the Enterprise Funds are as follows:

	Water	Wastewater
General obligation debt redemption account	$ 432,982	$ 400,067
Bond redemption account	39,734	5,695
Bond earnings account	192,096	218,072
Bond reserve account	499,000	733,909
Depreciation/Replacement accounts	374,386	1,107,918
Construction account	16,004	-
Total restricted assets	$ 1,554,202	$ 2,465,661

I. COMPONENT UNIT

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

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

a. The Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

I. COMPONENT UNIT

b. The composition of cash, cash equivalents and investments at December 31, 2006 is as follows:

Deposits	$ 1,519,472
Certificate of deposit	708,195
Petty cash	195
Total	$ 2,227,862

Financial statement presentation:	
Cash and cash equivalents	$ 1,484,649
Cash and cash equivalents - restricted	35,018
Investments	708,195
Total	$ 2,227,862

Custodial Credit Risk for Deposits

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

At year end, the carrying value of the Community Development Authority's deposits was $2,227,667 and the financial institution balance was $2,413,791. Of the financial institution balance, $475,798 was covered by federal depository insurance, $845,187 was covered by the State Deposit Guarantee Fund, $1,048,942 was covered by pledged securities and $43,864 was uncollateralized.

Investment Policy

The CDA has not adopted a formal investment policy; however, the CDA invests in accordance with Wisconsin State Statutes. Under these statutes, investments include: 1) time deposits in any credit union, bank, savings bank, trust company, or savings and loan association; 2) bonds or securities of any county, city, drainage district, VTAE district, village, town or school district of the state; 3) bonds or securities issued or guaranteed by the Federal government; and, 4) the state local government investment pool.

Custodial Credit Risk for Investments

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

I. COMPONENT UNIT (Continued)

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 listed above.

Concentration of Credit Risk

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

Interest Rate Risk

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

c. Capital asset activity for the Authority for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,008,489	$ -	$ -	$ 1,008,489
Capital assets being depreciated:				
Buildings and improvements	13,901,989	412,096	(319)	14,313,766
Furniture and equipment	783,721	34,324	(57,456)	760,589
Total capital assets being depreciated	14,685,710	446,420	(57,775)	15,074,355
Less accumulated depreciation	(6,921,650)	(479,435)	57,775	(7,343,310)
Total capital assets being depreciated, net	7,764,060	(33,015)	-	7,731,045
Total Authority capital assets	$ 8,772,549	$ (33,015)	$ -	$ 8,739,534

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

I. COMPONENT UNIT (Continued)

d. Long-term debt at December 31, 2006 consists of a note payable to River Valley State Bank issued in the original amount of $768,632 at a 3.98% annual interest rate. Payments of $14,167 are due on a monthly basis. Final payment is due January 2010. This loan is secured by real estate. The debt is presented in the financial statements as follows:

Total debt outstanding	$ 491,914
Less current maturities	(153,134)
Total long-term debt	$ 338,780

Principal and interest requirements for the note payable are as follows:

	Principal	Interest	Total
2007	$ 153,134	$ 16,871	$ 170,005
2008	159,372	10,633	170,005
2009	165,863	4,143	170,006
2010	13,545	44	13,589
	$ 491,914	$ 31,691	$ 523,605

NOTE 5 – OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLAN

All eligible City of Wausau employees participate in the Wisconsin Retirement System (System), a cost sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year are eligible to participate in the System. Covered employees in the general category are required by statute to contribute 5.9% of their salary (2.9% for Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the City of Wausau employees covered by the System for the year ended December 31, 2006 was $15,498,345; the employer's total payroll was $15,976,945. The total required contribution for the year ended December 31, 2006 was $1,829,399, which consisted of $1,036,683 or 6.7% of payroll from the employer and $792,716 or 5.1% of payroll from employees. Total contributions for the years ended December 31, 2005 and 2004 were $1,749,969 and $1,662,085, respectively, equal to the required contributions for each year.

NOTE 5 – OTHER INFORMATION (Continued)

A. DEFINED BENEFIT PENSION PLAN (Continued)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive retirement benefits. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final Average Earnings is the average of the employees' three highest years earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of the Wisconsin Statutes. The System issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931.

In addition to the above-mentioned retirement fund, the State of Wisconsin administers a plan for eleven (11) employees who retired prior to the consolidation with the System. Also, at the time the City of Wausau acquired the Wausau Area Transit System from private ownership, the employees were covered by a pension plan, which the City assumed. This pension plan was frozen and placed with a trustee for investment of assets and administration. The plan assets were depleted in prior years. The total estimated future cost to the City of both plans as of December 31, 2006, was approximately $443,529, substantially all of which relates to prior services. The current portion of the estimated liability of $74,665 is provided for in the General Fund. The liability will be reduced as the City funds the benefit payments. The estimated remaining period of amortization is seven (7) years.

B. COMMITMENTS AND CONTINGENCIES

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

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

NOTE 5 – OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES (Continued)

The City also participates in a number of federal and state assisted grant agreements. These programs are subject to program compliance audits by the grantors or their representatives. An audit under *Federal OMB Circular A-133* and the *State Single Audit Guidelines* has been conducted but final acceptance is still pending. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

REMEDIATION CLAIMS PAYABLE

In 1985 the City was notified by the Department of Natural Resources that it was a potential responsible party for contamination at the Holtz-Krause Landfill Site. During 1993 the City of Wausau, and other parties, signed an agreement concerning the allocation of remedial design and action costs. This agreement serves to allocate the costs and tasks to be completed by the City.

The City's responsibility is to perform various operations and maintenance of the groundwater monitoring up to a cap of the equivalent of a contribution of $1.8 million dollars deposited in a bank on January 1, 1994, bearing interest of one percentage above the Local Government Investment Pool rate. If the total amount is not utilized in the operation and maintenance, the balance will revert to the City.

Based upon this agreement, the City shall be held harmless relating to any future claims arising from the Consent Decree.

This item has been recorded as a long-term liability in these financial statements. The balance at December 31, 2006 is $2,099,682. This balance represents the original $1.8 million adjusted for interest income and expenses incurred. The City has negotiated a structured settlement agreement with its insurance carrier to recover anticipated costs. Contract payments are recorded as revenue in the year received.

The City is also remediating soil at various sites within the City. Future cost estimates for these projects are not considered to be significant.

C. ACCUMULATED UNPAID EMPLOYEE BENEFITS

City employees generally earn vacation and sick leave at different rates depending upon years of service. Vacation and sick leave accumulate on a biweekly basis. A liability for accrued vacation benefits of $840,780 has been recorded in the government-wide statement of net assets.

When an employee retires or is forced to retire due to medical disability and meets specified requirements, a maximum of sixty percent (60%) of the remaining accumulated sick pay (employee's hourly rate, exclusive of longevity and shift differential) is used to pay premiums toward the hospital

NOTE 5 – OTHER INFORMATION (Continued)

C. ACCUMULATED UNPAID EMPLOYEE BENEFITS (Continued)

and surgical program then in effect for the employee. The liability for these benefits for current employees was $1,059,596 at December 31, 2006, and has also been recorded in the statement of net assets. The employee may use the foregoing benefit until such time as one of the following occurs:

1. The fund is depleted,
2. The employee dies, or
3. The employee becomes employed and/or eligible for other comparable hospital and surgical programs from another source.

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

1. Apply for Wisconsin Retirement Fund benefits within thirty (30) days of the last day of work, and

2. Whenever possible, in cases of voluntary retirement, give the employer notice of retirement and intent to utilize the benefits by December 1 preceding the retirement date.

Provisions exist which allow City employees to earn compensatory time for hours worked in excess of 40 hours per week. This compensatory time is earned at either time or time-and-one half depending upon the employee's position classification. Employees may use this time during any given year and will be paid for any unused compensatory time upon termination. The City has recorded a liability of $299,514 at December 31, 2006.

D. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to pension benefits being provided through the Wisconsin Retirement System described earlier, the City provides certain health care benefits as provided for by union contracts or management ordinance. Retired employees who qualify are allowed to convert a maximum of 60% of their accumulated sick leave balance at the time of retirement into monetary value and draw down on the amount to pay the costs of health care insurance premiums. Approximately twelve (12) retirees are currently receiving health insurance coverage through sick leave conversion credits. The liability for this post-retirement health insurance benefit at December 31, 2006 was $39,905 and will be paid primarily by the general fund.

E. DEFERRED COMPENSATION PLAN

The City offers its employees three deferred compensation plans created in accordance with the Internal Revenue Code. The plans, available to all City employees, permit them to defer a portion of their earnings until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plans are administered by private entities: the Public Employee Benefit Service Corporation (PEBSCO), the International City Managers Association Retirement Corporation (ICMA), and Wisconsin Deferred Compensation Program.

NOTE 5 – OTHER INFORMATION (Continued)

E. DEFERRED COMPENSATION PLAN (Continued)

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

F. JOINT VENTURE INFORMATION

The City is a participant in a joint and cooperative venture with Marathon County in the City-County Data Center Commission. The City and County have representation on the governing board of commissioners and share equally in capital purchases. Reimbursement of all operating expenses other than depreciation and interest are made by the City and County at 30% and 70%, respectively.

The City has recorded its equity interest in its capital asset accounts. Segment information for the City-County Data Center Commission for the year ended December 31, 2006 is as follows:

Operating revenues	$ 584,599
Operating expenses	
Data processing expenses	1,956,537
Administrative and general expenses	127,329
Depreciation	227,042
Total operating expenses	2,310,908
Operating loss before contributions and reimbursements	(1,726,309)
Capital contributions and reimbursements	1,724,302
Change in net assets	(2,007)
Total assets	778,948
Total liabilities	430,645
Total net assets	348,303

Complete financial statements can be obtained from:

City-County Data Center Commission
407 Grant Street
Wausau, Wisconsin 54403-4783

NOTE 5 – OTHER INFORMATION (Continued)

G. TAX INCREMENTAL FINANCING DISTRICTS

Tax Incremental Financing District No. 1 was created on April 1, 1981. The project was completed December 31, 1989. The City borrowed funds for the project that were retired by tax increments and from the general property tax levy. Increments will continue to be collected until all costs have been financed with tax increment financing. The debt issues associated with this district have been retired as of December 31, 1999.

Tax Incremental Financing District No. 2 was created on July 1, 1990. The last date to incur project costs was recently extended by state law to July 1, 2012. The City borrowed funds for the project that will be retired by tax increments. This debt issue is included within the City's long-term debt. The balance on the debt issue outstanding at December 31, 2006 is as follows:

1997 General Obligation Notes	$ 30,000

Tax Incremental Financing District No. 3 was created on September 12, 1994. Recent state law changes have extended the expenditure period to September 12, 2016. The City borrowed funds for the project that will be retired by tax increments. These debt issues are included within the City's long-term debt. The balances on debt issues outstanding at December 31, 2006 are as follows:

1996 General Obligation Bonds	$ 450,620
1998 General Obligation Bonds	34,681
2001 General Obligation Notes	266,936
2001 State Trust Fund Loan	1,011,494
2003D General Obligation Notes	2,365,000
2004A General Obligation Notes	526,432
2004D Refunding Bonds	12,755,000
2003 Promissory notes	855,000
2005 General Obligation Notes	1,220,000
Total	$19,485,163

Tax Incremental Financing District No. 4 was created on September 23, 1996. Recent state law changes have extended the expenditure period to September 23, 2014. The City borrowed funds for the project that will be retired by tax increments. These debt issues are included in the City's long-term debt. The balances on the debt issues outstanding at December 31, 2006 are as follows:

1998 General Obligation Notes	$ 101,142
2000 General Obligation Notes	370,000
Total	$ 471,142

NOTE 5 – OTHER INFORMATION (Continued)

G. TAX INCREMENTAL FINANCING DISTRICTS (Continued)

Tax Incremental Financing District No. 5 was created on July 31, 1997. Recent state law changes have extended the expenditure period to July 31, 2015. The City borrowed funds for the project that will be retired by tax increments. These debt issues are included within the City's long-term debt. The balances on the debt issues outstanding at December 31, 2006 are as follows:

1997 General Obligation Notes	$ 60,000
2003 General Obligation Notes	1,822,394
2004B General Obligation Notes	1,240,000
Total	$ 3,122,394

Tax Incremental Financing District No. 6 was created on May 11, 2005. The expenditure period will end on May 11, 2023. The City borrowed funds for the project that will be retired by tax increments. This debt issue is included in the City's debt and the balance at December 31, 2006 is as follows:

2005A General Obligation Notes	$ 1,418,889

Tax Incremental Financing District No. 7 was created on January 11, 2006. The expenditure period will end on May 11, 2021. The City borrowed funds for the project that will be retired by tax increments. This debt issue is included in the City's debt and the balance at December 31, 2006 is as follows:

2006A General Obligation Notes	$ 350,000

The following schedule summarizes the cumulative status of Tax Incremental Financing Districts (TID) No. 1, 2, 3, 4, 5, 6 and 7 as of December 31, 2006.

	TID #1	TID #2	TID #3	TID #4	TID #5	TID #6	TID #7
Total revenues	$45,674,747	$6,755,410	$11,570,811	$ 126,636	$3,241,890	$ 18,182	$ -
Expenditures:							
Project costs	23,820,293	2,050,550	32,565,810	1,237,677	5,561,549	1,689,752	341,235
Interest and related costs	22,801,385	613,267	5,524,293	384,134	620,547	65,151	2,454
Administration	489,807	266,445	-	158,994	212,159	97,188	8,963
Subsidy to TID #3	-	3,855,148	-	-	-	-	-
Total expenditures	47,111,485	6,785,410	38,090,103	1,780,805	6,394,255	1,852,091	352,652
Net recoverable costs	$ 1,436,738	$ 30,000	$26,519,292	$1,654,169	$3,152,365	$1,833,909	$ 352,652

NOTE 5 – OTHER INFORMATION (Continued)

H. FUTURE CHANGE IN ACCOUNTING PRINCIPLE

In July 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"*. This statement will require accrual-basis measurement and recognition of other post employment benefit costs over a period that approximates employee's years of service, as well as provide information about actuarial accrued liabilities and to what extent funding progress is made. The City will adopt the new standard beginning with its 2008 fiscal year, the year in which adoption is first required. The impact of applying the new statement has not yet been determined.

I. SUBSEQUENT EVENT

In May 2007, the City issued General Obligation Promissory Notes, Series 2007A, in the amount of $4,535,000. In addition, the City also issued General Obligation Refunding Bonds, Series 2007B in the amount of $2,605,000 to refund outstanding Water Utility revenue bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAUSAU, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts (Note A)			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 10,864,293	$ 10,864,293	$ 11,041,433	$ 177,140
Special assessments	26,000	26,000	31,774	5,774
Intergovernmental	8,447,029	8,537,029	8,533,152	(3,877)
Licenses and permits	646,220	646,220	715,458	69,238
Fines, forfeitures and penalties	306,350	306,350	364,019	57,669
Public charges for services	1,590,184	1,590,184	1,993,258	403,074
Intergovernmental charges for services	809,791	809,791	980,846	171,055
Commercial revenues	1,030,547	1,030,547	983,357	(47,190)
Miscellaneous revenues	775,495	775,495	384,086	(391,409)
Total Revenues	24,495,909	24,585,909	25,027,383	441,474
EXPENDITURES				
General government	3,948,858	3,943,858	3,733,801	210,057
Public safety	13,415,939	13,514,595	13,343,383	171,212
Transportation and streets	6,670,852	6,700,335	6,273,065	427,270
Sanitation, health and welfare	1,105,000	1,105,000	1,139,761	(34,761)
Natural resources and recreation	2,100,260	2,100,260	1,986,127	114,133
Total Expenditures	27,240,909	27,364,048	26,476,137	887,911
Excess (Deficiency) of Revenues over Expenditures	(2,745,000)	(2,778,139)	(1,448,754)	1,329,385
OTHER FINANCING SOURCES (USES)				
Transfers in	1,202,000	1,227,465	1,467,826	240,361
Transfers out	-	-	(957,577)	(957,577)
Total Other Financing Sources (Uses)	1,202,000	1,227,465	510,249	(717,216)
Net Change in Fund Balance	(1,543,000)	(1,550,674)	(938,505)	612,169
Fund balance - beginning of year	12,516,814	12,516,814	12,516,814	-
Fund balance - end of year	$ 10,973,814	$ 10,966,140	$ 11,578,309	$ 612,169

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

Note B - Expenditures exceeded appropriations for the following departmental cost centers: City Council by $45,557, Elections by $20,845, Human resources by $14,161, Fire department by $110,087, Inspections and electrical systems by $30,149, Curb, gutter and paving by $18,074, Street signs and guideboards by $21,900, Weed control by $3,912, Garbage and refuse collection by $28,288 and Clean up costs by $6,473.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2006

	Special Revenue Funds			
	Grants	HUD Mortgage	DLAD Mortgage Program	Industrial Park
ASSETS				
Cash and cash equivalents	$ 450,062	$ 73,169	$ 430,178	$ 112,645
Investments	471,444	-	126,852	-
Taxes receivable	-	-	-	-
Accounts receivable	100,343	-	4,115	100
Notes receivable	3,562,110	1,847,713	167,126	-
Due from other governments	200,776	-	-	-
Due from other funds	-	-	-	-
Inventories and prepayments	-	-	-	-
TOTAL ASSETS	$ 4,784,735	$ 1,920,882	$ 728,271	$ 112,745
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 34	$ -	$ -	$ -
Employee compensation and benefits	11,368	292	-	-
Due to other funds	22,857	-	15,000	-
Advances from other funds	-	-	-	-
Deferred revenues	3,644,805	1,847,713	167,126	-
Total liabilities	3,679,064	1,848,005	182,126	-
Fund Balances				
Reserved for debt service	-	-	-	-
Reserved for inventories	-	-	-	-
Trust purposes	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	1,105,671	72,877	546,145	112,745
Undesignated	-	-	-	-
Total Fund Balances	1,105,671	72,877	546,145	112,745
TOTAL LIABILITIES AND FUND BALANCES	$ 4,784,735	$ 1,920,882	$ 728,271	$ 112,745

Special Revenue Funds					
Federal Rent Rehabilitation	WRRP Rehabilitation	Holtz-Krause Clean Up	Hazardous Materials Emergency Response	Room Tax	Public Access Cable
$ 371,614	$ 147,067	$ 1,560,223	$ 102,682	$ 81,022	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	123	-	-	166,496	65,694
-	1,077,846	518,296	-	100,000	-
-	-	-	-	-	-
-	37,857	-	-	-	-
-	-	-	-	-	-
$ 371,614	$ 1,262,893	$ 2,078,519	$ 102,682	$ 347,518	$ 65,694
$ -	$ -	$ 3,774	$ 151	$ 51,897	$ 9,464
-	-	-	-	-	5,471
-	-	-	-	-	35,500
-	-	-	-	-	-
-	1,077,846	518,296	-	100,000	-
-	1,077,846	522,070	151	151,897	50,435
-	-	1,556,449	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
371,614	185,047	-	102,531	195,621	15,259
-	-	-	-	-	-
371,614	185,047	1,556,449	102,531	195,621	15,259
$ 371,614	$ 1,262,893	$ 2,078,519	$ 102,682	$ 347,518	$ 65,694

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
December 31, 2006

	Special Revenue Funds			
	Recycling	Wausau Area Transit System	TID #1 Downtown Improvements	TID #2 Industrial Park
ASSETS				
Cash and cash equivalents	$ 24,952	$ 1,239	$ -	$ -
Investments	-	-	-	-
Taxes receivable	461,725	594,064	1,539,076	696,800
Accounts receivable	-	48,110	-	-
Notes receivable	-	-	-	-
Due from other governments	-	1,308,840	-	-
Due from other funds	-	-	-	-
Inventories and prepayments	-	159,121	-	-
TOTAL ASSETS	$ 486,677	$ 2,111,374	$ 1,539,076	$ 696,800
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 24,952	$ 206,764	$ -	$ -
Employee compensation and benefits	-	190,831	-	-
Due to other funds	-	1,101,342	-	-
Advances from other funds	-	-	1,436,738	-
Deferred revenues	461,725	612,437	1,539,076	696,800
Total liabilities	486,677	2,111,374	2,975,814	696,800
Fund Balances				
Reserved for debt service	-	-	-	-
Reserved for inventories	-	159,121	-	-
Trust purposes	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	-	-	-	-
Undesignated	-	(159,121)	(1,436,738)	-
Total Fund Balances	-	-	(1,436,738)	-
TOTAL LIABILITIES AND FUND BALANCES	$ 486,677	$ 2,111,374	$ 1,539,076	$ 696,800

Special Revenue Funds			Capital Project Funds		
EMS Grant	Trust Accounts	Total	TID #4 Industrial Park	TID #5 Industrial Park	TID #6 West Side Development
$ 38,348	$ 420,626	$ 3,813,827	$ -	$ -	$ -
-	-	598,296	-	-	-
-	-	3,291,665	57,235	519,865	449,635
-	-	384,981	-	-	-
-	-	7,273,091	-	-	-
-	28,479	1,538,095	-	-	-
-	-	37,857	-	-	-
-	-	159,121	-	-	-
$ 38,348	$ 449,105	$ 17,096,933	$ 57,235	$ 519,865	$ 449,635
$ -	$ 51,076	$ 348,112	$ -	$ 21,615	$ -
-	-	207,962	-	-	-
-	-	1,174,699	-	8,355	415,019
-	-	1,436,738	1,183,028	-	-
-	-	10,665,824	57,235	519,865	449,635
-	51,076	13,833,335	1,240,263	549,835	864,654
-	-	1,556,449	-	-	-
-	-	159,121	-	-	-
-	398,029	398,029	-	-	-
38,348	-	2,745,858	-	-	-
-	-	(1,595,859)	(1,183,028)	(29,970)	(415,019)
38,348	398,029	3,263,598	(1,183,028)	(29,970)	(415,019)
$ 38,348	$ 449,105	$ 17,096,933	$ 57,235	$ 519,865	$ 449,635

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Concluded)
December 31, 2006

	Capital Project Funds		
	TID #7 West Side Development	Total	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ -	$ -	$ 3,813,827
Investments	-	-	598,296
Taxes receivable	-	1,026,735	4,318,400
Accounts receivable	-	-	384,981
Notes receivable	-	-	7,273,091
Due from other governments	-	-	1,538,095
Due from other funds	-	-	37,857
Inventories and prepayments	-	-	159,121
TOTAL ASSETS	$ -	$ 1,026,735	$ 18,123,668
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ -	$ 21,615	$ 369,727
Employee compensation and benefits	-	-	207,962
Due to other funds	2,651	426,025	1,600,724
Advances from other funds	-	1,183,028	2,619,766
Deferred revenues	-	1,026,735	11,692,559
Total liabilities	2,651	2,657,403	16,490,738
Fund Balances			
Reserved for debt service	-	-	1,556,449
Reserved for inventories	-	-	159,121
Trust purposes	-	-	398,029
Unreserved			
Designated for subsequent years' expenditures	-	-	2,745,858
Undesignated	(2,651)	(1,630,668)	(3,226,527)
Total Fund Balances	(2,651)	(1,630,668)	1,632,930
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 1,026,735	$ 18,123,668

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2006

	Special Revenue Funds			
	Grants	HUD Mortgage	DLAD Mortgage Program	Industrial Park
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	1,710,863	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Commercial revenues	445,052	282,416	50,944	-
Miscellaneous revenues	30,614	60,000	-	500
Total Revenues	2,186,529	342,416	50,944	500
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation and streets	-	-	-	-
Sanitation, health and welfare	-	-	-	-
Natural resources and recreation	-	-	-	-
Economic development	1,959,211	602,862	57,744	8,405
Capital outlay	-	-	-	-
Total expenditures	1,959,211	602,862	57,744	8,405
Excess (deficiency) of revenues over expenditures	227,318	(260,446)	(6,800)	(7,905)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Discount on general obligation debt	-	-	-	-
Transfers in	191,655	-	-	-
Transfers out	(251,890)	(81,655)	-	-
Total other financing sources (uses)	(60,235)	(81,655)	-	-
Net change in fund balances	167,083	(342,101)	(6,800)	(7,905)
Fund balances - beginning of year	938,588	414,978	552,945	120,650
Fund balances - end of year	$ 1,105,671	$ 72,877	$ 546,145	$ 112,745

Special Revenue Funds					
Federal Rent Rehabilitation	WRRP Rehabilitation	Holtz-Krause Clean Up	Hazardous Materials Emergency Response	Room Tax	Public Access Cable
$ -	$ -	$ -	$ -	$ 726,495	$ -
-	-	-	146,802	-	-
-	-	-	-	-	35,921
-	-	-	-	-	4,216
16,954	56,835	104,176	-	-	-
-	-	-	-	-	60,582
16,954	56,835	104,176	146,802	726,495	100,719
-	-	-	-	522,938	104,129
-	-	-	124,312	-	-
-	-	-	-	-	-
-	-	44,482	-	-	-
-	-	-	-	-	-
4,420	52,702	-	-	-	-
-	-	-	-	-	-
4,420	52,702	44,482	124,312	522,938	104,129
12,534	4,133	59,694	22,490	203,557	(3,410)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(170,000)	-
-	-	-	-	(170,000)	-
12,534	4,133	59,694	22,490	33,557	(3,410)
359,080	180,914	1,496,755	80,041	162,064	18,669
$ 371,614	$ 185,047	$ 1,556,449	$ 102,531	$ 195,621	$ 15,259

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
Year Ended December 31, 2006

	Special Revenue Funds			
	Recycling	Wausau Area Transit System	TID #1 Downtown Improvements	TID #2 Industrial Park
REVENUES				
Taxes	$ 409,043	$ 524,103	$ 1,502,087	$ 712,853
Intergovernmental	177,647	2,376,105	26,014	16,357
Licenses and permits	-	-	-	-
Charges for services	-	539,577	-	-
Commercial revenues	-	-	88,723	-
Miscellaneous revenues	2,289	7,527	-	-
Total Revenues	588,979	3,447,312	1,616,824	729,210
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation and streets	-	3,447,312	-	-
Sanitation, health and welfare	588,979	-	-	-
Natural resources and recreation	-	-	-	-
Economic development	-	-	106,912	-
Capital outlay	-	-	-	-
Total expenditures	588,979	3,447,312	106,912	-
Excess (deficiency) of revenues over expenditures	-	-	1,509,912	729,210
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Discount on general obligation debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(729,210)
Total other financing sources (uses)	-	-	-	(729,210)
Net change in fund balances	-	-	1,509,912	-
Fund balances - beginning of year	-	-	(2,946,650)	-
Fund balances - end of year	$ -	$ -	$ (1,436,738)	$ -

Special Revenue Funds			Capital Project Funds		
EMS Grant	Trust Accounts	Total	TID #4 Industrial Park	TID #5 Industrial Park	TID #6 West Side Development
$ -	$ -	$ 3,874,581	$ 52,536	$ 474,090	$ -
24,584	59,476	4,537,848	259	2,984	-
-	-	35,921	-	-	-
-	-	543,793	-	-	-
-	16,183	1,061,283	-	-	3,615
-	113,932	275,444	-	160,000	-
24,584	189,591	10,328,870	52,795	637,074	3,615
-	-	627,067	-	-	-
5,881	89,948	220,141	-	-	-
-	-	3,447,312	-	-	-
-	-	633,461	-	-	-
-	32,658	32,658	-	-	-
-	-	2,792,256	-	2,600,153	-
-	-	-	-	-	350,669
5,881	122,606	7,752,895	-	2,600,153	350,669
18,703	66,985	2,575,975	52,795	(1,963,079)	(347,054)
-	-	-	-	-	-
-	-	-	-	-	-
-	180	191,835	-	-	-
-	(42,000)	(1,274,755)	(182,415)	(398,510)	(176,992)
-	(41,820)	(1,082,920)	(182,415)	(398,510)	(176,992)
18,703	25,165	1,493,055	(129,620)	(2,361,589)	(524,046)
19,645	372,864	1,770,543	(1,053,408)	2,331,619	109,027
$ 38,348	$ 398,029	$ 3,263,598	$ (1,183,028)	$ (29,970)	$ (415,019)

CITY OF WAUSAU, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
Year Ended December 31, 2006

	Capital Project Funds		
	TID #7 West Side Development	Total	Total Nonmajor Governmental Funds
REVENUES			
Taxes	$ -	$ 526,626	$ 4,401,207
Intergovernmental	-	3,243	4,541,091
Licenses and permits	-	-	35,921
Charges for services	-	-	543,793
Commercial revenues	-	3,615	1,064,898
Miscellaneous revenues	-	160,000	435,444
Total Revenues	-	693,484	11,022,354
EXPENDITURES			
Current:			
General government	-	-	627,067
Public safety	-	-	220,141
Transportation and streets	-	-	3,447,312
Sanitation, health and welfare	-	-	633,461
Natural resources and recreation	-	-	32,658
Economic development	1,000	2,601,153	5,393,409
Capital outlay	350,951	701,620	701,620
Total expenditures	351,951	3,302,773	11,055,668
Excess (deficiency) of revenues over expenditures	(351,951)	(2,609,289)	(33,314)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	350,000	350,000	350,000
Discount on general obligation debt	(700)	(700)	(700)
Transfers in	-	-	191,835
Transfers out	-	(757,917)	(2,032,672)
Total other financing sources (uses)	349,300	(408,617)	(1,491,537)
Net change in fund balances	(2,651)	(3,017,906)	(1,524,851)
Fund balances - beginning of year	-	1,387,238	3,157,781
Fund balances - end of year	$ (2,651)	$ (1,630,668)	$ 1,632,930

CITY OF WAUSAU, WISCONSIN
NONMAJOR BUDGETED GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2006

	Special Revenue Funds			
	Grants		Industrial Park	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	2,384,245	1,710,863	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Commercial revenues	-	445,052	-	-
Miscellaneous revenues	-	30,614	15,000	500
Total Revenues	2,384,245	2,186,529	15,000	500
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation and streets	-	-	-	-
Sanitation, health and welfare	-	-	-	-
Economic development	2,528,308	1,959,211	15,000	8,405
Capital outlay	-	-	-	-
Total expenditures	2,528,308	1,959,211	15,000	8,405
Excess (deficiency) of revenues over expenditures	(144,063)	227,318	-	(7,905)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Discount on general obligation debt	-	-	-	-
Transfers in	110,000	191,655	-	-
Transfers out	(226,890)	(251,890)	-	-
Total other financing sources (uses)	(116,890)	(60,235)	-	-
Net change in fund balances	$ (260,953)	167,083	$ -	(7,905)
Fund balances - beginning of year		938,588		120,650
Fund balances - end of year		$ 1,105,671		$ 112,745

Special Revenue Funds					
Hazardous Materials Emergency Response		Room Tax		Public Access Cable	
Budget	Actual	Budget	Actual	Budget	Actual
$ -	$ -	$ 622,000	$ 726,495	$ -	$ -
146,802	146,802	-	-	-	-
-	-	-	-	28,302	35,921
-	-	-	-	3,900	4,216
-	-	-	-	-	-
-	-	-	-	65,281	60,582
146,802	146,802	622,000	726,495	97,483	100,719
-	-	495,350	522,938	97,483	104,129
146,802	124,312	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
146,802	124,312	495,350	522,938	97,483	104,129
-	22,490	126,650	203,557	-	(3,410)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(145,000)	(170,000)	-	-
-	-	(145,000)	(170,000)	-	-
$ -	22,490	$ (18,350)	33,557	$ -	(3,410)
	80,041		162,064		18,669
	$ 102,531		$ 195,621		$ 15,259

CITY OF WAUSAU, WISCONSIN
NONMAJOR BUDGETED GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE (Continued)
Year ended December 31, 2006

	Special Revenue Funds			
	Recycling		Wausau Area Transit System	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	$ 480,123	$ 409,043	$ 633,141	$ 524,103
Intergovernmental	177,690	177,647	2,630,662	2,376,105
Licenses and permits	-	-	-	-
Charges for services	-	-	501,844	539,577
Commercial revenues	-	-	-	-
Miscellaneous revenues	3,500	2,289	2,050	7,527
Total Revenues	661,313	588,979	3,767,697	3,447,312
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation and streets	-	-	3,767,697	3,447,312
Sanitation, health and welfare	661,313	588,979	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	661,313	588,979	3,767,697	3,447,312
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Discount on general obligation debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	$ -	-	$ -	-
Fund balances - beginning of year		-		-
Fund balances - end of year		$ -		$ -

Special Revenue Funds				Capital Project Funds	
TID #1 Downtown Improvements		TID #2 Industrial Park		TID #4 Industrial Park	
Budget	Actual	Budget	Actual	Budget	Actual
$ 1,506,869	$ 1,502,087	$ 715,122	$ 712,853	$ 52,703	$ 52,536
15,085	26,014	20,000	16,357	500	259
-	-	-	-	-	-
-	-	-	-	-	-
76,000	88,723	-	-	-	-
-	-	-	-	-	-
1,597,954	1,616,824	735,122	729,210	53,203	52,795
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
107,384	106,912	-	-	-	-
-	-	-	-	-	-
107,384	106,912	-	-	-	-
1,490,570	1,509,912	735,122	729,210	53,203	52,795
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(735,122)	(729,210)	(182,415)	(182,415)
-	-	(735,122)	(729,210)	(182,415)	(182,415)
$ 1,490,570	1,509,912	$ -	-	$ (129,212)	(129,620)
	(2,946,650)		-		(1,053,408)
	$ (1,436,738)		$ -		$ (1,183,028)

CITY OF WAUSAU, WISCONSIN
NONMAJOR BUDGETED GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE (Concluded)
Year Ended December 31, 2006

	Capital Project Funds			
	TID #5 Industrial Park		TID #6 West Side Development	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	$ 475,599	$ 474,090	$ -	$ -
Intergovernmental	4,000	2,984	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Commercial revenues	-	-	-	3,615
Miscellaneous revenues	1,500	160,000	-	-
Total Revenues	481,099	637,074	-	3,615
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation and streets	-	-	-	-
Sanitation, health and welfare	-	-	-	-
Economic development	2,757,636	2,600,153	-	-
Capital outlay	-	-	36,867	350,669
Total expenditures	2,757,636	2,600,153	36,867	350,669
Excess (deficiency) of revenues over expenditures	(2,276,537)	(1,963,079)	(36,867)	(347,054)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Discount on general obligation debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(398,510)	(398,510)	(176,993)	(176,992)
Total other financing sources (uses)	(398,510)	(398,510)	(176,993)	(176,992)
Net change in fund balances	$ (2,675,047)	(2,361,589)	$ (213,860)	(524,046)
Fund balances - beginning of year		2,331,619		109,027
Fund balances - end of year		$ (29,970)		$ (415,019)

Capital Project Funds

TID #7 West Side Development	
Budget	Actual
$ -	$ -
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	1,000
350,000	350,951
350,000	351,951
(350,000)	(351,951)
350,000	350,000
-	(700)
-	-
-	-
350,000	349,300
$ -	(2,651)
	-
	$ (2,651)

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
TAXES				
General property taxes	$ 10,649,293	$ 10,649,293	$ 10,806,178	$ 156,885
Mobile home parking fees	63,000	63,000	45,038	(17,962)
Payments in lieu of taxes	106,000	106,000	127,510	21,510
Other taxes	46,000	46,000	62,707	16,707
Total Taxes	10,864,293	10,864,293	11,041,433	177,140
SPECIAL ASSESSMENTS				
Interest on special assessments	26,000	26,000	31,774	5,774
INTERGOVERNMENTAL				
State shared taxes	5,150,359	5,150,359	5,125,448	(24,911)
Expenditure restraint	815,000	815,000	886,855	71,855
Fire insurance tax	81,241	81,241	81,778	537
Municipal services	156,000	156,000	161,410	5,410
Transportation aids	2,204,429	2,204,429	2,204,102	(327)
Other grants	40,000	130,000	73,559	(56,441)
Total Intergovernmental	8,447,029	8,537,029	8,533,152	(3,877)
LICENSES AND PERMITS				
Licenses	155,160	155,160	184,740	29,580
Franchise fees	275,000	275,000	280,081	5,081
Permits	216,060	216,060	250,637	34,577
Total Licenses and Permits	646,220	646,220	715,458	69,238
FINES, FORFEITURES AND PENALTIES	306,350	306,350	364,019	57,669
PUBLIC CHARGES FOR SERVICES				
General government	224,750	224,750	243,308	18,558
Public safety	985,534	985,534	1,160,197	174,663
Streets and related facilities	43,600	43,600	69,965	26,365
Other transportation	138,000	138,000	325,179	187,179
Recreation	124,800	124,800	116,595	(8,205)
Public areas	73,500	73,500	78,014	4,514
Total Public Charges for Services	1,590,184	1,590,184	1,993,258	403,074
INTERGOVERNMENTAL CHARGES FOR SERVICES				
State, federal and local reimbursements	14,430	14,430	13,091	(1,339)
County and other municipalities	239,661	239,661	257,821	18,160
City departments	555,700	555,700	709,934	154,234
Total Intergovernmental Charges for Services	809,791	809,791	980,846	171,055

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
COMMERCIAL				
Interest on general investments	$ 920,000	$ 920,000	$ 870,277	$ (49,723)
Other interest	110,547	110,547	113,080	2,533
Total Commercial	1,030,547	1,030,547	983,357	(47,190)
MISCELLANEOUS REVENUES				
Rent of land and buildings	201,000	201,000	199,860	(1,140)
Sale of City property	6,675	6,675	41,772	35,097
Other miscellaneous revenues	567,820	567,820	142,454	(425,366)
Total Miscellaneous Revenues	775,495	775,495	384,086	(391,409)
OTHER FINANCING SOURCES				
Transfers in	1,202,000	1,227,465	1,467,826	240,361
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 25,697,909	$ 25,813,374	$ 26,495,209	$ 681,835

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
GENERAL GOVERNMENT				
City Council	$ 544,012	$ 544,012	$ 589,569	$ (45,557)
Mayor	243,631	243,631	210,663	32,968
Finance department	951,241	951,241	897,221	54,020
City clerk/customer service	471,960	471,960	462,195	9,765
Elections	48,450	48,450	69,295	(20,845)
Assessor	486,839	486,839	440,647	46,192
City attorney	346,939	346,939	337,721	9,218
Municipal judge	113,019	113,019	105,731	7,288
Human resources	203,427	203,427	217,588	(14,161)
City hall and other municipal buildings	504,340	499,340	376,274	123,066
Tax adjustment	35,000	35,000	26,897	8,103
Total General Government	3,948,858	3,943,858	3,733,801	210,057
PUBLIC SAFETY				
Police department	6,820,788	6,910,788	6,785,534	125,254
Fire department	3,297,978	3,302,978	3,413,065	(110,087)
Ambulance	1,996,775	1,996,775	1,852,718	144,057
Pension and retirement payments	110,000	110,000	67,863	42,137
Inspections and electrical systems	1,190,398	1,194,054	1,224,203	(30,149)
Total Public Safety	13,415,939	13,514,595	13,343,383	171,212
TRANSPORTATION AND STREETS				
Street lighting	490,757	494,775	485,356	9,419
City airport	149,813	149,813	138,489	11,324
Engineering	1,511,329	1,536,794	1,507,965	28,829
Clerical and administration	441,351	441,351	403,218	38,133
Stockroom	71,189	71,189	60,399	10,790
Construction of roadways and streets	51,500	51,500	25,147	26,353
Roadways and streets	726,410	726,410	654,324	72,086
Curb, gutter and paving	7,005	7,005	25,079	(18,074)
Storm sewers	399,232	399,232	267,245	131,987
Street signs and guideboards	172,969	172,969	194,869	(21,900)
Street cleaning and flushing	694,910	694,910	685,270	9,640
Weed control	58,175	58,175	62,087	(3,912)
Bridges and culverts	23,237	23,237	6,717	16,520
City shop and garage	322,412	322,412	312,266	10,146
Alleys and other nonstreets	717,188	717,188	702,163	15,025
Snow removal	833,375	833,375	742,471	90,904
Total Transportation and Streets	6,670,852	6,700,335	6,273,065	427,270
SANITATION, HEALTH AND WELFARE				
Garbage and refuse collection	1,090,000	1,090,000	1,118,288	(28,288)
Clean up costs	15,000	15,000	21,473	(6,473)
Total Sanitation, Health and Welfare	1,105,000	1,105,000	1,139,761	(34,761)

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
NATURAL RESOURCES/RECREATION				
Parks and recreation	$ 2,100,260	$ 2,100,260	$ 1,986,127	$ 114,133
OTHER FINANCING USES				
Transfers out	-	-	957,577	(957,577)
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 27,240,909	$ 27,364,048	$ 27,433,714	$ (69,666)

CITY OF WAUSAU, WISCONSIN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
General property taxes	$ 4,156,866	$ 4,156,866	$ 4,156,866	$ -
Interest on general investments	-	-	1,173	1,173
Reimbursement of expenditures	268,826	268,826	268,984	158
Total Revenues	4,425,692	4,425,692	4,427,023	1,331
EXPENDITURES				
Debt Service:				
Principal retirement	6,123,812	6,123,812	6,123,812	-
Interest and debt service charges	2,092,132	2,092,132	2,099,721	(7,589)
Total Expenditures	8,215,944	8,215,944	8,223,533	(7,589)
Deficiency of Revenues over Expenditures	(3,790,252)	(3,790,252)	(3,796,510)	(6,258)
OTHER FINANCING SOURCES				
Payment to bond escrow agent	-	-	(3,320,000)	(3,320,000)
Transfers in	3,753,661	3,753,661	3,765,455	11,794
Total Other Financing Sources (Uses)	3,753,661	3,753,661	445,455	(3,308,206)
Net change in fund balance	(36,591)	(36,591)	(3,351,055)	(3,314,464)
Fund balance - beginning of year	3,987,932	3,987,932	3,987,932	-
Fund balance - end of year	$ 3,951,341	$ 3,951,341	$ 636,877	$ (3,314,464)

CITY OF WAUSAU, WISCONSIN
TIF #3 DOWNTOWN DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
General property taxes	$ 834,218	$ 834,218	$ 831,571	$ (2,647)
Intergovernmental - State shared taxes	150,000	150,000	171,695	21,695
Interest on investments	-	-	65,158	65,158
Other miscellaneous	11,000	11,000	12,481	1,481
Total Revenues	995,218	995,218	1,080,905	85,687
EXPENDITURES				
Capital outlay:				
Economic development	90,000	3,623,848	1,301,728	2,322,120
Excess (Deficiency) of Revenues over Expenditures	905,218	(2,628,630)	(220,823)	2,407,807
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	865,000	-	(865,000)
Transfers in	1,802,419	1,952,419	1,805,970	(146,449)
Transfers out	(2,959,282)	(2,959,282)	(2,975,011)	(15,729)
Total Other Financing Sources (Uses)	(1,156,863)	(141,863)	(1,169,041)	(1,027,178)
Net change in fund balance	(251,645)	(2,770,493)	(1,389,864)	1,380,629
Fund balance - beginning of year	2,218,834	2,218,834	2,218,834	-
Fund balance - end of year	$ 1,967,189	$ (551,659)	$ 828,970	$ 1,380,629

CITY OF WAUSAU, WISCONSIN
CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2006

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
General property taxes	$ 1,816,685	$ 1,741,685	$ 1,741,685	$ -
Special assessments	450,000	450,000	472,496	22,496
Intergovernmental grants and aids	1,030,900	3,046,760	2,318,596	(728,164)
Interest income	15,000	15,000	14,332	(668)
Total Revenues	3,312,585	5,253,445	4,547,109	(706,336)
EXPENDITURES				
Capital outlay	5,700,985	9,101,154	6,162,780	2,938,374
Deficiency of Revenues over Expenditures	(2,388,400)	(3,847,709)	(1,615,671)	2,232,038
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,388,400	2,388,400	2,401,098	12,698
Discount on general obligation debt	-	-	(4,831)	(4,831)
Transfers in	-	-	152,000	152,000
Transfers out	-	(25,465)	(25,465)	-
Total Other Financing Sources (Uses)	2,388,400	2,362,935	2,522,802	159,867
Net change in fund balance	-	(1,484,774)	907,131	2,391,905
Fund balance - beginning of year	1,272,341	1,272,341	1,272,341	-
Fund balance - end of year	$ 1,272,341	$ (212,433)	$ 2,179,472	$ 2,391,905

CITY OF WAUSAU, WISCONSIN
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2006

	Incubator	Wausau Area Events	Main Street Wausau	Totals
ASSETS				
Cash and cash equivalents	$ 12,361	$ 97,208	$ 100,365	$ 209,934
Accounts receivable	4,388	238	-	4,626
TOTAL ASSETS	$ 16,749	$ 97,446	$ 100,365	$ 214,560
LIABILITIES				
Accounts payable	$ 16,749	$ 97,446	$ 100,365	$ 214,560

CITY OF WAUSAU, WISCONSIN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended December 31, 2006

	Balance 1/1/2006	Additions	Deductions	Balance 12/31/2006
Incubator				
ASSETS				
Cash and cash equivalents	$ -	$ 239,283	$ 226,922	$ 12,361
Accounts receivable	8,417	126,201	130,230	4,388
TOTAL ASSETS	$ 8,417	$ 365,484	$ 357,152	$ 16,749
LIABILITIES				
Accounts payable	$ 8,417	$ 365,484	$ 357,152	$ 16,749
TOTAL LIABILITIES	$ 8,417	$ 365,484	$ 357,152	$ 16,749
Wausau Area Events				
ASSETS				
Cash and cash equivalents	$ 69,433	$ 442,029	$ 414,254	$ 97,208
Accounts receivable	5,000	94,931	99,693	238
TOTAL ASSETS	$ 74,433	$ 536,960	$ 513,947	$ 97,446
LIABILITIES				
Accounts payable	$ 74,433	$ 536,960	$ 513,947	$ 97,446
TOTAL LIABILITIES	$ 74,433	$ 536,960	$ 513,947	$ 97,446
Main Street Wausau				
ASSETS				
Cash and cash equivalents	$ 55,396	$ 108,378	$ 63,409	$ 100,365
Accounts receivable	850	-	850	-
TOTAL ASSETS	$ 56,246	$ 108,378	$ 64,259	$ 100,365
LIABILITIES				
Accounts payable	$ 56,246	$ 108,378	$ 64,259	$ 100,365
TOTAL LIABILITIES	$ 56,246	$ 108,378	$ 64,259	$ 100,365
Business Improvement District				
ASSETS				
Cash and cash equivalents	$ -	$ 60,000	$ 60,000	$ -
TOTAL ASSETS	$ -	$ 60,000	$ 60,000	$ -
LIABILITIES				
Accounts payable	$ -	$ 60,000	$ 60,000	$ -
TOTAL LIABILITIES	$ -	$ 60,000	$ 60,000	$ -

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF WAUSAU, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
December 31, 2006

	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure	Net Investment in Joint Venture	Totals
FUNCTION AND ACTIVITY						
General government	$ 27,044,746	$ 10,394,303	$ 7,565,535	$ -	$ 174,152	$ 45,178,736
Public safety:						
Police protection	470,286	3,496,743	1,359,965	-	-	5,326,994
Fire protection	173,315	1,539,956	3,648,550	-	-	5,361,821
Public works:						
Maintenance	221,071	2,252,112	8,456,247	-	-	10,929,430
Sidewalks	-	-	-	1,139,505	-	1,139,505
Street system	-	-	-	26,944,502	-	26,944,502
Parks and recreation	405,804	3,452,684	1,398,268	-	-	5,256,756
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 28,315,222	$ 21,135,798	$ 22,428,565	$ 28,084,007	$ 174,152	$ 100,137,744

CITY OF WAUSAU, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended December 31, 2006

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
FUNCTION AND ACTIVITY				
General government	$ 43,070,824	$ 2,155,893	$ 47,981	$ 45,178,736
Public safety:				
Police protection	5,279,205	105,897	58,108	5,326,994
Fire protection	4,934,167	658,657	231,003	5,361,821
Public works:				
Maintenance	10,142,204	1,220,298	433,072	10,929,430
Sidewalks	974,364	165,141	-	1,139,505
Street system	22,899,796	4,044,706	-	26,944,502
Parks and recreation	5,187,505	155,314	86,063	5,256,756
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 92,488,065	$ 8,505,906	$ 856,227	$ 100,137,744

STATISTICAL SECTION

CITY OF WAUSAU
Schedule 1
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 42,352,542	$ 34,786,883	$ 37,208,205	$ 35,633,500
Restricted	3,632,566	17,072,868	7,028,259	3,596,784
Unrestricted	6,786,292	5,489,196	19,428,529	8,109,323
Total governmental activities net assets	$ 52,771,400	$ 57,348,947	$ 63,664,993	$ 47,339,607
Business-type activities				
Invested in capital assets, net of related debt	$ 43,764,919	$ 46,920,639	$ 51,075,070	$ 76,721,443
Restricted	3,804,684	3,181,859	4,458,382	3,986,878
Unrestricted	7,427,501	6,372,908	3,520,488	3,320,475
Total business-type activities net assets	$ 54,997,104	$ 56,475,406	$ 59,053,940	$ 84,028,796
Primary government				
Invested in capital assets, net of related debt	$ 86,117,461	$ 81,707,522	$ 88,283,275	$112,354,943
Restricted	7,437,250	20,254,727	11,486,641	7,583,662
Unrestricted	14,213,793	11,862,104	22,949,017	11,429,798
Total primary government net assets	$107,768,504	$113,824,353	$122,718,933	$131,368,403

Notes:
The City established a Parking Utility on January 1, 2006 and transferred the associated capital assets into this fund, therefore, transferring the assets from the governmental activities into the business-type activities.

The City began to report accrual information with the inplementation of GASB Statement #34 in 2003.

CITY OF WAUSAU
Schedule 2
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	$ 4,763,813	$ 4,483,195	$ 4,202,725	$ 4,622,132
Public safety	15,292,645	13,020,259	13,341,781	14,030,085
Transportation and streets	11,109,253	11,861,536	14,511,592	13,247,438
Sanitation, health and welfare	1,901,778	1,632,110	1,761,656	1,834,002
Natural resources and recreation	2,237,215	2,064,877	2,303,364	2,248,861
Economic development	2,792,478	2,876,880	3,390,715	5,538,980
Interest on long-term debt	1,965,470	1,840,057	2,279,157	2,124,013
Total governmental activities	40,062,652	37,778,914	41,790,990	43,645,511
Business-type activities:				
Water	2,770,326	2,912,383	3,046,366	2,976,625
Wastewater	3,595,032	3,668,319	3,724,228	3,796,929
Parking	-	-	-	1,540,251
Total business-type activities	6,365,358	6,580,702	6,770,594	8,313,805
Total primary government	$ 46,428,010	$ 44,359,616	$ 48,561,584	$ 51,959,316
Program revenues				
Governmental activities:				
Charges for service	$ 5,102,190	$ 5,466,809	$ 7,898,252	$ 8,346,347
Operating grants & contributions	6,710,397	6,840,145	7,444,513	7,138,318
Capital grants & contributions	2,818,321	820,754	2,429,797	2,708,386
Total governmental activities	14,630,908	13,127,708	17,772,562	18,193,051
Business-type activities:				
Charges for service				
Water	3,899,665	3,955,672	4,104,702	4,676,062
Wastewater	3,635,558	3,563,854	3,638,149	4,052,274
Parking	-	-	-	948,188
Capital grants & contributions	2,395,882	1,566,208	2,541,168	2,115,497
Total business-type activities	9,931,105	9,085,734	10,284,019	11,792,021
Total primary government	$ 24,562,013	$ 22,213,442	$ 28,056,581	$ 29,985,072
Net (expense)/revenue				
Governmental activities	$ (25,431,744)	$ (24,651,206)	$ (24,018,428)	$ (25,452,460)
Business-type activities	3,565,747	2,505,032	3,513,425	3,478,216
Total primary government net assets	$ (21,865,997)	$ (22,146,174)	$ (20,505,003)	$ (21,974,244)

CITY OF WAUSAU
Schedule 2 (Continued)
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General revenues & other changes in net assets				
Governmental activities:				
Taxes				
Property taxes	$ 18,868,758	$ 19,359,322	$ 20,453,967	$ 21,211,012
Other taxes	1,114,691	1,242,061	1,230,774	1,277,752
Intergovernmental revenues not restricted to specific purposes	7,225,989	6,641,204	6,393,727	6,173,713
Investment income	516,862	575,184	810,153	954,555
Miscellaneous	183,832	265,582	347,599	309,620
Gain on sale of capital assets	73,500	40,268	11,783	57,201
Transfers	1,032,458	1,105,132	1,086,471	(20,856,779)
Total governmental activities	29,016,090	29,228,753	30,334,474	9,127,074
Business-type activities:				
Taxes	-	-	-	333,632
Investment income	78,168	77,135	150,923	226,023
Gain on sale of capital assets	200	1,267	657	80,206
Transfers	(1,032,458)	(1,105,132)	(1,086,471)	20,856,779
Total business-type activities	(954,090)	(1,026,730)	(934,891)	21,496,640
Total primary government	$ 28,062,000	$ 28,202,023	$ 29,399,583	$ 30,623,714
Change in net assets				
Governmental activities	$ 3,584,346	$ 4,577,547	$ 6,316,046	$ (16,325,386)
Business-type activities	2,611,657	1,478,302	2,578,534	24,974,856
Total primary government	$ 6,196,003	$ 6,055,849	$ 8,894,580	$ 8,649,470

CITY OF WAUSAU
Schedule 3
Program Revenues by Function/Program
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Function/program				
Governmental activities:				
General government	$ 1,536,948	$ 1,389,037	$ 1,922,614	$ 1,841,644
Public safety	1,918,621	2,114,634	2,189,636	2,221,366
Transportation and streets	7,207,186	5,988,160	9,837,220	10,382,221
Sanitation, health and welfare	242,634	256,392	245,519	296,112
Natural resources and recreation	378,178	253,838	297,397	283,231
Economic development	3,347,341	3,125,647	3,280,176	3,168,477
Total governmental activities	14,630,908	13,127,708	17,772,562	18,193,051
Business-type activities:				
Water	5,153,120	4,776,580	5,620,509	5,636,234
Wastewater	4,777,985	4,309,154	4,663,510	5,159,952
Parking	-	-	-	995,835
Total business-type activities	9,931,105	9,085,734	10,284,019	11,792,021
Total primary government	$ 24,562,013	$ 22,213,442	$ 28,056,581	$ 29,985,072

CITY OF WAUSAU

Schedule 4

Fund Balances - Governmental Funds

(modified accrual basis of accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved for:										
Inventories and prepaids	$ 264,014	$ 273,121	$ 296,084	$ 297,479	$ 306,885	$ 320,620	$ 319,900	$ 320,445	$ 337,002	$ 447,499
Noncurrent receivables/advances (Note 1)	-	-	-	10,937,129	9,858,758	8,027,916	6,683,289	5,284,476	3,996,070	2,619,766
Contingencies	50,000	75,000	175,000	325,000	443,600	471,675	500,000	500,000	500,000	500,000
Encumbrances	20,902	-	-	-	-	-	-	-	-	-
Parking structure	-	-	-	-	1,000,000	-	-	-	-	-
Unreserved	7,110,902	6,707,532	6,834,950	7,843,380	8,522,002	8,507,793	8,188,415	7,614,835	7,683,742	8,011,044
Total General Fund	7,445,818	7,055,653	7,306,034	19,402,988	20,131,245	17,328,004	15,691,604	13,719,756	12,516,814	11,578,309
All Other Governmental Funds										
Reserved for:										
Inventories and prepaids	-	-	-	132,710	108,140	124,009	133,311	145,758	129,430	159,121
Debt service	270,047	1,381,906	1,448,040	1,510,608	1,532,857	1,549,817	1,619,992	15,473,883	5,484,687	2,193,326
Noncurrent receivables/advances	-	-	-	346,601	346,601	-	-	-	-	-
Events allocation	-	-	-	296,600	295,720	189,678	75,086	21,850	-	-
Trust purposes	134,365	188,988	180,627	228,127	230,647	198,584	247,614	275,949	372,864	398,029
Unreserved, reported in:										
Special revenue funds	3,851,500	2,924,951	3,124,274	(7,563,977)	(6,148,621)	(4,791,270)	(3,120,456)	(1,915,566)	(228,506)	1,149,999
Capital project funds	9,006,883	6,345,173	3,259,413	3,427,318	3,928,860	3,448,561	6,917,435	3,795,069	4,878,413	1,377,774
Total all other governmental funds	13,262,795	10,841,018	8,012,354	(1,622,013)	294,204	719,379	5,872,982	17,796,943	10,636,888	5,278,249
Total governmental funds	$ 20,708,613	$ 17,896,671	$ 15,318,388	$ 17,780,975	$ 20,425,449	$ 18,047,383	$ 21,564,586	$ 31,516,699	$ 23,153,702	$ 16,856,558

Notes:

1) The City established TID #1 Downtown Improvements Fund and the TID #2 Industrial Park Special Revenue Funds to accurately account for the activity in these tax incremental financing districts. This activity had previously been reported within the General Fund. The change resulted in the recording of deficit fund balances for the Special Revenue funds totaling $11,799,661. These amounts were equally offset by a liability for advances from the General Fund. Corresponding increases in asset and fund balance accounts for the General Fund were also recorded. Prior year balances have not been restated.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES										
Taxes	$ 14,693,681	$ 15,684,527	$ 16,839,896	$ 17,849,935	$ 18,801,455	$ 19,466,542	$ 19,691,289	$ 20,297,710	$ 21,378,609	$ 22,172,762
Special assessments	749,611	869,113	615,264	1,232,650	844,450	736,724	860,473	434,137	593,622	504,270
Intergovernmental	11,346,254	13,374,008	11,967,994	12,209,920	12,907,405	12,975,165	14,431,167	17,981,524	15,157,234	15,564,534
Licenses and permits	229,503	196,116	265,710	297,616	420,171	681,568	713,911	765,846	826,798	751,379
Fines, forfeitures and penalties	468,094	419,029	424,956	445,762	417,197	393,892	438,327	476,446	573,186	364,019
Public charges	1,706,002	1,627,230	1,791,968	1,867,455	1,876,676	1,899,312	2,284,782	2,456,051	2,715,407	2,537,051
Intergovernmental charges for services	636,410	866,863	1,053,419	959,431	1,020,647	934,563	888,628	1,113,955	1,184,106	980,846
Commercial revenues	601,946	517,535	444,685	342,969	370,245	283,322	1,509,885	1,871,648	1,782,642	2,128,918
Miscellaneous revenues	3,420,401	3,164,934	3,117,700	4,083,828	3,770,941	3,198,209	3,099,362	1,181,661	1,326,967	1,100,995
Total revenues	33,851,902	36,719,355	36,521,592	39,289,566	40,429,187	40,569,297	43,917,824	46,578,978	45,538,571	46,104,774
EXPENDITURES										
Current:										
General government	3,383,365	3,597,481	3,882,527	3,930,968	4,151,850	4,036,845	4,203,476	4,314,769	4,086,318	4,360,868
Public safety	10,270,006	10,221,213	10,729,146	10,876,129	11,137,068	11,940,760	12,465,661	12,652,211	12,908,512	13,563,524
Transportation and streets	7,478,829	7,649,564	8,044,876	8,571,600	8,664,076	8,310,148	8,972,116	9,762,448	10,244,471	9,720,377
Sanitation, health and welfare	1,635,541	1,520,677	1,829,323	1,483,066	1,673,508	1,632,475	1,635,001	1,629,466	1,733,862	1,773,222
Natural resources and recreation	1,574,126	1,759,580	1,839,211	1,830,274	1,872,708	2,052,923	1,999,061	1,925,868	2,079,035	2,018,785
Economic development	2,080,119	2,713,260	2,320,811	2,365,520	3,013,700	2,215,535	2,644,256	2,839,146	3,022,133	5,393,409
Capital outlay	8,463,738	9,445,358	6,904,821	8,823,026	8,665,735	11,834,503	24,387,624	16,577,996	9,182,533	8,166,128
Debt service:										
Principal retirement	2,665,088	6,214,277	4,178,509	3,634,985	3,066,560	3,283,820	4,023,463	4,281,799	18,192,876	6,123,812
Retire unfunded pension obligation	-	-	-	-	-	-	3,939,067	-	-	-
Interest and debt service charges	1,642,718	1,350,169	1,437,970	1,182,017	1,466,241	1,483,631	1,491,151	2,196,370	2,764,223	2,099,721
Total expenditures	39,193,530	44,471,579	41,167,194	42,697,585	43,711,446	46,790,640	65,760,876	56,180,073	64,213,963	53,219,846
Excess (deficiency) of revenues over expenditures	(5,341,628)	(7,752,224)	(4,645,602)	(3,408,019)	(3,282,259)	(6,221,343)	(21,843,052)	(9,601,095)	(18,675,392)	(7,115,072)

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
OTHER FINANCING SOURCES (USES)										
Issuance of debt	5,089,697	4,909,468	1,857,135	5,721,077	4,818,960	3,843,277	24,327,797	4,522,899	5,814,310	2,751,098
Discount on debt issued	-	-	-	-	-	-	-	-	-	(5,531)
Issuance of refunding debt	-	4,959,433	-	-	1,617,503	-	-	19,076,316	-	-
Payment to escrow agents	-	(4,957,434)	-	-	(1,617,503)	-	-	(5,314,268)	-	(3,320,000)
Transfers in	1,577,177	3,918,079	1,140,590	1,872,481	2,261,670	4,734,409	4,402,197	5,857,955	6,087,654	7,383,086
Transfers out	(1,420,476)	(3,889,264)	(930,406)	(1,722,952)	(1,153,897)	(4,734,409)	(3,369,739)	(4,589,694)	(4,925,125)	(5,990,725)
Total other financing sources (uses)	5,246,398	4,940,282	2,067,319	5,870,606	5,926,733	3,843,277	25,360,255	19,553,208	6,976,839	817,928
Net change in fund balance	(95,230)	(2,811,942)	(2,578,283)	2,462,587	2,644,474	(2,378,066)	3,517,203	9,952,113	(11,698,553)	(6,297,144)
FUND BALANCES - BEGINNING (as restated)	20,803,843	20,708,613	17,896,671	15,318,388	17,780,975	20,425,449	18,047,383	21,564,586	34,852,255 *	23,153,702
FUND BALANCES - ENDING	$ 20,708,613	$ 17,896,671	$ 15,318,388	$ 17,780,975	$ 20,425,449	$ 18,047,383	$ 21,564,586	$ 31,516,699	$ 23,153,702	$ 16,856,558

*Balance restated

CITY OF WAUSAU

Schedule 6

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

Levy Year	Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural/ Forest Property	Personal Property	Total Taxable Assessed Value [A]	Total Direct Tax Rate [B]	Estimated Actual Taxable Value [C]	Assessed as Percent of Estimated Actual Value
1996	1997	$ 897,433,500	$ 410,669,000	$ 54,640,000	$ 90,500	$ 96,798,900	$ 1,459,631,900	$ 8.58	$ 1,427,574,800	102.25%
1997	1998	907,974,500	420,613,500	61,385,600	92,000	104,554,900	1,494,620,500	8.89	1,502,923,900	99.45%
1998	1999	924,047,800	439,063,600	66,164,700	121,300	110,062,800	1,539,460,200	9.19	1,571,663,200	97.95%
1999	2000	935,969,500	448,302,600	72,297,400	92,500	73,731,700	1,530,393,700	9.76	1,652,470,300	92.61%
2000	2001	955,284,900	453,135,800	76,597,200	58,400	69,845,400	1,554,921,700	10.03	1,729,959,800	89.88%
2001	2002	972,317,000	464,884,400	83,840,600	85,500	70,731,400	1,591,858,900	10.13	1,839,794,800	86.52%
2002	2003	986,151,300	487,584,400	86,463,900	69,800	69,202,400	1,629,471,800	10.37	1,923,669,600	84.71%
2003	2004	1,002,526,100	505,024,000	85,797,900	64,300	71,141,500	1,664,553,800	10.37	2,003,188,900	83.10%
2004	2005	1,276,680,800	643,656,400	107,606,400	181,300	90,111,400	2,118,236,300	8.57	2,080,684,300	101.80%
2005	2006	1,304,299,400	689,555,600	105,641,000	401,700	94,274,000	2,194,171,700	8.72	2,233,469,700	98.24%
2006	2007	1,346,763,900	726,349,600	99,376,800	1,162,000	100,637,000	2,274,289,300	8.85	2,433,934,300	93.44%

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

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

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

Notes:

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

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

Marathon County/Wausau School District

Per $1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Wausau Direct Rate	Wausau School District	NTC	Marathon County	State of Wisconsin	Gross Tax Rate	State Tax Credit	Net Tax Rate
1997	1998	6.79	2.10	8.89	12.38	1.84	6.26	0.20	29.57	2.20	27.37
1998	1999	7.33	1.86	9.19	11.91	1.85	6.35	0.20	29.50	2.08	27.42
1999	2000	7.73	2.03	9.76	12.21	2.02	6.73	0.22	30.94	2.01	28.93
2000	2001	7.65	2.38	10.03	12.55	2.13	6.94	0.22	31.87	1.95	29.92
2001	2002	7.52	2.61	10.13	12.85	2.18	7.07	0.23	32.46	1.86	30.60
2002	2003	7.82	2.55	10.37	12.84	2.28	7.21	0.24	32.94	1.81	31.13
2003	2004	7.87	2.50	10.37	12.95	2.29	7.12	0.24	32.97	1.76	31.21
2004	2005	6.61	1.96	8.57	10.98	1.90	5.71	0.20	27.36	1.36	26.00
2005	2006	6.83	1.89	8.72	10.13	1.97	5.82	0.19	26.83	1.29	25.54
2006	2007	7.02	1.83	8.85	10.10	2.02	5.86	0.19	27.02	1.54	25.48

(Continued)

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

Marathon County/DC Everest School District

Per $1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Wausau Direct Rate	DC Everest School District	NTC	Marathon County	State of Wisconsin	Gross Tax Rate	State Tax Credit	Net Tax Rate
1997	1998	6.79	2.10	8.89	9.58	1.84	6.26	0.20	26.77	2.20	24.57
1998	1999	7.33	1.86	9.19	9.12	1.85	6.35	0.20	26.71	2.08	24.63
1999	2000	7.73	2.03	9.76	9.29	2.02	6.73	0.22	28.02	2.01	26.01
2000	2001	7.65	2.38	10.03	10.60	2.13	6.94	0.22	29.92	1.95	27.97
2001	2002	7.52	2.61	10.13	10.62	2.18	7.07	0.23	30.23	1.86	28.37
2002	2003	7.82	2.55	10.37	11.37	2.28	7.21	0.24	31.47	1.81	29.66
2003	2004	7.87	2.50	10.37	10.92	2.29	7.12	0.24	30.94	1.76	29.18
2004	2005	6.61	1.96	8.57	7.49	1.90	5.71	0.20	23.87	1.36	22.51
2005	2006	6.83	1.89	8.72	9.12	1.97	5.82	0.19	25.82	1.29	24.53
2006	2007	7.02	1.83	8.85	9.08	2.02	5.86	0.19	26.00	1.54	24.46

Notes:
In 2005, the State of Wisconsin imposed a two tax levy limitation on all units of local government. In addition, through the State of Wisconsin Expenditure Restraint Program, a pool of money is distributed annually to local governments that meet certain restrictions on the growth of General Fund expenditures. In general, the program limits the growth of General Fund expenditures to 60% of the percentage of growth in equalized value, up to a maximum of 2%, plus the change in the Consumer Price Index.

CITY OF WAUSAU
Schedule 8
Principal Taxpayers, Current Year and Nine Years Prior

		2006			1997		
Taxpayer	Type of Business	Taxable Assessed Value [A]	Percent of Total Assessed Value [B]	Rank	Taxable Assessed Value [A]	Percent of Total Assessed Value [B]	Rank
Ghidorzi	Office/Real Estate Development	$ 58,834,700	2.59%	1	$ 16,942,700	1.13%	2
Employers Insurance/Liberty	Insurance	40,834,000	1.80%	2	75,379,200	5.04%	1
Aspirus/Wausau Hospital	Medical	27,979,700	1.23%	3			
Marshfield Clinic	Medical	27,538,600	1.21%	4	12,400,100	0.83%	4
Wausau Center Mall	Retail	19,216,400	0.84%	5	15,830,800	1.06%	3
Wausau Benefits	Insurance	18,702,800	0.82%	6			
Eastbay	Retail/Distribution	18,121,000	0.80%	7			
Kolbe & Kolbe	Manufacturing	16,415,900	0.72%	8	8,917,600	0.60%	8
Apogee/Wausau Metals	Manufacturing	14,298,400	0.63%	9	11,901,500	0.80%	5
Rosemurgy	Retail	12,971,400	0.57%	10			
M & I Bank	Banking				10,384,600	0.69%	6
PJ Investments (Crossroads)	Retail				10,018,800	0.67%	7
Marathon Electric	Manufacturing				7,642,200	0.51%	9
Younkers	Retail				6,017,000	0.40%	10
	TOTAL	$ 254,912,900	11.21%		$ 175,434,500	11.74%	

[A] Per City Assessor records.
[B] Based on the City's total assessed valuation on January 1, 2006 and 1997 of $2,274,289,300 and $1,494,620,500, respectively.

CITY OF WAUSAU
Schedule 9
Property Tax Levies and Collections
Last Ten Fiscal Years

Collection Year	Total Tax Levy	Collections Prior to Transfer of Roll on August 1	Percent of Levy Collected	Total Tax Collections at December 31	Total Collections as Percent of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
1997	$ 12,090,679	$ 11,912,978	98.53%	$ 11,913,647	98.54%	$ 34,528	0.29%
1998	12,753,291	12,595,288	98.76%	12,597,187	98.78%	18,715	0.15%
1999	13,491,487	13,284,430	98.47%	13,288,806	98.50%	15,061	0.11%
2000	14,182,826	13,922,647	98.17%	13,929,775	98.22%	34,970	0.25%
2001	14,811,881	14,196,115	95.84%	14,201,865	95.88%	170,614	1.15%
2002	15,299,595	14,955,544	97.75%	14,956,334	97.76%	51,699	0.34%
2003	15,987,121	15,690,809	98.15%	15,705,415	98.24%	41,233	0.26%
2004	16,288,605	16,017,185	98.33%	16,031,511	98.42%	24,091	0.15%
2005	17,087,161	16,743,305	97.99%	16,752,309	98.04%	42,158	0.25%
2006	17,971,506	17,649,845	98.21%	17,658,728	98.26%	36,138	0.20%

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

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

	City Direct Rate	Marathon County Direct Rate	State of Wisconsin
1997	0.0%	0.5%	5.0%
1998	0.0%	0.5%	5.0%
1999	0.0%	0.5%	5.0%
2000	0.0%	0.5%	5.0%
2001	0.0%	0.5%	5.0%
2002	0.0%	0.5%	5.0%
2003	0.0%	0.5%	5.0%
2004	0.0%	0.5%	5.0%
2005	0.0%	0.5%	5.0%
2006	0.0%	0.5%	5.0%

Note:
Wisconsin counties have the option of levying a 0.5% sales tax.
Cities do no have the option of levying sales tax.

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

	Governmental Activities				Business-type Activities					
Fiscal Year	General Obligation Bonds	G. O. Promissory Notes	State Trust Fund Loans	Capital Leases	General Obligation Bonds/Notes	Water Utility Revenue Bonds	Wastewater Utility Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
1997	$ 15,206,962	$ 12,661,786	$ 185,530	$ -	$ 4,773,038	$ -	$ 9,225,000	$ 42,052,316	5.57%	$ 1,086
1998	14,363,134	10,495,000	162,740	88,498	4,186,866	-	8,785,000	38,081,238	4.83%	982
1999	11,628,555	10,735,000	138,810	189,149	3,666,445	4,990,000	8,315,000	39,662,959	4.79%	1,020
2000	10,058,677	14,665,000	113,703	66,243	3,121,323	4,990,000	7,810,000	40,824,946	5.04%	1,049
2001	8,803,499	17,935,000	1,704,825	-	2,556,501	4,985,000	7,135,000	43,119,825	5.34%	1,116
2002	7,577,380	17,355,000	4,092,789	-	1,987,620	4,960,000	6,535,000	42,507,789	5.54%	1,094
2003	10,705,664	23,195,000	15,535,379	-	1,404,336	4,670,000	5,905,000	61,415,379	7.60%	1,581
2004	26,860,999	24,849,500	15,023,245	-	1,044,001	4,375,000	5,260,000	77,412,745	9.68%	1,989
2005	25,846,869	27,614,000	1,184,498	-	658,131	3,865,000	4,590,000	63,758,498	7.34%	1,623
2006	20,991,061	25,950,098	1,011,494	-	3,462,841	3,330,000	3,885,000	58,630,494	N/A	1,475

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

Fiscal Year	Total General Obligation Debt [A]	Less Assets Restricted for Debt Service	Net General Obligation Debt	Percentage of Actual Taxable Property Value [B]	Per Capita [C]
1997	$ 32,827,316	$ 270,047	$ 32,557,269	2.28%	$ 841
1998	29,296,238	629,285	28,666,953	1.91%	739
1999	26,357,959	542,640	25,815,319	1.64%	664
2000	28,024,946	321,794	27,703,152	1.68%	712
2001	30,999,825	60,392	30,939,433	1.79%	800
2002	31,012,789	75,050	30,937,739	1.68%	796
2003	50,840,379	192,387	50,647,992	2.63%	1,304
2004	67,777,745	17,347,189	50,430,556	2.52%	1,296
2005	55,303,498	3,987,932	51,315,566	2.47%	1,307
2006	51,415,494	636,877	50,778,617	2.27%	1,278

[A] Total amount includes general obligation debt for business-type activities. The details on outstanding debt can be found in the notes to the financial statements.

[B] Actual Taxable Property Values can be found in Schedule 6.

[C] Population data can be found in Schedule 16.

CITY OF WAUSAU
Schedule 13
Computation of Direct and Overlapping General Obligation Debt
December 31, 2006

Taxing Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Wausau	Amount Applicable to City of Wausau
City of Wausau [A]	$ 50,778,617	100.00%	$ 50,778,617
Overlapping Debt:			
Wausau School District	69,970,000	61.19%	42,814,643
DC Everest School District	48,415,000	3.85%	1,863,978
Northcentral Technical College	15,725,000	16.14%	2,538,015
Marathon County	4,950,000	26.67%	1,320,165
Total Overlapping Debt			48,536,801
Total Direct and Overlapping Debt			$ 99,315,418

[A] City of Wausau debt is shown net of amounts available for future debt service costs.

CITY OF WAUSAU
Schedule 14
Legal Debt Margin Calculation
Fiscal Year Ended December 31, 2006

Legal Debt Margin at December 31, 2006

Equalized Value of Real & Personal Property	$2,433,934,300
Legal Debt Limit (5% of equalized value)	121,696,715
Total Debt Applicable to Debt Limitation	51,415,494
Less: Available funds reserved for debt retirement	(636,877)
Net Amount Applicable to Debt Limitation	50,778,617
Remaining Legal Debt Margin	$ 70,918,098

Fiscal Year	Total Equalized Value	Debt Limit	Net debt applicable to limit	Legal Debt Margin	Net debt applicable to limit as percent of Debt Limit
1997	$1,502,923,900	$ 75,146,195	$ 30,707,269	$ 44,438,926	40.86%
1998	1,571,663,200	78,583,160	28,666,953	49,916,207	36.48%
1999	1,652,470,300	82,623,515	25,815,319	56,808,196	31.24%
2000	1,729,959,800	86,497,990	27,703,152	58,794,838	32.03%
2001	1,839,794,800	91,989,740	30,939,433	61,050,307	33.63%
2002	1,923,669,600	96,183,480	30,937,739	65,245,741	32.17%
2003	2,003,188,900	100,159,445	50,647,992	49,511,453	50.57%
2004	2,080,684,300	104,034,215	50,430,556	53,603,659	48.47%
2005	2,233,469,700	111,673,485	51,315,566	60,357,919	45.95%
2006	2,433,934,300	121,696,715	50,778,617	70,918,098	41.73%

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

Fiscal Year	Gross Revenues [1]	Direct Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements [3]			Coverage
				Principal	Interest	Total	
1997	$ 3,172,906	$ 1,581,700	$ 1,591,206	$ -	$ -	$ -	n/a
1998	3,214,394	1,589,354	1,625,040	-	-	-	n/a
1999	3,369,262	1,711,612	1,657,650	-	-	-	n/a
2000	3,652,955	1,712,731	1,940,224	-	374,205	374,205	5.18
2001	3,637,572	1,836,749	1,800,823	5,000	249,470	254,470	7.08
2002	3,828,431	1,771,352	2,057,079	25,000	249,225	274,225	7.50
2003	3,933,638	1,861,324	2,072,314	290,000	248,000	538,000	3.85
2004	3,991,021	1,984,653	2,006,368	295,000	233,500	528,500	3.80
2005	4,171,589	2,135,728	2,035,861	510,000	218,750	728,750	2.79
2006	4,773,658	1,982,641	2,791,017	535,000	193,250	728,250	3.83

(Continued)

[1] Includes Total Operating Revenues and Investment Income .

[2] Includes Total Operating Expenses less Depreciation and Payment in Lieu of Taxes through 2002. In 2003, with the implementation of GASB #34, the Payment in Lieu of Taxes was classified as a non-operating expense.

[3] Water System Revenue Bonds, Series 1999.

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

Fiscal Year	Gross Revenues [1]	Direct Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements [3]			Coverage
				Principal	Interest	Total	
1997	$ 3,833,758	$ 1,882,164	$ 1,951,594	$ 310,000	$ 551,967	$ 861,967	2.26
1998	3,884,522	1,943,681	1,940,841	440,000	536,017	976,017	1.99
1999	3,950,342	1,983,189	1,967,153	470,000	506,557	976,557	2.01
2000	3,924,198	1,977,019	1,947,179	505,000	474,972	979,972	1.99
2001	3,744,440	2,260,044	1,484,396	530,000	440,882	970,882	1.53
2002	3,550,113	2,175,348	1,374,765	600,000	341,115	941,115	1.46
2003	3,679,753	2,247,092	1,432,661	630,000	293,875	923,875	1.55
2004	3,605,640	2,372,380	1,233,260	645,000	271,825	916,825	1.35
2005	3,722,185	2,451,789	1,270,396	670,000	249,250	919,250	1.38
2006	4,180,701	2,490,487	1,690,214	705,000	222,450	927,450	1.82

[1] Includes Total Operating Revenues and Investment Income .
[2] Includes Total Operating Expenses less Depreciation.
[3] Sewerage System Revenue Refunding Bonds, Series 2001.

CITY OF WAUSAU
Schedule 16
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Wausau Population [1]	Personal Income [2]	AGI Per Return [3]	School System Enrollment [4]	Unemployment Rate [5]
1997	38,724	$ 754,315,378	$ 35,449	9,386	3.8%
1998	38,777	788,544,467	36,076	9,267	3.9%
1999	38,881	827,468,432	37,376	9,208	3.5%
2000	38,936	809,394,329	36,782	9,015	4.0%
2001	38,654	806,956,591	37,325	8,944	4.8%
2002	38,859	767,150,268	36,244	8,949	5.9%
2003	38,848	807,851,982	38,343	8,746	6.4%
2004	38,912	799,627,872	37,727	8,759	6.0%
2005	39,275	869,166,468	39,677	8,768	5.4%
2006	39,740	n/a	n/a	8,836	5.7%

[1] Source: Wisconsin Department of Administration estimates.

[2] Source: Wisconsin Department of Revenue. Adjusted Gross Income for all tax returns filed for City of Wausau residents.

[3] Source: Wisconsin Department of Revenue. Average Adjusted Gross Income for returns filed.

[4] Source: Wisconsin Department of Public Instruction.

[5] Source: Wisconsin Department of Workforce Development. Annual rates not seasonally adjusted.

CITY OF WAUSAU
Schedule 17
Principal Employers
Current Year and Nine Years Prior

		2006			1997		
Employer	Type of business	Number of Employees*	Rank	Percentage of Total City Employment	Number of Employees*	Rank	Percentage of Total City Employment
Aspirus/Wausau Hospital	Medical	2,693	1	14.17%	1,561	2	7.59%
Kolbe & Kolbe	Window/door manufacturing	1,700	2	8.95%	1,340	3	6.51%
Employers Insurance/Liberty	Insurance	1,500	3	7.89%	2,793	1	13.57%
Wausau School District	Education	1,300	4	6.84%	1,267	4	6.16%
Eastbay	Retail/distribution	1,180	5	6.21%	995	5	4.84%
Wausau Benefits	Insurance	1,070	6	5.63%			
Marshfield Clinic	Medical	938	7	4.94%			
North Central Health Care	Health care/medical				925	6	4.50%
Marathon Electric	Motor/generator manufacturing				875	7	4.25%
Marathon County	Government				727	8	3.53%
Total		10,381		54.63%	10,483		50.95%
Total City Employment		19,001			20,576		

*Includes full- and part-time employees.

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

CITY OF WAUSAU
Schedule 18
Budgeted Full-Time Equivalent Personnel Positions
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Mayor's office	4.50	3.50	3.50	4.00	4.00	4.00	4.00	4.00	3.50	3.50
Finance department	15.50	15.00	14.25	14.25	14.25	13.25	13.25	12.25	12.25	12.25
Assessment	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
Human resources	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Legal affairs	3.50	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Municipal court	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total General Government	35.00	33.75	33.00	33.50	33.50	30.50	30.50	29.50	29.00	29.00
Public Safety										
Police department	74.00	76.00	70.00	72.00	72.00	72.00	71.00	72.00	72.00	75.00
Fire department	61.00	61.00	61.00	61.00	62.00	62.00	61.00	61.00	61.00	60.00
Inspections and electrical	11.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Total Public Safety	146.00	150.00	144.00	146.00	147.00	147.00	145.00	146.00	146.00	148.00
Parks Department *	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Public Works	72.00	72.00	73.00	74.00	74.00	70.00	66.00	64.00	65.00	64.50
Community Development	14.00	14.00	13.50	14.00	12.25	12.25	12.25	12.25	12.75	12.75
Transit System	31.50	32.00	34.00	34.00	35.00	35.00	33.00	33.00	33.00	33.00
Water & Sewer Utilities	40.00	39.00	38.00	37.75	33.75	33.75	31.75	31.75	31.75	31.50
Total Regular Employees	339.50	341.75	336.50	340.25	336.50	329.50	318.50	316.50	317.50	318.75

Source: Finance and Human Resource Departments.

*The City and Marathon County operate a combined park department. As of 2002, all employees are considered employees of Marathon County. Up to 2003, the City had one full-time employee on its payroll.

CITY OF WAUSAU
Schedule 19
Operating Indicators by Function/Program

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Building permits issued										
Residential	672	854	829	851	933	859	937	925	847	750
Non-residential	194	149	175	156	176	155	156	170	174	179
Total construction value ($000)										
Residential	13,858	14,744	17,366	18,931	17,095	17,875	28,892	33,325	35,131	24,397
Non-residential	48,084	21,998	34,825	57,832	46,091	70,794	54,964	42,204	61,077	45,361
Police										
Calls for service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50,519
Parking tickets issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,509
Total arrests	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,267	3,413
Fire										
Fire responses	1,101	1,045	1,311	820	824	1,238	1,648	1,455	1,478	1,433
Emergency responses	3,066	3,144	3,238	3,335	3,387	3,329	3,350	3,565	3,734	4,003
Inspections	4,383	3,614	3,640	3,409	3,321	3,232	4,183	3,816	4,438	4,018
Public works										
Miles of street swept	6,393	11,154	10,444	10,904	7,685	9,145	6,670	11,516	7,019	6,127
Cu. yds. of debris - sweeping	7,521	8,487	6,923	5,520	5,250	5,026	4,399	4,335	6,179	4,963
Tons of asphalt used (potholes)	1,730	1,179	1,913	2,455	962	795	1,058	480	406	598
Tons of scrap (spring pickup)	664	587	605	645	681	685	372	682	580	588
Water										
Ave. daily consumption (000 gal.)	4,446	4,980	4,719	4,733	4,680	4,803	4,931	4,845	5,099	5,347
Peak daily consumption (000 gal.)	6,843	8,015	6,856	7,352	8,513	7,822	8,771	7,524	8,529	8,531
Number of customers	13,936	14,034	14,136	14,196	14,522	14,546	14,613	14,791	15,275	15,405
Wastewater										
Ave. daily sewage treatment (000 gal.)	4,355	4,712	4,443	4,960	4,561	4,868	3,770	3,977	3,930	4,166
Wausau Area Transit										
Total route miles	658,636	671,933	685,087	693,270	648,985	657,540	638,730	620,471	603,668	683,934
Total passengers	964,454	929,459	871,428	851,841	826,941	758,706	743,249	758,061	819,165	865,988
Cost per passenger	$2.05	$2.23	$2.61	$2.78	$3.00	$3.37	$3.66	$3.85	$3.55	$3.64

CITY OF WAUSAU
Schedule 20
Capital Asset Statistics by Function/Program

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire suppression units	8	8	8	8	8	8	8	8	8	9
Public works										
Miles of streets	208.0	208.6	210.7	212.5	213.1	213.1	214.5	218.7	221.9	223.4
Parks & recreation										
Parks	36	36	36	36	36	36	36	36	36	37
Acreage	338	338	338	338	338	338	338	338	338	343
Swimming pools	3	3	3	3	3	3	3	3	3	3
Water										
Miles of main	199.5	200.7	204.9	207.3	209.4	211.0	217.0	221.1	227.1	229.8
Storage capacity (000 gal.)	5,300	5,300	5,300	5,300	5,300	5,300	5,550	5,550	5,550	5,550
Fire hydrants	1,315	1,322	1,354	1,372	1,389	1,404	1,451	1,481	1,541	1,571
Wastewater										
Miles of main	199.2	200.2	203.9	207.6	209.7	211.0	212.3	218.1	221.3	226.3
Stormwater										
Miles of main	119.7	120.2	121.9	123.6	124.2	124.2	124.7	127.3	129.8	131.8