

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

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

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of Community Development Authority of the City of Wausau, Wisconsin (CDA), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Community Development Authority of the City of Wausau, Wisconsin, as of December 31, 2015 and 2014, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial data schedules on pages 23 - 40 are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and are not a required part of the financial statements. The accompanying schedule of modernization costs on page 41 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2016, on our consideration of the CDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CDA's internal control over financial reporting and compliance.



Certified Public Accountants

Green Bay, Wisconsin  
June 23, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**Management Discussion and Analysis  
For the Year Ended December 31, 2015**

As management of the Wausau Community Development Authority (CDA), we offer readers the CDA's financial statements, this narrative overview and analysis of the financial activities of the CDA for the fiscal year which ended December 31, 2015. The CDA's Management Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of the CDA's financial activity, identify changes to the CDA's financial position and identify fund issues and/or concerns.

The MD&A is designed to focus on the current year's activities, changes and currently known facts. Please read it in conjunction with the CDA's Financial Statements for the year ending December 31, 2015.

**FINANCIAL HIGHLIGHTS**

- The CDA's cash and cash equivalents decreased approximately \$191,000 from prior year due to the repayment of the City loan for Riverview Terrace. The loan of \$400,000 has been completely repaid in 2015.
- Net position decreased (\$742,567) from prior year. Operating revenues were \$2.45m in 2015 vs. \$2.7m in 2014, due to a decrease in HUD operating subsidy of approximately \$129,000 and discontinuing the administration of WHEDA vouchers. Operating expenses were approximately \$3.3m in 2015 vs. \$3.5m in 2014.
- The CDA did receive Capital Funds of \$84,956 for improvements made during 2015 and a Capital Funds award in the amount of \$174,104 for additional improvements from the U.S. Department of Housing and Urban Development (HUD).
- Some history on major events, Riverview Towers was split off from our public housing stock in 2012 and was turned into a low income tax credit project with an award from Wisconsin Housing and Economic Development Authority (WHEDA). Riverview Towers is now a limited liability corporation (LLC) in order to stay in compliance with tax credit regulations.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

## BASIC FINANCIAL STATEMENTS

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

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

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

- **Net investment in capital assets** – this component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- **Restricted** – this component consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** – this component, consists of net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

The Statements of Revenues, Expenses and Changes in Net Position present the revenues and expenses for the current and previous fiscal year. The CDA received \$1,221,835 from HUD this past year.

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

### Supplementary Information

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

## OVERVIEW OF THE WAUSAU COMMUNITY DEVELOPMENT AUTHORITY

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

The CDA operates under the direction of a board of commissioners specifically appointed by the Mayor for their particular skill set. All property is owned by the Authority and is not City owned which is a common misconception.

The CDA administers the Housing Choice Voucher Program and currently maintains an annual contribution contract with HUD. This program facilitates contracts with eligible tenants and landlords. Each unit is inspected and must meet the Housing Qualified Standards (HQS) established by HUD. Currently, we have 435 vouchers under contract. Contracts are for a one year period of time. As of January 1, 2015, the CDA is no longer administering any outside vouchers that were previously done by us due to the additional staffing burdens they presented. The CDA staff's focus in 2015 was on the current voucher program administered throughout the City of Wausau.

The CDA has operated public housing at 500 Grand Avenue commonly referred to as Riverview Towers since the late 1960's. Riverview Towers LLC underwent major interior and exterior renovations of all 149 units in 2012-2013. The renovation was made possible through a WHEDA low income housing tax credit, CDA funds, and a grant from the Home Loan Bank of Chicago. Gorman and Company was our partner on the project and National Equity Fund (NEF) is our investor.

The Authority had applied for the Residential Apartment Demonstration project (RAD) and we began our due diligence to move our application forward in 2015 in conjunction with our partner NEF.

Units at Riverview Towers are available to near-elderly 55 and over and disabled persons over 18 years of age. Through this previous action by Commissioners we have had a considerable number of applicants apply for and receive housing at Riverview Towers LLC. This continues to meet pent-up demands for affordable housing in this area.

The CDA also has 46 units of scattered site family housing units throughout Wausau. Units are completely occupied with a current waiting list. We are continuing our improvements to the units. This year we completed improvements to the single car garages of the 40 units of scattered site housing. We also addressed some drainage issues that have plagued us. In 2015 we also put bids out for the balcony reconstruction project to be done in early spring of 2016 for the duplexes.

The CDA also owns and operates 36 units of assisted living on our main campus. Assistance is provided through project-based Housing Choice Vouchers and services provided under contract with Aspirus Health for tenant care. The facility is currently licensed by the State of Wisconsin as a Residential Care Apartment Complex (RCAC).

This past year we made the final payment of \$200,000 on a \$400,000 loan from Section 17 funds that were used previously for construction of Riverview Terrace, the CDA's assisted living facility. The loan is paid in full and closed out.

The redevelopment division of the CDA continues to be very active with two projects. The CDA took ownership of 303-305 South Second Avenue a number of years ago from the City of Wausau who had taken ownership from Marathon County on a tax deed. The site was a former dry cleaning facility.

The City of Wausau had demolished the building, and the CDA had been doing continuous testing of the site. This past year tests confirmed a major vapor plume that was spreading towards the Wisconsin River. Staff has been working with the Department of Natural Resources (DNR), AECOM (CDA's contracted consultant) and the City of Wausau's Environmental Engineer, Kevin Fable, to mitigate the site. This past year additional testing and monitoring has taken place in all businesses and residential units as required. The installed vapor mitigation system to remove the fumes is still in place and continues to operate. It was shut down this past winter due to some sub-zero temperatures and restarted as weather permitted.

We are also part of the DERF program and have met our deductible and have filed claims for reimbursement through the State of Wisconsin. We are currently working with a new DNR contact out of the Eau Claire office due to a local retirement this past year.

The CDA also owns the property at 2102 North 2<sup>nd</sup> Street, the former Wausau Energy bulk tank site. We are continuing to test and monitor this site to move this project forward to closure. This past year we had to pay out of pocket for contaminated soil removal. The board approved this action.

We continue to have several inquiries from interested parties to purchase this property. It is located in an up and coming neighborhood that has seen substantial investments over the last couple of years. We continue to work with REI (our consultant), the DNR and our City Environmental Engineer to keep this on track for closure.

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

The CDA continues to rent an office space to Northcentral Healthcare. They occupy this space on a 24-hour a day schedule which provides the Authority with a responsible adult on site at all times. Northcentral Healthcare staff provide services to their clients who reside as tenants in our facilities.

#### BASIC FINANCIAL STATEMENTS

The following table shows the condensed Statements of Net Position for the years ended December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current assets	\$ 5,409,717	\$ 5,527,664
Capital assets, net	15,664,078	16,237,166
Other assets	<u>622,270</u>	<u>870,672</u>
<b>Total assets</b>	<u>\$ 21,696,065</u>	<u>\$ 22,635,502</u>
<b>Liabilities</b>		
Current liabilities	\$ 217,709	\$ 460,825
Long-term liabilities	<u>788,519</u>	<u>791,209</u>
Total liabilities	<u>1,006,228</u>	<u>1,252,034</u>
Deferred inflow of resources	<u>48,936</u>	<u>-0-</u>
<b>Net position</b>		
Net investment in capital assets	14,914,078	15,487,166
Restricted	2,478	16,350
Unrestricted	<u>5,724,345</u>	<u>5,879,952</u>
Total net position	<u>20,640,901</u>	<u>21,383,468</u>
<b>Total liabilities and net position</b>	<u>\$ 21,696,065</u>	<u>\$ 22,635,502</u>

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

Significant changes in capital assets during 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Capital assets, beginning of year	\$ 22,993,490	\$ 22,699,743
Additions	97,286	300,130
Disposals	<u>(20,583)</u>	<u>(6,383)</u>
Capital assets, end of year	23,070,193	22,993,490
Less accumulated depreciation	<u>(7,406,115)</u>	<u>(6,756,324)</u>
Capital assets, net	<u>\$ 15,664,078</u>	<u>\$ 16,237,166</u>

The following table shows the condensed Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Operating revenues		
HUD contributions	\$ 1,221,835	\$ 1,320,765
WHEDA contributions and other government grants	81,273	159,495
Rental and tenant care income	1,107,966	1,147,981
Other income	<u>34,068</u>	<u>82,025</u>
Total operating revenues	<u>2,445,142</u>	<u>2,710,266</u>
Expenses and losses		
Housing assistance payments	894,420	1,025,152
Administration	756,156	778,771
Other operating expenses	920,942	954,505
Depreciation and amortization	722,646	699,688
Loss on disposal of capital assets	<u>709</u>	<u>1,012</u>
Total expenses and losses	<u>3,294,873</u>	<u>3,459,128</u>
Nonoperating revenue		
Interest income	<u>22,208</u>	<u>23,275</u>
Loss before capital contributions	(827,523)	(725,587)
Capital contributions	<u>84,956</u>	<u>6,346,923</u>
Change in net position	(742,567)	5,621,336
Net position, beginning of year	<u>21,383,468</u>	<u>15,762,132</u>
Net position, end of year	<u>\$ 20,640,901</u>	<u>\$ 21,383,468</u>

## **ECONOMIC FACTORS**

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

- Marathon County's unemployment rate continues to drop as the local economy recovers and moves forward. We continue to see an increase in job postings available in our market.
- In recent years the recession and the job market has put a significant burden on the Housing Choice Voucher program as many of the clients the CDA serves did lose their employment during the recession. Even with the declining unemployment rates and the proliferation of jobs we have not experienced significant changes in voucher payments going down. Our tenant base has not been able to secure new employment, thus rent subsidies costs have increased.
- We also continue to experience high levels of voucher recipients that are on disability which contributes to higher rent subsidies as well.

## **GOALS AND OBJECTIVES**

### Goals

- Continue to maintain the CDA owned properties to the highest standards to better serve our tenants.
- Engage our Commissioners to plan long-term on the CDA's future regarding all properties owned.
- Continue to pursue RAD funding for Riverview Towers, LLC.
- Provide housing counseling to our residents and clients regarding various programs that offer homeownership opportunities within the City.
- Promote community development activities that provide living-wage employment opportunities to our residents and clients.
- Provide assistance and counseling to achieve economic self-sufficiency.
- Continue to provide programming to our tenants that will educate them on computer use, safety, nutrition, crime and fraud prevention, and employment opportunities.
- Continue cleanup of our brownfield sites and turn them back into tax base for the community.
- Rent out vacant commercial property to the private sector with potential for sale after cleanup closure from the State.
- Continuous engagement of our tenants on how we may better serve them and their needs.

### Objectives

- Provide families who have little or no opportunity to achieve economic self-sufficiency, with a safe, decent and affordable housing inventory.

- Provide housing options for persons with disabilities.
- Promote neighborhood stability throughout the city, and economic upward mobility through gainful employment.
- Assist the privately held affordable housing inventory with staying code compliant.
- Lessen the need for subsidized housing.

#### **CONTACTING THE CDA'S FINANCIAL MANAGEMENT PERSONNEL**

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

## **FINANCIAL STATEMENTS**

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

Statements of Net Position  
December 31, 2015 and 2014

	2015	2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,426,095	\$ 4,521,831
Cash and cash equivalents - restricted	873,579	968,491
Total cash and cash equivalents	5,299,674	5,490,322
<b>Receivables</b>		
Tenants	2,920	2,052
Fraud recovery	3,806	9,100
Other	77,897	5,136
Accrued interest	90	77
Notes receivable, current portion	12,371	1,520
Prepaid expenses	12,959	19,457
Total current assets	5,409,717	5,527,664
<b>Capital Assets</b>		
Capital assets not being depreciated	989,968	1,011,544
Capital assets, net of accumulated depreciation	14,674,110	15,225,622
Total capital assets	15,664,078	16,237,166
<b>Other Assets</b>		
Notes receivable, net of current portion	585,364	780,385
Intangibles, net of accumulated amortization	36,906	90,287
Total other assets	622,270	870,672
<b>Total Assets</b>	21,696,065	22,635,502
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	59,929	53,209
Accrued wages	2,092	53,618
Compensated absences	21,475	23,773
Accrued property taxes	53,548	54,134
Tenant security deposits	72,445	76,091
Unearned revenue	25	-
Other accrued liabilities	8,195	-
Current portion of long-term debt	-	200,000
Total current liabilities	217,709	460,825
<b>Long-term Obligations</b>		
Compensated absences	38,519	41,209
Loan payable	750,000	750,000
Total long-term obligations	788,519	791,209
<b>Total Liabilities</b>	1,006,228	1,252,034
<b>Deferred Inflow of Resources</b>		
Operating subsidy received in advance	48,936	-
<b>Net Position</b>		
Net investment in capital assets	14,914,078	15,487,166
Restricted	2,478	16,350
Unrestricted	5,724,345	5,879,952
<b>Total Net Position</b>	\$ 20,640,901	\$ 21,383,468

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

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
Statements of Revenues, Expenses and Changes in Net Position  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operative Revenues		
HUD contributions	\$ 1,221,835	\$ 1,320,765
WHEDA contributions	-	129,718
Other government grants	81,273	29,777
Rental income	814,491	843,862
Tenant care revenue	293,475	304,119
Other income	<u>34,068</u>	<u>82,025</u>
Total operating revenues	<u>2,445,142</u>	<u>2,710,266</u>
Operating Expenses		
Housing assistance payments	894,420	1,025,152
Administration	756,156	778,771
Tenant services	346,707	342,655
Utilities	171,009	180,734
Operations and maintenance	301,213	319,082
General expenses	102,013	112,034
Depreciation and amortization	<u>722,646</u>	<u>699,688</u>
Total operating expenses	<u>3,294,164</u>	<u>3,458,116</u>
Operating Loss	(849,022)	(747,850)
Nonoperating Income		
Interest income	<u>22,208</u>	<u>23,275</u>
Loss before contributions, gains and losses	(826,814)	(724,575)
Capital contributions	84,956	6,346,923
Loss on disposal of capital assets	<u>(709)</u>	<u>(1,012)</u>
Change in net position	(742,567)	5,621,336
Total net position - beginning	<u>21,383,468</u>	<u>15,762,132</u>
Total net position - ending	<u>\$ 20,640,901</u>	<u>\$ 21,383,468</u>

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

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
Statements of Cash Flows  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Operating Activities</b>		
Collections from tenants, HUD, and others	\$ 2,422,122	\$ 2,729,447
Payments for housing assistance	(894,420)	(1,025,152)
Payments made to suppliers	(1,029,087)	(1,104,925)
Payments made to employees	<u>(683,698)</u>	<u>(605,502)</u>
Net cash used in operating activities	<u>(185,083)</u>	<u>(6,132)</u>
<b>Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(200,000)	(200,000)
Proceeds from sale of capital assets	400	-
Acquisition and construction of capital assets	(97,286)	(1,882,075)
Proceeds from issuance of short-term construction note	-	1,315,584
Principal payments on short-term construction note	-	(5,021,816)
Capital contributions received	<u>84,956</u>	<u>6,346,923</u>
Net cash provided by (used in) capital and related financing activities	<u>(211,930)</u>	<u>558,616</u>
<b>Investing Activities</b>		
Decrease in notes receivable	184,170	42,088
Interest on investments	<u>22,195</u>	<u>23,267</u>
Net cash provided by investing activities	<u>206,365</u>	<u>65,355</u>
<b>Net change in cash and cash equivalents</b>	(190,648)	617,839
<b>Cash and cash equivalents, beginning of year</b>	<u>5,490,322</u>	<u>4,872,483</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 5,299,674</u>	<u>\$ 5,490,322</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (849,022)	\$ (747,850)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	722,646	699,688
Changes in operating assets and liabilities:		
Receivables	(68,335)	18,581
Prepaid expenses	6,498	(5,439)
Accounts payable	6,720	(16,598)
Accrued wages	(51,526)	53,618
Compensated absences	(4,988)	(1,902)
Accrued property taxes	(586)	7,711
Tenant security deposits	(3,646)	1,330
Unearned revenue	25	(730)
Other accrued liabilities	8,195	(14,541)
Operating subsidy received in advance	<u>48,936</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (185,083)</u>	<u>\$ (6,132)</u>

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

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity

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

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

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

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

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

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

- Housing Choice Vouchers Program - the CDA maintains one annual contributions contract with HUD for the funding and administration of 435 HUD housing assistance payments vouchers. As part of this program, HUD holds undisbursed renewal and non-renewal funds obligated-to-date in reserve. The CDA may request reserved funds as needed. The CDA's HUD-held reserves were \$176,930 at December 31, 2015.
- Low-rent Public Housing Program - consists of 46 units of low-income public housing owned by the CDA. Riverview Towers MM, LLC is wholly-owned by the CDA and is also a .01% owner and the managing member of Riverview Towers, LLC.
- Capital Funds Program - consists of modernization projects in progress.
- Riverview Terrace - a Residential Care Apartment Complex (RCAC) consisting of 36 assisted-living housing units for low-income persons.
- Redevelopment Program - provides for various urban renewal programs on an as-needed basis.
- Property Management - consists of managing Riverview Towers, LLC.
- Riverview Towers, LLC - consists of 149 housing units for elderly and disabled residents of low- and very low-income, known as Riverview Towers Apartments. Of these housing units, 148 are subject to the rules and requirements of the Low-Income Housing Tax Credit program under Internal Revenue Code Section 42. One unit remains part of the Low-Rent Public Housing program.

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Basis of Presentation and Accounting**

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

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

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

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

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

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

**3. Budgets and Budgetary Accounting**

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

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

**4. Cash and Cash Equivalents**

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

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. Restricted Assets

Restricted assets consist of the following:

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

6. Capital Assets

Land, buildings and equipment are stated at cost at the date of acquisition, or at fair value if donated. The CDA defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Except for appliances which are also capitalized, all expenditures for personal property valued under the threshold and for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Depreciation of all exhaustible capital assets used by the CDA is charged as an expense of operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

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

7. Intangible Assets

Intangible assets relate to Riverview Towers, LLC and consist of tax credit fees paid to Wisconsin Housing and Economic Development Authority in the amount of \$47,114, and loan financing fees paid to BMO Harris Bank, N.A. in the amount of \$54,313. The tax credit fees are being amortized over 15 years, and the loan financing fees were fully expended during 2015. Total amortization expense for the years ended December 31, 2015 and 2014 was \$53,381 and \$4,951, respectively.

8. Accumulated Unpaid Vacation and Sick Leave

The CDA follows the City of Wausau's policies on vacation and sick leave. Vacation and sick leave benefits accrue at various rates on a bi-weekly basis based on employees' years of continuous service. A liability for accrued compensated absences totaling \$59,994 and \$64,982 has been recorded in the accompanying statements of net position as of December 31, 2015 and 2014, respectively.

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

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

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

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**9. Net Position**

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

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

**10. Due To/From Other Programs**

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

**11. Interprogram Transactions**

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

**12. Related Party Transactions with Riverview Towers, LLC**

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

The CDA entered into an agreement as management agent for the project. The agreement is for two years and expires on August 31, 2016. Fees for management agent services are calculated at the rate of 6% of total monthly gross receipts. Total property management fees were \$29,334 and \$28,919 for 2015 and 2014, respectively.

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

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

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. Deferred Inflows and Deferred Outflows**

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

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The CDA currently has one item that qualifies for reporting in this category. The item is an advance payment of operating subsidy relating to Riverview Towers, LLC, which was unearned at the end of the year.

**NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

	<u>2015</u>	<u>2014</u>
Deposits	\$ 5,299,554	\$ 5,490,202
Petty cash	<u>120</u>	<u>120</u>
Total cash and cash equivalents	<u>\$ 5,299,674</u>	<u>\$ 5,490,322</u>

Reconciliation to the statements of net position:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 4,426,095	\$ 4,521,831
Cash and cash equivalents - restricted	<u>873,579</u>	<u>968,491</u>
Total cash and cash equivalents	<u>\$ 5,299,674</u>	<u>\$ 5,490,322</u>

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

**Deposits**

Custodial Credit Risk

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

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

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

Notes to Financial Statements  
December 31, 2015 and 2014

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

Deposits (continued)

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

At December 31, 2015, the carrying amount of the CDA's deposits was \$5,299,674 and the financial institution balance was \$5,389,236. Of the financial institution balance, \$4,067,247 was covered by federal and state depository insurance; \$1,321,989 was in excess of federal and state depository insurance limits and collateralized by securities held by the pledging institution or its trust department or agent.

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

Investments

Custodial Credit Risk

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

Investment Policy

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

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

Credit Risk

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

Concentration of Credit Risk

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

Interest Rate Risk

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

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2015, was as follows:

	Balance <u>1/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>12/31/2015</u>
Capital assets, not being depreciated:					
Land and improvements	\$ 981,317	\$ -	\$ -	\$ -	\$ 981,317
Construction in progress	<u>30,227</u>	<u>84,956</u>	<u>-</u>	<u>(106,532)</u>	<u>8,651</u>
Total capital assets, not being depreciated	<u>1,011,544</u>	<u>84,956</u>	<u>-</u>	<u>(106,532)</u>	<u>989,968</u>
Capital assets, being depreciated:					
Buildings and improvements	21,256,394	-	-	91,902	21,348,296
Furniture and equipment	<u>725,552</u>	<u>12,330</u>	<u>20,583</u>	<u>14,630</u>	<u>731,929</u>
Total capital assets being depreciated	<u>21,981,946</u>	<u>12,330</u>	<u>20,583</u>	<u>106,532</u>	<u>22,080,225</u>
Less accumulated depreciation for:					
Buildings and improvements	6,381,367	613,892	-	-	6,995,259
Furniture and equipment	<u>374,957</u>	<u>55,373</u>	<u>19,474</u>	<u>-</u>	<u>410,856</u>
Total accumulated depreciation	<u>6,756,324</u>	<u>669,265</u>	<u>19,474</u>	<u>-</u>	<u>7,406,115</u>
Total capital assets, being depreciated, net	<u>15,225,622</u>	<u>(656,935)</u>	<u>1,109</u>	<u>106,532</u>	<u>14,674,110</u>
Total capital assets, net	<u>\$ 16,237,166</u>	<u>\$ (571,979)</u>	<u>\$ 1,109</u>	<u>\$ -</u>	15,664,078
Less related long-term debt outstanding					<u>750,000</u>
Net investment in capital assets					<u>\$ 14,914,078</u>

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE C - CAPITAL ASSETS (Continued)**

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

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

**NOTE D - NOTES RECEIVABLE**

Notes receivable consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Notes receivable from homeowners, interest at 2%, with payments of principal and interest ranging from \$106 to \$125 monthly.	\$ 20,676	\$ 23,002
Note receivable from Lube, Inc., interest only at 1.5% until principal and interest payments commence on August 15, 2016, with final maturity due on July 15, 2023.	25,000	25,000
Note receivable from Kannenberg Plaza, LLC, interest at 0%, with payments commencing when cash flows are sufficient to pay balance of developer fee and make distributions to members.	<u>552,059</u>	<u>733,903</u>
	597,735	781,905
Less current portion	<u>(12,371)</u>	<u>(1,520)</u>
	<u>\$ 585,364</u>	<u>\$ 780,385</u>

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE E - RETIREMENT PLAN**

The CDA's employees are covered under the State of Wisconsin Retirement System as part of the City of Wausau, Wisconsin. The employer's portion of the current annual contribution was paid by the CDA, and totaled \$33,201 and \$35,989 for the years ended December 31, 2015 and 2014, respectively. For additional information, the City's complete financial statements can be obtained from:

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

**NOTE F - LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	<u>Balance</u> <u>1/1/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Affordable Housing Program					
Loan	\$ 750,000	\$ -	\$ -	\$ 750,000	\$ -
City of Wausau Loan	200,000	-	(200,000)	-	-
Compensated absences	<u>64,982</u>	<u>-</u>	<u>(4,988)</u>	<u>59,994</u>	<u>21,475</u>
	<u>\$1,014,982</u>	<u>\$ -</u>	<u>\$ (204,988)</u>	<u>\$ 809,994</u>	<u>\$ 21,475</u>

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

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

Compensated absences - The CDA follows the City of Wausau's policies on vacation and sick leave. Vacation and sick leave benefits accrue at various rates on a bi-weekly basis based on employees' years of continuous service.

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

Notes to Financial Statements  
December 31, 2015 and 2014

**NOTE G - RESTRICTED NET POSITION**

Restricted net position consists entirely of amounts restricted for housing assistance payments under the Housing Choice Voucher program. Amounts restricted were \$2,478 and \$16,350 for the years ended December 31, 2015 and 2014, respectively.

**NOTE H - COMMITMENTS AND CONTINGENCIES**

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

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

**NOTE I - SIGNIFICANT CONCENTRATIONS**

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

**NOTE J - RISK MANAGEMENT**

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

## **SUPPLEMENTARY INFORMATION**

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

Financial Data Schedule

December 31, 2015

Statement of Net Position Data

Line #	Account Description	Project Total	Housing Choice Vouchers 14.871	Business Activities
<b>Assets</b>				
<b>Current assets</b>				
<b>Cash</b>				
111	Cash - unrestricted	\$ 675,099	\$ 99,756	\$ 3,616,794
113	Cash - other restricted	-	2,478	-
114	Cash - tenant security deposits	19,503	-	10,885
115	Cash - restricted for payment of current liability	71,066	-	-
100	Total cash	<u>765,668</u>	<u>102,234</u>	<u>3,627,679</u>
<b>Accounts and notes receivables</b>				
124	Accounts receivable - other government	-	-	71,696
125-050	Accounts receivable - other	-	-	6,201
125-060	Other - comment			Due for December VNA services
125	Accounts receivable - miscellaneous	-	-	6,201
126	Accounts receivable tenants	2,368	-	-
127	Notes, loans, and mortgages receivable - current	-	-	12,371
128	Fraud recovery	-	3,806	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances for doubtful accounts	<u>2,368</u>	<u>3,806</u>	<u>90,268</u>
<b>Current investments</b>				
142	Prepaid expenses and other assets	980	979	1,688
144	Inter program - due from	-	-	2,086
150	Total current assets	<u>769,016</u>	<u>107,019</u>	<u>3,721,721</u>
<b>Noncurrent assets</b>				
<b>Capital assets</b>				
161	Land	899,407	-	64,350
162	Buildings	8,041,806	-	2,904,990
163	Furniture, equipment and machinery - dwellings	128,697	-	46,323
164	Furniture, equipment and machinery - administrative	238,753	7,486	48,075
165	Leasehold improvements	313,284	-	45,015
166	Accumulated depreciation	(5,371,770)	(3,252)	(1,204,385)
167	Construction in progress	8,651	-	-
160	Total capital assets, net of accumulated depreciation	<u>4,258,828</u>	<u>4,234</u>	<u>1,904,368</u>
<b>Other noncurrent assets</b>				
171-040	Notes, loans and mortgages receivable - tax credit			552,059
171-050	Notes, loans and mortgages receivable - other			33,305
171-060	Other - comment			Loans to individuals
171	Notes, loans and mortgages receivable - non-current	3,357,519	-	585,364
174-050	Other assets - other			-
174-060	Other - comment			
174	Other assets	-	-	-
176	Investments in joint venture	174,901	-	-
180	Total non-current assets	<u>7,791,248</u>	<u>4,234</u>	<u>2,489,732</u>
200	Deferred outflow of resources	-	-	-
290	Total assets and deferred outflow of resources	<u>\$ 8,560,264</u>	<u>\$ 111,253</u>	<u>\$ 6,211,453</u>

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
\$ 34,446	\$ 4,426,095	\$ -	\$ 4,426,095
723,084	725,562	-	725,562
46,563	76,951	-	76,951
-	71,066	-	71,066
804,093	5,299,674	-	5,299,674
-	71,696	-	71,696
-			
-	6,201	-	6,201
552	2,920	-	2,920
-	12,371	-	12,371
-	3,806	-	3,806
90	90	-	90
642	97,084	-	97,084
9,312	12,959	-	12,959
22,130	24,216	(24,216)	-
836,177	5,433,933	(24,216)	5,409,717
17,560	981,317	-	981,317
10,043,201	20,989,997	-	20,989,997
262,595	437,615	-	437,615
-	294,314	-	294,314
-	358,299	-	358,299
(826,708)	(7,406,115)	-	(7,406,115)
-	8,651	-	8,651
9,496,648	15,664,078	-	15,664,078
-			
-			
-	3,942,883	(3,357,519)	585,364
36,906			
\$36,906 tax credit fees, net of accumulated amortization of \$10,208			
36,906	36,906	-	36,906
-	174,901	(174,901)	-
9,533,554	19,818,768	(3,532,420)	16,286,348
-	-	-	-
\$ 10,369,731	\$ 25,252,701	\$ (3,556,636)	\$ 21,696,065

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

Financial Data Schedule

December 31, 2015

Statement of Net Position Data, continued

Line #	Account Description	Project Total	Housing Choice Vouchers 14.871	Business Activities
<b>Liabilities and net position</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
312	Accounts payable <= 90 days	\$ 4,930	\$ 276	\$ 32,800
321	Accrued wages/payroll taxes payable	-	-	2,092
322	Accrued compensated absences - current portion	5,510	6,548	2,536
333	Accounts payable - other government	11,568	-	5,118
341	Tenant security deposit	19,503	-	10,885
342	Unearned revenues	-	-	-
346	Accrued liabilities - other	-	-	-
347	Inter program - due to	22,130	-	-
310	<b>Total current liabilities</b>	<b>63,641</b>	<b>6,824</b>	<b>53,431</b>
354	Accrued compensated absences - non-current	3,032	27,508	7,968
355-050	Loan liability - other	750,000		
355-060	Other - comment	Affordable Housing Program Loan		
355	Loan liabilities - non-current	750,000	-	-
350	<b>Total non-current liabilities</b>	<b>753,032</b>	<b>27,508</b>	<b>7,968</b>
300	<b>Total liabilities</b>	<b>816,673</b>	<b>34,332</b>	<b>61,399</b>
400	Deferred inflow of resources	48,936	-	-
<b>Net position</b>				
508.4	Net investment in capital assets	3,508,828	4,234	1,904,368
511.4	Restricted net position	-	2,478	-
512.4	Unrestricted net position	4,185,827	70,209	4,245,686
513	<b>Total net position</b>	<b>7,694,655</b>	<b>76,921</b>	<b>6,150,054</b>
600	<b>Total liabilities, deferred inflow of resources and net position</b>	<b>\$ 8,560,264</b>	<b>\$ 111,253</b>	<b>\$ 6,211,453</b>

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
\$ 21,923	\$ 59,929	\$ -	\$ 59,929
-	2,092	-	2,092
6,881	21,475	-	21,475
36,862	53,548	-	53,548
42,057	72,445	-	72,445
25	25	-	25
8,195	8,195	-	8,195
2,086	24,216	(24,216)	-
118,029	241,925	(24,216)	217,709
11	38,519	-	38,519
3,357,519	4,107,519	(3,357,519)	750,000
3,357,530	4,146,038	(3,357,519)	788,519
3,475,559	4,387,963	(3,381,735)	1,006,228
-	48,936	-	48,936
9,496,648	14,914,078	-	14,914,078
-	2,478	-	2,478
(2,602,476)	5,899,246	(174,901)	5,724,345
6,894,172	20,815,802	(174,901)	20,640,901
\$ 10,369,731	\$ 25,252,701	\$ (3,556,636)	\$ 21,696,065

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

Financial Data Schedule

For the Year Ended December 31, 2015

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project Total	Housing Choice Vouchers 14.871	Business Activities
<b>Revenues</b>				
70300	Net tenant rental revenue	\$ 145,074	\$ -	\$ 200,965
70400	Tenant revenue - other	7,046	-	286,429
70500	Total tenant revenue	152,120	-	487,394
70600-010	Housing assistance payments		877,390	
70600-020	Ongoing administrative fees earned		118,735	
70600	HUD PHA operating grants	225,710	996,125	-
70610	Capital grants	84,956	-	-
70800	Other government grants	-	-	81,273
71100	Investment income - unrestricted	56,011	196	16,970
71400-010	Housing assistance payment		3,189	
71400-020	Administrative fee		3,189	
71400	Fraud recovery	-	6,378	-
71500	Other revenue	4,729	-	29,910
71600	Gain or (loss) on disposal of capital assets	(709)	-	-
70000	Total revenues	522,817	1,002,699	615,547
<b>Expenses</b>				
91100	Administrative salaries	85,381	62,158	60,396
91200	Auditing fees	4,190	1,300	4,062
91400	Advertising and marketing	108	403	2,474
91500	Employee benefit contributions - administrative	42,262	36,170	25,443
91600	Office expenses	8,483	6,443	10,516
91800	Travel	1,150	-	429
91900	Other	15,035	4,907	218,265
91000	Total operating - administrative	156,609	111,381	321,585
92400	Tenant services - other	-	-	336,399
92500	Total tenant services	-	-	336,399
93100	Water	8,274	-	2,013
93200	Electricity	5,950	-	29,227
93300	Gas	3,811	-	6,201
93600	Sewer	10,419	-	2,709
93800	Other utilities expense	1,829	-	745
93000	Total utilities	30,283	-	40,895

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
\$ 468,452	\$ 814,491	\$ -	\$ 814,491
-	293,475	-	293,475
468,452	1,107,966	-	1,107,966
-	1,221,835	-	1,221,835
-	84,956	-	84,956
-	81,273	-	81,273
2,800	75,977	(53,769)	22,208
-	6,378	-	6,378
77,884	112,523	(84,833)	27,690
-	(709)	-	(709)
549,136	2,690,199	(138,602)	2,551,597
74,059	281,994	-	281,994
8,000	17,552	-	17,552
3,641	6,626	-	6,626
44,929	148,804	-	148,804
10,811	36,253	-	36,253
1,439	3,018	-	3,018
53,036	291,243	(29,334)	261,909
195,915	785,490	(29,334)	756,156
10,308	346,707	-	346,707
10,308	346,707	-	346,707
5,613	15,900	-	15,900
53,927	89,104	-	89,104
31,663	41,675	-	41,675
7,277	20,405	-	20,405
1,351	3,925	-	3,925
99,831	171,009	-	171,009

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

Financial Data Schedule

For the Year Ended December 31, 2015

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project Total	Housing Choice Vouchers 14.871	Business Activities
94100	Ordinary maintenance and operations - labor	49,111	4,093	11,414
94200	Ordinary maintenance and operations - materials and other	8,481	-	6,381
94300-010	Garbage and trash removal contracts	150		1,531
94300-020	Heating and cooling contracts	327		1,342
94300-030	Snow removal contracts	-		-
94300-040	Elevator maintenance contracts	-		4,620
94300-050	Landscape and grounds contracts	139		400
94300-060	Unit turnaround contracts	8,365		806
94300-070	Electrical contracts	-		1,046
94300-080	Plumbing contracts	915		611
94300-090	Extermination contracts	914		537
94300-100	Janitorial contracts	-		1,168
94300-110	Routine maintenance contracts	223		-
94300-120	Miscellaneous contracts	103		2,783
94300	Ordinary maintenance and operations contracts	11,136	-	14,844
94500	Employee benefit contribution - ordinary maintenance	18,257	655	7,023
94000	Total maintenance	86,985	4,748	39,662
95200	Protective services - other contract costs	-	-	2,836
95000	Total protective services	-	-	2,836
96110	Property insurance	3,284	-	2,554
96120	Liability insurance	1,782	2,086	1,766
96130	Workmen's compensation	1,760	1,380	414
96140	All other insurance	191	-	1,715
96100	Total insurance premiums	7,017	3,466	6,449
96200	Other general expenses	60,577	849	-
96210	Compensated absences	(1,429)	(2,760)	(611)
96300	Payments in lieu of taxes	11,568	-	5,118
96400	Bad debt (recovery) - tenant rents	(2,429)	-	-
96000	Total other general expenses	68,287	(1,911)	4,507
96720	Interest on notes payable (short and long term)	-	-	-
96730	Amortization of bond issue costs	-	-	-
96700	Total interest expense and amortization cost	-	-	-
96900	Total operating expenses	349,181	117,684	752,333
97000	Excess (deficiency) of total revenues over (under) operating expenses	173,636	885,015	(136,786)
97100	Extraordinary maintenance	-	-	2,717
97300-040	Tenant protection		17,592	
97300-041	Portability-out		20,290	
97300-050	All other		856,538	
97300	Housing assistance payments	-	894,420	-
97400	Depreciation expense	261,224	479	81,055
97500	Fraud losses	-	62	-
90000	Total expenses	610,405	1,012,645	836,105

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
73,309	137,927	-	137,927
12,609	27,471	-	27,471
6,107	7,788		
710	2,379		
500	500		
6,005	10,625		
3,606	4,145		
-	9,171		
388	1,434		
-	1,526		
7,944	9,395		
4,188	5,356		
1,355	1,578		
6,567	9,453		
37,370	63,350	-	63,350
37,513	63,448	-	63,448
160,801	292,196	-	292,196
2,615	5,451	-	5,451
2,615	5,451	-	5,451
8,354	14,192	-	14,192
9,384	15,018	-	15,018
1,733	5,287	-	5,287
486	2,392	-	2,392
19,957	36,889	-	36,889
6,704	68,130	(55,499)	12,631
(189)	(4,989)	-	(4,989)
36,862	53,548	-	53,548
850	(1,579)	-	(1,579)
44,227	115,110	(55,499)	59,611
53,769	53,769	(53,769)	-
53,381	53,381	-	53,381
107,150	107,150	(53,769)	53,381
640,804	1,860,002	(138,602)	1,721,400
(91,668)	830,197	-	830,197
6,300	9,017	-	9,017
-	894,420	-	894,420
326,507	669,265	-	669,265
-	62	-	62
973,611	3,432,766	(138,602)	3,294,164

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

Financial Data Schedule

For the Year Ended December 31, 2015

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project Total	Housing Choice Vouchers 14.871	Business Activities
10010	Operating transfer in	167,242	-	-
10020	Operating transfer out	(167,242)	-	-
10080	Special items, net gain/loss	(43)	-	-
10100	Total other financing sources (uses)	(43)	-	-
10000	Excess (deficiency) of total revenues over (under) total expenses	\$ (87,631)	\$ (9,946)	\$ (220,558)
11020	Required debt principal payments	\$ -	\$ -	\$ -
11030	Beginning net position	7,782,286	86,867	6,370,612
11170-001	Administrative fee equity - beginning		70,517	
11170-010	Administrative fee revenue		118,735	
11170-040	Investment income		196	
11170-045	Fraud recovery revenue		3,189	
11170-060	Total administrative fee revenues		122,120	
11170-080	Total operating expenses		117,684	
11170-090	Depreciation		479	
11170-100	Other expenses		31	
11170-101	Comment for other expenses		<i>Fraud losses</i>	
11170-110	Total expenses		118,194	
11170-002	Net administrative fee		3,926	
11170-003	Administrative fee equity - ending		74,443	
11170-005	Pre-2004 Administrative Fee Reserves		70,517	
11170-006	Post-2003 Administrative Fee Reserves		3,926	
11170	Administrative fee equity		74,443	

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
-	167,242	(167,242)	-
-	(167,242)	167,242	-
-	(43)	43	-
-	(43)	43	-

\$ (424,475) \$ (742,610) \$ 43 \$ (742,567)

\$ - \$ - \$ - \$ -  
7,318,647 21,558,412 (174,944) 21,383,468

74,443 - \$ 74,443

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

Financial Data Schedule

For the Year Ended December 31, 2015

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project Total	Housing Choice Vouchers 14.871	Business Activities
11180-001	Housing assistance payments equity - beginning		16,350	
11180-010	Housing assistance payment revenues		877,390	
11180-015	Fraud recovery revenue		3,189	
11180-020	Other revenue		-	
11180-021	Comment for other revenue			
11180-025	Investment income		-	
11180-030	Total HAP revenues		880,579	
11180-080	Housing assistance payments		894,420	
11180-090	Other expenses		31	
11180-091	Comment for other expenses		<i>Fraud losses</i>	
11180-100	Total housing assistance payments expenses		894,451	
11180-002	Net housing assistance payments		(13,872)	
11180-003	Housing assistance payments equity - ending		2,478	
11180	Housing assistance payments equity		2,478	
11190-210	Total ACC HCV units		5,220	
11190-220	Unfunded units		(1,712)	
11190-230	Other adjustments		-	
11190	Unit months available	552	3,508	432
11210	Unit months leased	529	2,974	387
11270	Excess cash	\$ 676,508		
11610	Land purchases	\$ -		
11620	Building purchases	\$ 8,793		
11630	Furniture and equipment - dwelling purchases	\$ 3,072		
11640	Furniture and equipment - administrative purchases	\$ 11,558		
11650	Leasehold improvements purchases	\$ 61,533		
11660	Infrastructure purchases	\$ -		
13510	CFFP debt service payments	\$ -		
13901	Replacement housing factor funds	\$ -		

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
	2,478	-	\$ 2,478
1,788	6,280	-	6,280
1,716	5,606	-	5,606
	\$ 676,508	-	\$ 676,508
	\$ -	-	\$ -
	\$ 8,793	-	\$ 8,793
	\$ 3,072	-	\$ 3,072
	\$ 11,558	-	\$ 11,558
	\$ 61,533	-	\$ 61,533
	\$ -	-	\$ -
	\$ -	-	\$ -
	\$ -	-	\$ -

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

Financial Data Schedule

December 31, 2015

Statement of Net Position Data

		Low Rent Public Housing 14.850	Capital Funds Program 14.872	Project WI031000001
<b>Assets</b>				
Current assets				
111	Cash - unrestricted	\$ 675,099	\$ -	\$ 675,099
114	Cash - tenant security deposits	19,503	-	19,503
115	Cash - restricted for payment of current liability	-	-	-
100	Total cash	<u>694,602</u>	-	<u>694,602</u>
Accounts and notes receivables				
126	Accounts receivable - tenants	2,368	-	2,368
120	Total receivables, net of allowances for doubtful accounts	<u>2,368</u>	-	<u>2,368</u>
142	Prepaid expenses and other assets	980	-	980
150	Total current assets	<u>697,950</u>	-	<u>697,950</u>
Noncurrent assets				
161	Land	899,407	-	899,407
162	Buildings	8,041,806	-	8,041,806
163	Furniture, equipment and machinery - dwellings	128,697	-	128,697
164	Furniture, equipment and machinery - administration	238,753	-	238,753
165	Leasehold improvements	313,284	-	313,284
166	Accumulated depreciation	(5,371,770)	-	(5,371,770)
167	Construction in progress	-	8,651	8,651
160	Total capital assets, net	<u>4,250,177</u>	8,651	<u>4,258,828</u>
171-040	Notes, loans & mortgages receivable - tax credit	3,357,519	-	3,357,519
171	Notes, loans and mortgages receivable - non-current	3,357,519	-	3,357,519
176	Investments in joint venture	174,901	-	174,901
180	Total noncurrent assets	<u>7,782,597</u>	8,651	<u>7,791,248</u>
200	Deferred outflow of resources	-	-	-
290	Total assets and deferred outflow of resources	<u>\$ 8,480,547</u>	<u>\$ 8,651</u>	<u>\$ 8,489,198</u>
<b>Liabilities and Net Position</b>				
Liabilities				
312	Accounts payable < 90 days	\$ 4,930	\$ -	\$ 4,930
322	Accrued compensated absences	5,510	-	5,510
333	Accounts payable - other government	11,568	-	11,568
341	Tenant security deposits	19,503	-	19,503
347	Interprogram due to	-	-	-
310	Total current liabilities	<u>41,511</u>	-	<u>41,511</u>
354	Accrued compensated absences - noncurrent	3,032	-	3,032
355	Loan liabilities - non-current	750,000	-	750,000
350	Total non-current liabilities	<u>753,032</u>	-	<u>753,032</u>
300	Total liabilities	<u>794,543</u>	-	<u>794,543</u>
400	Deferred inflow of resources	-	-	-
Net position				
508.4	Net investment in capital assets	3,500,177	8,651	3,508,828
511.4	Restricted net position	-	-	-
512.4	Unrestricted net position	4,185,827	-	4,185,827
513	Total net position	<u>7,686,004</u>	8,651	<u>7,694,655</u>
600	Total liabilities, deferred inflow of resources and net position	<u>\$ 8,480,547</u>	<u>\$ 8,651</u>	<u>\$ 8,489,198</u>

Project WI031000003	Project Total
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\$	-	\$	675,099
	-		19,503
	71,066		71,066
	71,066		765,668

	-		2,368
	-		2,368
	-		980
	71,066		769,016

	-		899,407
	-		8,041,806
	-		128,697
	-		238,753
	-		313,284
	-		(5,371,770)
	-		8,651
	-		4,258,828

	-		3,357,519
	-		174,901
	-		7,791,248

	-		-
\$	71,066	\$	8,560,264

\$	-	\$	4,930
	-		5,510
	-		11,568
	-		19,503
	22,130		22,130
	22,130		63,641

	-		3,032
	-		750,000
	-		753,032
	22,130		816,673
	48,936		48,936

	-		3,508,828
	-		-
	-		4,185,827
	-		7,694,655
\$	71,066	\$	8,560,264

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

Financial Data Schedule

For the Year Ended December 31, 2015

Statement of Revenues, Expenses and Changes in Net Position Data

		Low Rent Public Housing 14.850	Capital Funds Program 14.872	Project WI031000001
<b>Revenues</b>				
70300	Net tenant rental revenue	\$ 145,074	\$ -	\$ 145,074
70400	Tenant revenue - other	7,046	-	7,046
70500	Total tenant revenue	<u>152,120</u>	<u>-</u>	<u>152,120</u>
70600	HUD PHA grants	93,755	76,456	170,211
70610	Capital grants	-	84,956	84,956
71100	Investment income - unrestricted	56,011	-	56,011
71500	Other revenues	4,729	-	4,729
71600	Gain or (loss) on disposal of fixed assets	(709)	-	(709)
70000	Total revenues	<u>305,906</u>	<u>161,412</u>	<u>467,318</u>
<b>Expenses</b>				
91100	Administrative salaries	85,381	-	85,381
91200	Auditing fees	4,190	-	4,190
91400	Advertising and marketing	108	-	108
91500	Employee benefit contributions - administrative	42,262	-	42,262
91600	Office expenses	8,483	-	8,483
91800	Travel	1,150	-	1,150
91900	Other administrative	5,577	9,458	15,035
91000	Total operating - administrative	<u>147,151</u>	<u>9,458</u>	<u>156,609</u>
93100	Water	8,274	-	8,274
93200	Electricity	5,950	-	5,950
93300	Gas	3,811	-	3,811
93600	Sewer	10,419	-	10,419
93800	Other utilities expense	1,829	-	1,829
93000	Total utilities	<u>30,283</u>	<u>-</u>	<u>30,283</u>
94100	Ordinary maintenance and operations - labor	49,111	-	49,111
94200	Ordinary maintenance and operations - materials and others	8,481	-	8,481
94300-010	Garbage and trash removal contracts	150		
94300-020	Heating and cooling contracts	327		
94300-050	Landscape and grounds contracts	139		
94300-060	Unit turnaround contracts	8,365		
94300-080	Plumbing contracts	915		
94300-090	Extermination contracts	914		
94300-110	Routine maintenance contracts	223		
94300-120	Miscellaneous contracts	103		
94300	Ordinary maintenance and operations - contract costs	<u>11,136</u>	<u>-</u>	<u>11,136</u>
94500	Employee benefit contribution - ordinary maintenance	18,257	-	18,257
94000	Total maintenance	<u>86,985</u>	<u>-</u>	<u>86,985</u>

Project WI031000003	Project Total
------------------------	------------------

\$	-	\$	145,074
	-		7,046
	-		152,120

	55,499		225,710
	-		84,956
	-		56,011
	-		4,729
	-		(709)
	55,499		522,817

	-		85,381
	-		4,190
	-		108
	-		42,262
	-		8,483
	-		1,150
	-		15,035
	-		156,609

	-		8,274
	-		5,950
	-		3,811
	-		10,419
	-		1,829
	-		30,283

	-		49,111
	-		8,481

	-		11,136
	-		18,257
	-		86,985

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

Financial Data Schedule

For the Year Ended December 31, 2015

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

	Low Rent Public Housing 14.850	Capital Funds Program 14.872	Total Project WI031000001
96110 Property insurance	3,284	-	3,284
96120 Liability Insurance	1,782	-	1,782
96130 Workmen's compensation	1,760	-	1,760
96140 All other insurance	191	-	191
96100 Total insurance premiums	<u>7,017</u>	<u>-</u>	<u>7,017</u>
96200 Other general expenses	-	5,078	5,078
96210 Compensated absences	(1,429)	-	(1,429)
96300 Payments in lieu of taxes	11,568	-	11,568
96400 Bad debt (recovery) - tenant rents	(2,429)	-	(2,429)
96000 Total other general expenses	<u>7,710</u>	<u>5,078</u>	<u>12,788</u>
96900 Total operating expenses	<u>279,146</u>	<u>14,536</u>	<u>293,682</u>
97000 Excess (deficiency) of total revenues over (under) operating expenses	<u>26,760</u>	<u>146,876</u>	<u>173,636</u>
97400 Depreciation	<u>257,618</u>	<u>3,606</u>	<u>261,224</u>
90000 Total expenses	<u>536,764</u>	<u>18,142</u>	<u>554,906</u>
10010 Operating transfer in	167,242	-	167,242
10020 Operating transfer out	-	(167,242)	(167,242)
10080 Special items, net gain/(loss)	(43)	-	(43)
10100 Total other financing sources (uses)	<u>167,199</u>	<u>(167,242)</u>	<u>(43)</u>
10000 Excess (deficiency) of total revenues over (under) total expenses	<u>\$ (63,659)</u>	<u>\$ (23,972)</u>	<u>\$ (87,631)</u>
11020 Required annual debt principal payments	\$ -	\$ -	\$ -
11030 Beginning net position	\$ 7,749,663	\$ 32,623	\$ 7,782,286
11040 Prior period adjustments, equity transfers, corrections of errors	\$ -	\$ -	\$ -
11170 Administrative fee equity	\$ -	\$ -	\$ -
11180 Housing Assistance Payments equity	\$ -	\$ -	\$ -
11190 Unit months available	552	-	552
11210 Number of unit months leased	529	-	529
11270 Excess cash	\$ 632,197	\$ -	\$ 632,197
11610 Land purchases	\$ -	\$ -	\$ -
11620 Building purchases	\$ -	\$ 8,793	\$ 8,793
11630 Furniture and equipment - dwelling purchases	\$ -	\$ 3,072	\$ 3,072
11640 Furniture and equipment - administrative purchases	\$ -	\$ 11,558	\$ 11,558
11650 Leasehold improvements purchases	\$ -	\$ 61,533	\$ 61,533
11660 Infrastructure purchases	\$ -	\$ -	\$ -
13510 CFFP debt service payments	\$ -	\$ -	\$ -
13901 Replacement housing factor funds	\$ -	\$ -	\$ -

Project WI031000003	Project Total
-	3,284
-	1,782
-	1,760
-	191
-	7,017
55,499	60,577
-	(1,429)
-	11,568
-	(2,429)
55,499	68,287
55,499	349,181
-	173,636
-	261,224
55,499	610,405
-	167,242
-	(167,242)
-	(43)
-	(43)

\$ - \$ (87,631)

\$ - \$ -
\$ - \$ 7,782,286
\$ - \$ -
\$ - \$ -
\$ - \$ -
- 552
- 529
\$ 44,311 \$ 676,508
\$ - \$ -
\$ - \$ 8,793
\$ - \$ 3,072
\$ - \$ 11,558
\$ - \$ 61,533
\$ - \$ -
\$ - \$ -
\$ - \$ -

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

**Schedule of Modernization Costs  
For the Year Ended December 31, 2015**

Completed Projects

Project WI39P031501-13

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

The distribution of costs of Project WI39P031501-13 is in agreement with the Authority's records.  
All modernization costs have been paid and all related liabilities have been discharged through payment.

Incomplete Projects

Project WI39P031501-14

Funds approved	\$ 176,073
Funds expended	<u>18,834</u>
Excess of funds approved	<u>\$ 157,239</u>
Funds advanced	\$ 18,834
Funds expended	<u>18,834</u>
Excess of funds advanced	<u>\$ -</u>

Project WI39P031501-15

Funds approved	\$ 174,104
Funds expended	<u>-</u>
Excess of funds approved	<u>\$ 174,104</u>
Funds advanced	\$ -
Funds expended	<u>-</u>
Excess of funds advanced	<u>\$ -</u>

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Development Authority of the City of Wausau, Wisconsin (CDA), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2016. The financial statements of Riverview Towers, LLC were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Riverview Towers, LLC.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of Report

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



Certified Public Accountants

Green Bay, Wisconsin  
June 23, 2016

## **FEDERAL AND STATE AWARDS**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Major Federal Program**

We have audited Community Development Authority of the City of Wausau, Wisconsin's (CDA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The CDA's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the CDA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the CDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Major Federal Program***

In our opinion, Community Development Authority of the City of Wausau, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

## Report on Internal Control Over Compliance

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

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

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

### Purpose of Report

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



Certified Public Accountants

Green Bay, Wisconsin  
June 23, 2016

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2015

Grantor/Program Title/Contract No.	Pass-through Agency	Period Covered	CFDA # / State ID	Expended
<u>U.S. Department of Housing and Urban Development:</u>				
Low Rent Public Housing Program Operating Subsidy	Direct Program	1/1/2015 - 12/31/2015	14.850	\$ <u>149,254</u>
Housing Choice Voucher Program	Direct Program			
WI031 Administration Fees		1/1/2015 - 12/31/2015	14.871	118,194
WI031 Vouchers		1/1/2015 - 12/31/2015	14.871	<u>894,451</u>
Total CFDA #14.871				<u>1,012,645</u>
Capital Funds Program	Direct Program			
WI39P031501-13		9/9/2013 - 6/30/2017	14.872	150,828
WI39P031501-14		9/1/2014 - 6/30/2017	14.872	<u>10,583</u>
Total CFDA #14.872				<u>161,411</u>
Total expenditures of federal awards				<u>\$ 1,323,310</u>
<u>Wisconsin Department of Natural Resources:</u>				
Petroleum Environmental Cleanup Fund Award		1/1/2015 - 12/31/2015	n/a	<u>\$ 81,273</u>

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

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
Note to Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2015

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Community Development Authority of the City of Wausau, Wisconsin, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2015

**A. Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards Programs**

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

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

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Did the auditee qualify as low-risk auditee?                             | Yes       |

**B. Findings - Financial Statement Audit**

None

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

None

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
Summary Schedule of Prior Audit Findings and Corrective Action Plan  
For the Year Ended December 31, 2015

Prior Audit Findings

There are no prior year audit findings to report.

Corrective Action Plan

A corrective action plan is not required as there were no findings reported for 2015.

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

**MANAGEMENT COMMUNICATIONS**

**DECEMBER 31, 2015**

**COMMUNITY DEVELOPMENT AUTHORITY  
OF THE CITY OF WAUSAU, WISCONSIN**  
December 31, 2015

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

We have audited the financial statements of Community Development Authority of the City of Wausau, Wisconsin (the CDA) for the years ended December 31, 2015 and 2014, and have issued our report thereon dated June 23, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 5, 2016. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Consideration of Internal Control*

In planning and performing our audit of the financial statements of the CDA as of and for the years ended December 31, 2015 and 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the CDA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CDA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the CDA's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CDA are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the CDA during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was as follows:

Management's estimate of the depreciable lives of property and equipment is based upon analysis of the expected useful lives of the assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 23, 2016. The management representation letter follows this communication.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the CDA's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the CDA's auditors. However, these discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

In addition, during our audit, we noted another matter that is presented for your consideration. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this matter in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized in the comments and observations section of this report.

*Other Matters*

We applied certain limited procedures to the management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction on Use*

This information is intended solely for the information and use of the Board of Commissioners and management of Community Development Authority of the City of Wausau, Wisconsin and is not intended to be, and should not be, used by anyone other than these specified parties.



Certified Public Accountants

Green Bay, Wisconsin  
June 23, 2016

## COMMENTS AND OBSERVATIONS

### Unclaimed property

Wisconsin law requires all entities and individuals, including special-purpose governments, that are holding property belonging to someone else (e.g. old outstanding checks) to identify that property in its records, attempt to locate the rightful owner and, if unclaimed for a specific timeframe, to turn over the property to the Wisconsin Department of Revenue. Wisconsin law also requires entities to have formal unclaimed property policy and procedures.

Recently, the Wisconsin Department of Revenue has increased its focus on the compliance of state law regarding unclaimed property. In order to determine compliance with unclaimed property laws and minimize risk for future penalties, we recommend the CDA complete the following:

- Review the current law – identify the specific items applicable to the CDA's responsibility for unclaimed property,
- Compliance – determine the status of the CDA's compliance and what additional procedures, if any, need to be implemented.
- Policy and procedures – review any current policy and procedures and revise, as necessary, or develop formal policy and procedure documentation for compliance with the current law.

We are available to assist the CDA in evaluating unclaimed property compliance, if requested.

## **APPENDIX**



June 23, 2016

Schenck SC  
PO Box 23819  
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of Community Development Authority of the City of Wausau, Wisconsin (the CDA), which comprise the financial position of the CDA as of December 31, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items in No. 43 are considered material based on the materiality criteria specified in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 23, 2016, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 5, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the CDA and its component unit required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) In regards to accounting estimates:
  - The measurement processes used by management in determining accounting estimates is appropriate and consistent.
  - The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.

- The disclosures related to accounting estimates are complete and appropriate.
  - No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - 5) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
  - 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
  - 7) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
  - 8) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
  - 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the CDA's accounts.
  - 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
  - 11) Guarantees, whether written or oral, under which the CDA is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

- 12) We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the CDA from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Board of Commissioners and Finance Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
- 14) We have made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
  - a. We have no knowledge of any fraud or suspected fraud that affects the CDA and involves:
    - i. Management,
    - ii. Employees who have significant roles in internal control, or
    - iii. Others where the fraud could have a material effect on the financial statements.
  - b. We have no knowledge of any allegations of fraud or suspected fraud affecting the CDA's financial statements communicated by employees, former employees, regulators, or others.

- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the CDA's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The CDA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the schedule of expenditures of federal and state awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the schedule of expenditures of federal and state awards.
- 27) The CDA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
- 28) The CDA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 30) The financial statements include all component units and properly disclose all other related organizations.
- 31) The financial statements properly classify all activities.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statements of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified in the statements of revenues, expenses and changes in net position within operating revenues or non-operating revenues.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported or eliminated.
- 37) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 39) We have appropriately disclosed the CDA's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 42) With respect to the financial data schedules and schedule of modernization costs:

We acknowledge our responsibility for presenting the supplementary schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 43) With respect to federal and state award programs:
  - a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance, including requirements relating to preparation of the schedule of federal and state awards.
  - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal and state awards (SEFSA) in accordance with the requirements of the Uniform Guidance and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFSA.
  - c. If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the SEFSA and the auditors' report thereon.
  - d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and have included in the SEFSA expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal or state cost-reimbursement contracts, and other direct assistance.

- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements, including, when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j. We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, subpart E) and OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, if applicable.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or

material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.

- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- t. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- u. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.



Ann Werth, Executive Director



Betty Noel, Public Housing Administrator



June 23, 2016

Schenck SC  
PO Box 23819  
Green Bay, WI 54305-3819

In connection with your engagement to apply the agreed-upon procedure to the electronic submission and related hard copy documents of Community Development Authority of the City of Wausau, Wisconsin as of and for the year ended December 31, 2015, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

- 1) We are responsible for the electronic submission of required annual financial data to the U.S. Department of Housing and Urban Development (HUD)'s Real Estate Assessment Center (REAC) and for ensuring that it is complete, accurate, and timely filed, in accordance with our regulatory and contractual obligations to HUD.
- 2) The electronic submission of the items listed in the "UFRS Rule Information" column agrees exactly with the corresponding printed documents listed in the "Hard Copy Documents" column as shown below.

UFRS Rule Information	Hard Copy Documents
Balance sheet, and revenue and expense (data line items 111 to 13901)	Financial data schedule, all CFDAs, if applicable
Footnotes (data element G5000-010)	Footnotes to the audited financial statements
Type of opinion on FDS (data element G3100-040)	Auditors' supplementary report on FDS
Audit findings narrative (data element G5200-010)	Schedule of findings and questioned costs
General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB data collection form
Financial statement report information (data element G3000-010 to G3000-050)	Schedule of findings and questioned costs, Part I and OMB data collection form
Federal program report information (data element G4000-020 to G4000-040)	Schedule of findings and questioned costs, Part I and OMB data collection form
Type of compliance requirement (G4200-020 and G4000-030)	OMB data collection form
Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditors' reports)

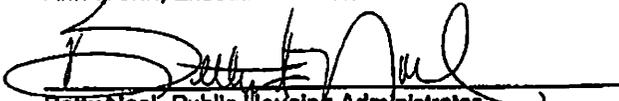
- 3) We have disclosed to you all information of which we are aware that may contradict the completeness or accuracy of the electronic submission and related hard copy documents, and we have disclosed to you all communications from regulatory agencies affecting the electronic submission and related hard copy documents.
- 4) We have made available to you all information that we believe is relevant to the electronic submission and related hard copy documents.

- 5) We have responded fully to all inquiries made to us by you during the engagement.
- 6) No events have occurred subsequent to June 23, 2016 that would require adjustment to or modification of the electronic submission or related hard copy documents.



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Ann Werth, Executive Director



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Betty Noel, Public Housing Administrator