

*** All present are expected to conduct themselves in accordance with our City's Core Values ***



OFFICIAL NOTICE AND AGENDA

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

Notice is hereby given that the **Community Development Authority** of the City of Wausau, Wisconsin will hold a regular or special meeting on the date, time and location shown below.

Meeting of the: **COMMUNITY DEVELOPMENT AUTHORITY BOARD OF THE CITY OF WAUSAU**
Date/Time: **Tuesday, June 27, 2017 at 12:00 pm.**
Location: **550 E Thomas Street, Wausau, Wisconsin 54403**
Members: **Russell Wilson, Andy Witt, Sarah Napgezok, David Welles, Gary Gisselman, Dorothy Korzilius, Becky McElhaney**

AGENDA ITEMS FOR CONSIDERATION (All items listed may be acted upon)

1. Call the Meeting to order
2. Public Comment
3. Approval of Minutes from 05/23/2017
4. Introduction of New WCDA Staff
Discussion and Possible Action on Settlement of Tim Kieffer v. City of Wausau Community Development Authority, ERD Case No. CR201501559 and Tim Kieffer v. City of Wausau Community Development Authority, HUD Housing Discrimination Title VIII Case No. 05-15-1115-8, Section 504 Number 05-15-1115-4
5. 2016 Audit Presentations - Schenck SC
6. Discussion and Possible Action on the Sale of CDA-Owned Property at 2102 N Second Street
7. 303-305 S Second Avenue Update
8. Discussion and Possible Action on the Adoption of a Department Mission Statement
9. RAD Conversion Legal Fee Update - RVT LLC
10. Review and Possible Action on Proposals Received for WCDA Banking Services
11. Operational Issues and Current Activities
 - Occupancy Overview
 - CDA Office Hours
 - State of Wisconsin DQA Licensure Survey - Riverview Terrace
 - WAHA Annual Conference - Commissioner Day
 - Resident Summer Picnics
12. Adjournment

Russell Wilson - Committee Chair

This Notice was posted at City Hall and faxed to the Daily Herald newsroom on Thursday, June 22, 2017 @ 10:00 am. Questions regarding this agenda may be directed to Christian Schock, Community Development Director, 715-261-6683.

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk at **407 Grant Street, Wausau, Wisconsin 54403** or 715-261-6620

It is possible that members of, and possible a quorum of members of other committees of the City of Wausau may be in attendance at the above mentioned meeting to gather information. No action will be taken by any such group at the above mentioned meeting other than the committee specifically referred to in this notice.

Distribution List: City Website, City Hall, Media, Committee Members, etc.

COMMUNITY DEVELOPMENT AUTHORITY
MINUTES

05/23/17

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

MEMBERS ABSENT: Becky McElhaney

OTHERS PRESENT: Juli Birkenmeier, Betty Noel, Christian Schock, Anne Jacobson

(1) Call Meeting to Order

Meeting was called to order at 12:03 pm in the WCDA Boardroom at 550 E Thomas Street, Wausau, Wisconsin.

(2) Public Comment

None

(3) Approval of Minutes from 04/25/2017

Witt made a motion to approve the minutes from 04/25/17. Napgezek seconded. Motion was approved unanimously.

(4) Discussion and Possible Action on Proposals Received for the Property at 2102 N Second Street

Schock reported that he has been in contact with David Sether, ReVi Design, to obtain a more detailed plan and begin price negotiation. He reiterated that the Huxtable proposal was not aligned with the WCDA's strategic plan for the property. Schock expects the neighborhood surrounding the property to also undergo redevelopment within the next five years.

Gisselman inquired whether Thrive Eatery had expressed any interest in the property. Schock stated that he had not been approached by the owner. Welles asked for an anticipated time frame to finalize the proposal and execute the property transfer and Napgezek asked what type of detail Schock was seeking from ReVi. Schock said his intention is to expedite the sale and reiterated that Sether's original proposal did not provide sufficient detail relative to their overall strategic plan. Schock furthered that although Sether's availability is very limited, he will accelerate a meeting date to ensure commissioners more specific details at or prior to the June meeting.

(5) Finance Committee

Witt distributed his Chair report from the May 10, 2017, Finance Committee meeting. He reviewed the WCDA's investment sheet as of March 31, 2017, reporting that there were no significant changes or items to note since the March meeting other than the issuance of an RFP for Banking Services. He added that approximately \$125,000 of Riverview Terrace reserves will be used for the common area modernization project currently underway.

Witt reviewed the open Capital Fund Program (CFP) grants stating that the 2015 CFP grant will be fully expended this summer as the remaining \$31,500 will be used for the modernization project at 514-516 N. First Avenue. He said 2016 grant funds will be used for the remaining project costs. Witt reported that although HUD has not yet released any information on the 2017 CFP grant, Noel anticipates hearing further details in July.

Witt then reviewed the first quarter financial statements and summaries for the WCDA's budgeted programs as well as the first quarter financials for Riverview Towers LLC, and reviewed the items of note contained in his report.

Witt stated that Schenck SC completed the WCDA's audit at the end of April and said an unqualified opinion is expected. He furthered that Schenck will present both the RVT LLC and WCDA audits at the June meeting.

(6) Review and Possible Action on Proposals for Banking Services

Schock provided commissioners with the RFP rating sheet and reported that proposals had been received from River Valley Bank, Associated Bank, CoVantage Credit Union, Intercity State Bank, Nicolet, and US Bank. He recommended appointing a subcommittee to review and rate each proposal. Napgezek abstained due to a conflict of interest. Schock appointed Noel, invited Witt, and Welles volunteered as the third member of the subcommittee. Schock will send electronic copies of the proposals to the subcommittee for review, rating and possible summarization at the June or July meeting.

(7) RAD Conversion Update – RVT LLC

Noel reported that the RAD conversion is now complete and staff is in the process of completing a closing check list from HUD. She stated that final invoices are anticipated from Applegate & Thorne-Thomsen and Quarles and Brady and she plans to use operating subsidy funding to cover those legal fees. Noel said the Housing Assistance Payment (HAP) contract effective date will be June 1, 2017, with the first HAP payment being received in January, 2018. She said tenants are currently signing all requisite RAD documents.

(8) Consideration and Possible Action on Resolution #17-003 Administrative Plan Update – HCV Program and Riverview Towers LLC

Noel explained that the WCDA is required to secure Board approval on revisions made to the Administrative Plan, which is applicable to the operation of its Section 8 HCV Program, Riverview Terrace, and Riverview Towers LLC (post RAD conversion). Noel gave a brief overview of the predominant changes, which relate to VAWA processes, as well as an added chapter specifically for RAD PBV program administration. She sought board approval to submit the Administrative Plan to HUD's Milwaukee Field Office for retention in their files. Welles moved to approve Resolution 17-003. Witt seconded. Motion carried on a roll call vote 6-0.

(9) Consideration and Possible Action on Resolution #17-004 Admissions & Continued Occupancy Policy (ACOP) Update – Public Housing Program

Noel stated that the WCDA is also required to obtain Board approval for updates or revisions made to the Admissions and Continued Occupancy Policy (ACOP), which is applicable to the operation of its Public Housing Program, which now consists of the 46 scattered site units. Noel reviewed the primary changes, most of which apply to VAWA compliance and stated that annual revisions ensure continued HUD compliance. She sought board approval to submit the revised ACOP to HUD's Milwaukee Field Office for retention in their files. Welles moved to approve Resolution 17-004. Napgezek seconded. Motion carried on a roll call vote 6-0.

(10) Operational Issues and Current Activities

Occupancy Overview – Noel stated that occupancy remains at 97% for each of the WCDA’s programs.

SEMAP – Noel presented the WCDA’s final, HUD-issued, SEMAP score for 12/31/16 reflecting a perfect score of 100. She said the WCDA has now achieved High Performer status for both Public Housing and the HCV programs. Commissioners congratulated staff on this achievement.

CDA Staffing Update – Noel stated that effective May 30, 2017, the WCDA’s new Occupancy Specialist, Tammy King, will begin employment. She reiterated that Mary Fisher will assist with Tammy’s training, returning to the WCDA on a temporary, part-time basis. Noel will invite Administrative Assistant, Stephanie McCarty, and Occupancy Specialist, Tammy King to the June meeting for a warm welcome and introduction.

(8) Adjourn

Meeting adjourned.

Respectfully Submitted,

Russ Wilson
Chairperson

RESOLUTION OF THE COMMON COUNCIL

Settlement of Tim Kieffer v. City of Wausau Community Development Authority, ERC Case No. CR201501559 and Tim Kieffer v. City of Wausau Community Development Authority, HUD Housing Discrimination Title VIII Case No. 05-15-1115-8, Section 504 Number 05-15-1115-4

Committee Action: Approved 11-0

Fiscal Impact: \$5,000 payment to Plaintiff, Tim Kieffer

File Number: 17-0518

Date Introduced: May 23, 2017

FISCAL IMPACT SUMMARY

COSTS	Budget Neutral	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
	Included in Budget:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Budget Source:
	One-time Costs:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Amount:
	Recurring Costs:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Amount:
SOURCE	Fee Financed:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Amount:
	Grant Financed:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Amount:
	Debt Financed:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Amount: Annual Retirement
	TID Financed:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Amount:
	TID Source: Increment Revenue <input type="checkbox"/> Debt <input type="checkbox"/> Funds on Hand <input type="checkbox"/> Interfund Loan <input type="checkbox"/>			

RESOLUTION

WHEREAS, on June 9, 2015, Complainant Tim Kieffer filed a housing discrimination complaint against the City of Wausau with the Department of Workforce Development, Equal Rights Division, and on July 14, 2015, with Housing and Urban Development against the Community Development Authority of the City of Wausau, alleging violation of the Open Housing Law, based upon a disability, in denying admission to housing; and

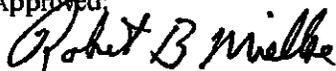
WHEREAS, Complainant was admitted to public housing on July 1, 2016; and **WHEREAS**, the Initial Determination of No Probable Cause to find that discrimination occurred, dated October 10, 2016, was appealed by Complainant, seeking \$10,000 in attorneys fees; and

WHEREAS, a hearing in the matter on the merits is set for June 27, 2017; and

WHEREAS, the Common Council considered the settlement offer of \$5,000 for Complainant's attorneys fees and approves the attached Waiver and Release of All Claims.

NOW THEREFORE, BE IT RESOLVED by the Common Council of the City of Wausau that the appropriate city officials are hereby authorized and directed to execute the attached Waiver and Release of All Claims, settling both matters, and pay to Claimant's attorney the sum of \$5,000 by May 26, 2017.

Approved:



Robert B. Mielke, Mayor

WAIVER AND RELEASE OF ALL CLAIMS

Tim Kieffer ("Complainant") and the City of Wausau and its Community Development Authority, their insurers, successors, assigns and in their official and individual capacities, their present and former officers, agents, employees, and elected officials, and their insurers, Cities and Villages Mutual Insurance Company ("CVMIC") and RSUI Indemnity Company ("RSUI") (collectively "Respondents"), have reached this compromise of claims and disputes arising from Complainant's allegations contained in his Discrimination Complaint now pending in the State of Wisconsin, Department of Workforce Development, Equal Rights Division, Tim Kieffer v. City of Wausau Community Development Authority, ERD Case No. CR201501559, and Tim Kieffer v. City of Wausau Community Development Authority, HUD Housing Discrimination Title VIII Case Number 05-15-1115-8, Section 504 Number 05-15-1115-4, filed on July 14, 2015, and any and all other claims he has or may have against the Respondents. It is understood the Respondents deny Complainant's allegations, and this Waiver and Release of All Claims is the product of compromise between the parties in order to resolve this dispute rather than engage in expenditure of legal fees, time and inconvenience associated with protracted litigation, and is not in any manner an admission of wrongdoing or liability by any party. Based on these factors, Complainant and Respondents agree as follows:

1. **Consideration.** The Respondents and Complainant have reached an agreement and have exchanged mutual consideration.

Respondents have provided Complainant with consideration by providing him with agreeable housing at Respondents' Riverview Towers, located at 500 Grand Avenue, Wausau, Wisconsin. As further consideration for the execution of this agreement, the Respondents will pay a sum agreed

4. **Non-Admission of Liability.** It is understood and agreed by the parties to this Waiver and Release of All Claims that this Waiver and Release of All Claims is not to be construed as an admission of liability, wrongdoing, or improper conduct on the part of any person or entity released, with liability and wrongful or improper conduct being expressly denied.

5. **Severability.** The provisions of this Waiver and Release of All Claims shall be deemed severable and the invalidity or the enforceability of any one or more of the provisions hereof shall not affect the validity and enforceability of the other provisions hereof.

6. **Complete Agreement.** This Waiver and Release of All Claims sets forth the complete understanding of the parties and supersedes any and all prior agreements, oral or written, relating to the dispute referenced herein. This Waiver and Release of All Claims may not be modified except by writing signed by the parties. No waiver of any provision of this Waiver and Release of All Claims shall be valid unless the same is in writing and signed by the party against whom such waiver is sought to be enforced; moreover, no valid waiver of any provision of this Waiver and Release of All Claims at any time shall be deemed a waiver of any other provision of this Waiver and Release of All Claims at such time or any other time.

7. **Acknowledgment of Understanding.** This Waiver and Release of All Claims is acknowledged to be understood by all parties. All parties have had the benefit of competent counsel in negotiating the terms of this Waiver and Release of All Claims. All parties enter into this Waiver and Release of All Claims voluntarily and of their own free will, and have had sufficient time for consideration. The parties further state their willingness to enter into this Waiver and Release of All Claims was not induced by or based upon any representations by any party which are not contained in this Waiver and Release of All Claims. As all parties participated in the drafting of the terms of

STRASSER & YDE, S.C.
Attorneys for Complainant (Approval as to form)

Date: 5/25/17

By:


Matthew E. Yde, WI State Bar No. 1008983
305 South 18th Avenue, Suite 210
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Date:

5/24/17

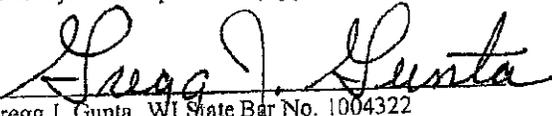

Anne Jacobson, City Attorney of Wausau/ Respondents

GUNTA LAW OFFICES, S.C.
Attorneys for Respondents (Approval as to form)

Date:

5/25/17

By:


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RIVERVIEW TOWERS, LLC
MANAGEMENT COMMUNICATIONS
DECEMBER 31, 2016

To the Members
Riverview Towers, LLC
Wausau, Wisconsin

We have audited the financial statements of Riverview Towers, LLC (the Company) for the year ended December 31, 2016, and have issued our report thereon dated February 16, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 November 15, 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 Company as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Company'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Company 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 estimates affecting the financial statements were:

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

The amortization period for tax credit fees is based on the related period over which tax credits will be calculated and claimed by the members. We evaluated the key factors and assumptions used to develop the estimated amortization period and determined that it is reasonable in relation to the financial statements taken as a whole.

The accrual for compensated absences is based on employees' years of service and pay rates as of the end of the calendar year. We evaluated the key factors and assumptions used to develop the estimate and the consistency of applying those factors and assumptions and determined 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 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 February 16, 2017. 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 Company'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 prior to retention as the Company'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.

Supplementary Information

With respect to the supplementary information accompanying the financial statements, 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, 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.

This communication, which does not affect our report dated February 16, 2017 on the financial statements of the Company, is intended solely for the information and use of the Members and management of Riverview Towers, LLC, and is not intended to be, and should not be, used by anyone other than these specified parties.



Certified Public Accountants

Green Bay, Wisconsin
February 16, 2017

APPENDIX

February 16, 2017

Schenck SC
P. O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of Riverview Towers, LLC, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, members' equity, 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 (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. 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 February 16, 2017, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 15, 2016, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 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.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

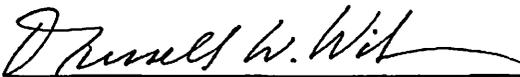
- Significant assumptions we used in making accounting estimates, including the depreciable lives of fixed assets and others measured at fair value, are reasonable. In this regard –
 - The measurement processes used by management in determining accounting estimates is appropriate and consistent.
 - The assumptions used 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.
- Receivables recorded in the financial statements represent valid claims against debtors for charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are in agreement with the adjusting journal entry you have proposed, and it has been posted to the Company's accounts.
- We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigations, claims or assessments.
- Material concentrations have been properly disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the Company is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- We have provided you with:
 - 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.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.

- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Company and involves:
 - Management,
 - Employees who have significant roles in processing transactions or safeguarding assets, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.
- The Company 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 notes to the financial statements.
- We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement 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.

Wausau Community Development Authority



Russell Wilson, Board Chairman



Christian Schock, Director
Managing Member Representative

RIVERVIEW TOWERS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

RIVERVIEW TOWERS, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members
Riverview Towers, LLC
Wausau, Wisconsin

We have audited the accompanying financial statements of Riverview Towers, LLC, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverview Towers, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Certified Public Accountants

Green Bay, Wisconsin
February 16, 2017

FINANCIAL STATEMENTS

RIVERVIEW TOWERS, LLC
Balance Sheets
December 31, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents		
Operations	\$ 8,943	\$ 34,446
Security deposits	46,702	46,563
Reserves		
Replacement reserve	138,882	91,054
Operating reserve	430,888	429,383
ACC reserve	177,321	202,647
Accounts receivable		
Tenants	575	552
Other	61,738	22,220
Prepaid expenses	7,383	9,312
Total current assets	872,432	836,177
Property and equipment, net	9,169,494	9,496,648
Intangible assets, net	33,765	36,906
Total assets	\$ 10,075,691	\$ 10,369,731
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	\$ 28,665	\$ 21,923
Due to related parties		
Management fee payable	2,518	2,086
Asset management fee payable	-	8,195
Accrued payroll	19,549	-
Accrued compensated absences	8,732	6,881
Payment in lieu of taxes	38,181	36,862
Tenant security deposits payable	46,614	42,057
Prepaid rent	-	25
Total current liabilities	144,259	118,029
Long-term liabilities		
Long-term debt	3,250,000	3,250,000
Accrued interest payable	161,306	107,519
Accrued compensated absences	793	11
Total long-term liabilities	3,412,099	3,357,530
Total liabilities	3,556,358	3,475,559
Members' equity	6,519,333	6,894,172
Total liabilities and members' equity	\$ 10,075,691	\$ 10,369,731

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Operations
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Rental income	\$ 478,500	\$ 468,452
Operating subsidy	84,843	55,499
Other	19,452	22,385
Interest	<u>2,895</u>	<u>2,800</u>
 Total revenues	 <u>585,690</u>	 <u>549,136</u>
 Expenses		
Administrative	202,105	195,915
Tenant services	7,070	10,308
Utilities	96,692	99,831
Maintenance and operations	149,156	160,801
Protective services	2,465	2,615
Insurance	22,005	19,957
Payment in lieu of taxes	38,181	36,862
Collection loss (recovery)	(209)	850
General	58,981	12,815
Interest	53,788	53,769
Depreciation and amortization	<u>330,295</u>	<u>379,888</u>
 Total expenses	 <u>960,529</u>	 <u>973,611</u>
 Net loss	 <u>\$ (374,839)</u>	 <u>\$ (424,475)</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Members' Equity
For the Years Ended December 31, 2016 and 2015

	<u>Riverview Towers MM, LLC</u>	<u>National Equity Fund, Inc.</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2015,	\$ 174,944	\$ 7,143,703	\$ -	\$ 7,318,647
Net loss	-	-	(424,475)	(424,475)
Net loss allocated to members	<u>(43)</u>	<u>(424,432)</u>	<u>424,475</u>	<u>-</u>
Balance at December 31, 2015	174,901	6,719,271	-	6,894,172
Net loss	-	-	(374,839)	(374,839)
Net loss allocated to members	<u>(37)</u>	<u>(374,802)</u>	<u>374,839</u>	<u>-</u>
Balance at December 31, 2016	<u>\$ 174,864</u>	<u>\$ 6,344,469</u>	<u>\$ -</u>	<u>\$ 6,519,333</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities		
Receipts		
Rental income	\$ 483,218	\$ 464,667
Operating subsidy	45,309	80,105
Other	19,451	22,385
Interest	<u>2,911</u>	<u>2,787</u>
Total receipts	<u>550,889</u>	<u>569,944</u>
Disbursements		
Administrative	(111,836)	(114,531)
Employee salaries and wages	(132,370)	(166,432)
Tenant services	(7,070)	(10,308)
Utilities	(99,303)	(102,153)
Maintenance and operations	(76,938)	(88,893)
Protective services	(2,465)	(2,615)
Insurance	(29,054)	(8,722)
Payment in lieu of taxes	(36,862)	(35,090)
General	<u>(56,348)</u>	<u>(13,004)</u>
Total disbursements	<u>(552,246)</u>	<u>(541,748)</u>
Net cash provided by (used in) operating activities	<u>(1,357)</u>	<u>28,196</u>
Investing Activities		
Deposits to replacement reserve	(47,828)	(46,282)
Deposits to operating reserve	(1,505)	(1,500)
Deposits to ACC reserve	(861)	(910)
Withdrawals from ACC reserve	26,187	-
Purchases of property and equipment	<u>-</u>	<u>(3,776)</u>
Net cash used in investing activities	<u>(24,007)</u>	<u>(52,468)</u>
Decrease in cash	(25,364)	(24,272)
Cash and cash equivalents - beginning of year	<u>81,009</u>	<u>105,281</u>
Cash and cash equivalents - end of year	<u>\$ 55,645</u>	<u>\$ 81,009</u>
Reconciliation of cash and cash equivalents		
Operations	\$ 8,943	\$ 34,446
Security deposits	<u>46,702</u>	<u>46,563</u>
	<u>\$ 55,645</u>	<u>\$ 81,009</u>

See Notes to Financial Statements.

	<u>2016</u>	<u>2015</u>
Reconciliation of net loss to net cash flows provided by (used in) operating activities		
Net loss	\$ (374,839)	\$ (424,475)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	330,295	379,888
Collection losses written off	-	850
Changes in operating assets and liabilities:		
Accounts receivable - tenants	(23)	(1,102)
Accounts receivable - other	(39,518)	24,593
Prepaid expenses	1,929	2,257
Accounts payable - trade	6,742	4,872
Accounts payable - related party	(7,763)	7,708
Accrued payroll	19,549	(19,064)
Accrued compensated absences	2,633	(189)
Interest payable	53,787	53,769
Payment in lieu of taxes	1,319	1,772
Tenant security deposits payable	4,557	(2,708)
Prepaid rent	(25)	25
Net cash provided by (used in) operating activities	<u>\$ (1,357)</u>	<u>\$ 28,196</u>

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2016 and 2015

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of business

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

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

B. Estimates

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

C. Basis of accounting

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

D. Cash and cash equivalents

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

E. Accounts receivable

Accounts receivable due from tenants are stated at the amount management expects to collect from outstanding balances based on an evaluation of uncollected accounts. Bad debts are provided for using the allowance method. As of December 31, 2016 and 2015, management considered the entire receivable balance to be collectible and deemed an allowance as not necessary.

Other accounts receivable consists of an operating subsidy due from HUD of \$61,664 and \$22,130 and accrued interest of \$74 and \$90 as of December 31, 2016 and 2015, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2016 and 2015

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

F. Fair value of financial instruments

All cash, cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities approximate fair value at December 31, 2016 and 2015, respectively.

G. Impairment of long-lived assets

When events or conditions warrant, the Company evaluates the recoverability of long-lived assets and considers whether these assets are impaired. The Company assesses the recoverability of these assets based on several factors, including management's intention with respect to these assets and their projected undiscounted cash flows. If projected undiscounted cash flows are less than the carrying amount of the respective assets, the Company adjusts the carrying amounts of such assets to their estimated fair value. Based on management's evaluation, there was no impairment loss recognized for the years ended December 31, 2016 and 2015, respectively.

H. Property and equipment

The Company follows the CDA's policy whereby personal property items having a useful life of more than one year and a value of at least \$500 are capitalized. 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. Property and equipment is valued at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

I. Accrued payroll and compensated absences

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

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

J. Tenant security deposits payable

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

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2016 and 2015

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

K. Advertising

The Company expenses advertising and marketing costs as they are incurred. Total advertising costs were \$3,277 and \$3,641 for the years ended December 31, 2016 and 2015, respectively.

L. Income taxes

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

Penalties and interest assessed by income taxing authorities are included in operating expenses, if applicable. The Company had no interest and penalties related to income taxes for the years ended December 31, 2016 and 2015.

M. Subsequent events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 16, 2017, the date on which the financial statements were available to be issued.

NOTE 2 - OPERATING AGREEMENT

The Company is subject to an operating agreement between its members. In accordance with the operating agreement, the Company is to maintain an operating reserve, an Annual Contributions Contract (ACC) reserve, and a project replacement reserve. All reserves are properly funded as follows:

	<u>Replacement Reserve</u>	<u>Operating Reserve</u>	<u>ACC Reserve</u>
Balance - beginning of year	\$ 91,054	\$ 429,383	\$ 202,647
Deposits	47,424	-	-
Interest earned	404	1,505	861
Withdrawals	<u>-</u>	<u>-</u>	<u>(26,187)</u>
Balance - end of year	<u>\$ 138,882</u>	<u>\$ 430,888</u>	<u>\$ 177,321</u>

Additionally, the Company is required to pay an annual fee to NEF for asset management services to be rendered to the Company. The fee is subject to an annual increase of 3%. Asset management fees expensed were \$8,441 and \$8,195 for 2016 and 2015, respectively. Amounts of \$0 and \$8,195 are accrued on the accompanying balance sheets as asset management fee payable as of December 31, 2016 and 2015, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2016 and 2015

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company maintains its bank accounts at two banks in the Wausau area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured depository institution. Additionally, amounts held at Integrity First Bank in excess of FDIC coverage are collateralized by securities pledged in the amount of \$450,331. The Company's cash deposits may exceed these limits at times during the year. The Company has not experienced any losses on these accounts. Management believes the Company is not exposed to any significant credit risk on cash.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land improvements	\$ 17,560	\$ 17,560
Buildings and improvements	10,043,201	10,043,201
Furniture, fixtures and equipment	<u>262,595</u>	<u>262,595</u>
	10,323,356	10,323,356
Less accumulated depreciation	<u>1,153,862</u>	<u>826,708</u>
Property and equipment, net	<u>\$ 9,169,494</u>	<u>\$ 9,496,648</u>

Depreciation expense for 2016 and 2015 totaled \$327,154 and \$326,507, respectively.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of tax credit fees paid to Wisconsin Housing and Economic Development Authority in the amount of \$47,114. The tax credit fees are being amortized over 15 years. Loan financing fees were fully expensed during 2015. Total amortization expense for the years ended December 31, 2016 and 2015 was \$3,141 and \$53,381, respectively.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company has entered into an agreement with CDA as management agent for the Company. The term of the agreement is for three years and expires on August 31, 2019. Fees for management agent services are calculated at the rate of 6% of total monthly gross receipts. Total fees incurred were \$29,841 and \$29,334, with \$2,518 and \$2,086 accrued at December 31, 2016 and 2015, respectively, as management fee payable in the accompanying balance sheets.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2016 and 2015

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

A ground lease agreement exists between the Company and CDA whereby the Company is leasing the apartment building and all parking spaces from CDA for the purpose of rehabilitating, equipping and developing the 149-unit facility. The agreement terminates on the latest to occur of (a) expiration of the minimum period during which the public housing units are required by law to be operated as public housing; or (b) the expiration of 75 years from the date the project becomes available for occupancy. The fixed rent is \$1, which was paid upon execution of the lease and closing of the first mortgage financing for construction of the project. All other monies paid, such as for maintenance of the building and grounds, utility services to common areas of the building and property, reasonable building security services and other operating expenses, are considered to be additional rent. No additional rent was paid during the years ended December 31, 2016 and 2015.

In addition, a lease agreement exists between the Company and CDA whereby the Company is leasing the maintenance building and land from CDA for the purpose of maintaining the public housing building and grounds known as Riverview Towers. The term of this lease expires on December 31, 2088. The fixed rent is \$1. All other monies paid, such as for maintenance of the building and grounds, utility services to common areas of the building and property, reasonable building security services and other operating expenses, are considered to be the responsibility of the Company.

NOTE 7 - LONG-TERM DEBT

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

	2016	2015
2.0%, construction second mortgage payable to CDA, with payments commencing one year from date project placed in service assuming available project cash flows, amortizing over 40 years from the in-service date, collateralized by an open-end leasehold mortgage and a security agreement, maturing in 2054.	\$ 2,500,000	\$ 2,500,000
0.5%, affordable housing program loan payable to CDA, with payments of principal and interest sufficient to amortize the loan over 40 years assuming available project cash flows, collateralized by an open-end junior leasehold mortgage and a security agreement maturing in September, 2052.	<u>750,000</u>	<u>750,000</u>
	<u>\$ 3,250,000</u>	<u>\$ 3,250,000</u>

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

NOTE 8 - INTEREST EXPENSE

Total interest costs were \$53,788 and \$53,769 during 2016 and 2015, respectively. No interest costs were capitalized as part of the cost of assets acquired during the periods.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2016 and 2015

NOTE 9 - RETIREMENT PLAN

Employees are covered under the State of Wisconsin Retirement System as part of the City of Wausau, Wisconsin. The employer's portion of the current annual contribution was paid by the Company and totaled \$12,553 and \$11,377 for the years ended December 31, 2016 and 2015, respectively.

NOTE 10 - CONTINGENCY

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

SUPPLEMENTARY INFORMATION

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Administrative		
Administrative salaries	\$ 78,994	\$ 74,059
Administrative employee benefits	46,294	44,929
Advertising and marketing	3,277	3,641
Staff training	1,358	1,616
Travel and mileage	1,607	1,439
Office	7,397	8,480
Accounting and auditing	14,027	13,484
Other administrative and sundry	1,347	2,001
Telephone	2,817	2,331
Management fee	29,841	29,334
Compliance fees	6,705	6,406
Asset management fee	8,441	8,195
	<u>\$ 202,105</u>	<u>\$ 195,915</u>
Tenant services		
Recreation and other	\$ 4,347	\$ 5,068
Tenant store	2,723	5,240
	<u>\$ 7,070</u>	<u>\$ 10,308</u>
Utilities		
Water	\$ 5,944	\$ 5,613
Electricity	54,874	53,927
Gas	27,376	31,663
Sewer	7,388	7,277
Other	1,110	1,351
	<u>\$ 96,692</u>	<u>\$ 99,831</u>
Maintenance and operations		
Maintenance labor	\$ 72,925	\$ 73,309
Maintenance employee benefits	34,359	37,513
Maintenance materials	13,229	12,609
Heating and cooling	786	710
Snow removal	-	500
Elevator maintenance	6,220	6,005
Landscape and grounds	2,473	3,606
Electrical	1,288	388
Plumbing	132	-
Extermination	5,143	7,944
Janitorial	-	4,188
Other contract costs	6,604	7,922
Garbage and trash removal	5,997	6,107
	<u>\$ 149,156</u>	<u>\$ 160,801</u>
Protective services		
Contract costs	<u>\$ 2,465</u>	<u>\$ 2,615</u>

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses, Continued
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Insurance		
Property	\$ 13,900	\$ 8,354
Liability	5,701	9,384
Workers compensation	2,237	1,733
Other	167	486
	<u>\$ 22,005</u>	<u>\$ 19,957</u>
 General		
Compensated absences	\$ 2,633	\$ (189)
Extraordinary maintenance	4,208	6,300
Other	52,140	6,704
	<u>\$ 58,981</u>	<u>\$ 12,815</u>
 Depreciation and amortization		
Depreciation	\$ 327,154	\$ 326,507
Amortization of tax credit fees	3,141	3,141
Amortization of loan financing fees	-	50,240
	<u>\$ 330,295</u>	<u>\$ 379,888</u>

DRAFT

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

MANAGEMENT COMMUNICATIONS

DECEMBER 31, 2016

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
December 31, 2016

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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 year ended December 31, 2016, and have issued our report thereon dated [REDACTED], 2017. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, Uniform Guidance and *State Single Audit Guidelines*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the CDA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance and the *State Single Audit Guidelines*.

As part of obtaining reasonable assurance about whether the CDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with Uniform Guidance and the *State Single Audit Guidelines*, we examined, on a test basis, evidence about the CDA's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" and the *State Single Audit Guidelines* applicable to each of its major federal and state programs for the purpose of expressing an opinion on the CDA's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the CDA's compliance with those requirements.

Significant Audit Findings

Consideration of Internal Control

Financial Statements

In planning and performing our audit of the financial statements of the CDA as of and for the year ended December 31, 2016, 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 report on internal control over financial reporting and on compliance and other matters is presented on pages 42 - 43 of the annual report.

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.

Federal and State Awards

In planning and performing our audit of compliance for each major federal and state program, we considered the CDA's internal control over compliance (internal control) as a basis for designing audit procedures for the purpose of expressing our opinion on compliance requirements that could have a direct and material effect on each of the CDA's major federal and state programs for the year ended December 31, 2016, 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 report on internal control over compliance is presented on pages 44 - 45 of the annual report.

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 material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not 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, noncompliance 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 noncompliance of the CDA's major federal or state award programs will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance 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 2016. 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 [REDACTED], 2017. 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.

Other Matters

We applied certain limited procedures to the management's discussion and analysis which is required supplementary information (RSI) that supplements the 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 financial statements, and other knowledge we obtained during our audit of the 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
██████████, 2017

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APPENDIX

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

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

**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, 2016 and 2015, 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, 2016 and 2015, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial data schedules on pages 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* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, 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 [REDACTED], 2017, 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
[REDACTED], 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis For the Year Ended December 31, 2016

As management of the Wausau Community Development Authority (CDA), we offer readers of 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, 2016. 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 ended December 31, 2016.

FINANCIAL HIGHLIGHTS

- The CDA's cash and cash equivalents increased approximately \$313,578 from prior year due to normal operational expenses and charges.
- Operating revenues were \$2.61m in 2016 vs. \$2.45m in 2015 and remains relatively stable. Operating expenses were approximately \$3.3m in 2016 and 2015, reflecting an increase in housing assistance payments but a decrease in administration.
- The CDA recognized Capital Fund Program revenue totaling \$246,216 for 2016, up from \$161,412 in 2015. Of these amounts, \$186,751 and \$84,956 were for capital improvements in 2016 and 2015, respectively.

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 position is classified in the following three components.

- Net investment in capital assets - this component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. 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 position - this component, consists of net position that does 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 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's 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.

The CDA administers the Housing Choice Vouchers 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.

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.

In 2017, the CDA has subsequently closed on the conversion of Riverview Towers LLC to HUD's Rental Assistance Demonstration (RAD) project. This conversion will change the operating subsidy currently received for these units to project-based HAP subsidy. The change becomes effective January 1, 2018.

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 physical improvement program to the units as funds exist.

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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).

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.

The CDA also owns the property at 2102 North 2nd Street, the former Wausau Energy bulk tank site. We are continuing to test and monitor this site to move this project forward to closure and look to sell the property in the near future.

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, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Assets		
Current assets	\$ 5,656,757	\$ 5,409,717
Capital assets, net	15,208,888	15,664,078
Other assets	<u>489,232</u>	<u>622,270</u>
Total assets	<u>\$ 21,354,877</u>	<u>\$ 21,696,065</u>
Liabilities		
Current liabilities	\$ 247,397	\$ 217,709
Long-term liabilities	<u>764,242</u>	<u>788,519</u>
Total liabilities	<u>1,011,639</u>	<u>1,006,228</u>
Deferred inflow of resources	<u>185,930</u>	<u>48,936</u>
Net position		
Net investment in capital assets	14,458,888	14,914,078
Restricted	-	2,478
Unrestricted	<u>5,698,420</u>	<u>5,724,345</u>
Total net position	<u>20,157,308</u>	<u>20,640,901</u>
Total liabilities, deferred inflows and net position	<u>\$ 21,354,877</u>	<u>\$ 21,696,065</u>

Restricted net position at December 31, 2015, 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 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Capital assets, beginning of year	\$ 23,070,193	\$ 22,993,490
Additions	191,577	97,286
Disposals	<u>(12,467)</u>	<u>(20,583)</u>
Capital assets, end of year	23,249,303	23,070,193
Less accumulated depreciation	<u>(8,040,415)</u>	<u>(7,406,115)</u>
Capital assets, net	<u>\$ 15,208,888</u>	<u>\$ 15,664,078</u>

The following table shows the condensed Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Operating revenues		
HUD contributions	\$ 1,360,079	\$ 1,221,835
WHEDA contributions and other government grants	55,549	81,273
Rental and tenant care revenue	1,162,624	1,107,966
Other income	<u>32,282</u>	<u>34,068</u>
Total operating revenues	<u>2,610,534</u>	<u>2,445,142</u>
Expenses and losses		
Housing assistance payments	996,519	894,420
Administration	653,146	756,156
Other operating expenses	1,005,899	920,942
Depreciation and amortization	647,929	722,646
Loss on disposal of capital assets	<u>279</u>	<u>709</u>
Total expenses and losses	<u>3,303,772</u>	<u>3,294,873</u>
Nonoperating revenue		
Interest income	<u>22,894</u>	<u>22,208</u>
Loss before capital contributions	(670,344)	(827,523)
Capital contributions	<u>186,751</u>	<u>84,956</u>
Change in net position	(483,593)	(742,567)
Net position, beginning of year	<u>20,640,901</u>	<u>21,383,468</u>
Net position, end of year	<u>\$ 20,157,308</u>	<u>\$ 20,640,901</u>

ECONOMIC FACTORS

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

- City and regional unemployment rates continue to drop, average annual wages has increased over the past 5 years in the City as well.
- Housing affordability remains a national problem, although the Wausau economy is strong, housing availability and affordability are still important factors.
- 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

The Community Development Authority, along with the City's Planning, Community and Economic Development divisions has adopted a consolidated Mission and Goal Statement which reflects the interconnected nature of the development mission:

We are caring professionals who strive for community change, advocate for good urban planning and design, champion economic development, and seek sustainable solutions.

We work to make Wausau better by valuing historic assets, promoting a thriving downtown, building quality neighborhoods, growing local businesses, and welcoming private investment.

We accept the goals of development as a vocation and seek creative, transformative and pragmatic solutions for urban problems.

We engage stakeholders, businesses and citizens to educate the public on best practices to enhance the built and natural environments and provide policy feedback to improve our City.

Planning

The City of Wausau is committed to quality planning and design which sets a foundation for development and investment. The City's planning goals are:

- Protect and enhance the quality of significant natural resources.
- Preserve historic sites and support cultural opportunities for community residents.
- Plan for future high quality utilities, public infrastructure and community facilities to be provided in a cost-effective and cost-efficient manner.
- Provide a safe, efficient and diverse transportation network that will facilitate the movement of people and goods throughout the community.
- Strengthen downtown Wausau as the heart of the City and surrounding region, support corridor and neighborhood revitalization efforts.
- Balance the land use needs of the community to maximize resources potential for taxable value, ecological preservation and enhancing local quality of life.
- Strengthen and expand cooperative activities with all levels of government and engaged civic dialogue to improve the provision of public services and facilities.

Community Development

The City of Wausau assists those in need with programs that target transitional neighborhoods, assist homeowners with crucial repairs, and empower small businesses. The City's community development efforts must:

- Preserve the housing stock with low interest loans for property owners and landlords for necessary repairs and property maintenance which helps stabilize neighborhoods.
- Promote homeownership and homesteading activities with low interest loans to assist the purchasing of owner-occupied homes within the City of Wausau.
- Promote homeownership and homesteading activities with low interest loans to assist the purchasing of owner-occupied homes within the City of Wausau.
- Support the development of Neighborhood Associations through local capacity building and funding for public improvements throughout qualifying census tract neighborhoods.
- Partner with non-profit organizations whose programs assist and empower lower income residents and promote the ideals of a 'housing first' agenda.
- Preserve and rehabilitate historic and commercial buildings with low interest loans for business owners for necessary façade improvements.
- Encourage infill construction and renovation of historic properties which increases diversification and choice for both market rate and affordable housing options.

Housing

The City of Wausau provides quality housing options to elderly, disabled and low income residents in a variety of locations and formats through the CDA. The CDA must:

- Ensure safe, decent and affordable housing options; create opportunities for residents' self-sufficiency and ensure fiscal integrity for all residents.
- Improve the quality of life for residents and increase assisted housing choices, especially those who are disabled and/or low income qualified.
- Preserve and maintain existing affordable housing specifically for residents in need by ensuring equal opportunity and Affirmatively Further Fair Housing goals.
- Promote programs, education and training that support and encourage rental housing oversight and tenant accountability.
- Further the goals of the Violence Against Women Act to ensure protections for victims of domestic abuse, dating violence, sexual assault or stalking in the community.

Economic Development

The City of Wausau strives to be a dynamic, successful, diversified and sustainable community where citizens are actively engaged and businesses proud to invest. The City's economic development efforts must:

- Encourage business expansion, retention and vertical integration, especially in our competitive sectors such as manufacturing, information technology, insurance, healthcare, and construction materials.
- Support craft industry and a maker economy which highlights our strengths in local food, value-added agricultural processing, consumer packaging, millwork, locally-owned specialty retail, outdoor recreation, arts and entertainment that fosters cultural connections.

- Promote urban amenities, housing options and specialty retail that diversifies housing choice, encourages infill development of existing neighborhoods, values historic properties, and encourages walkability and complete streets.
- Develop quality public infrastructure and municipal services which support business expansion and improves quality of life indicators including education, health, recreation and citizenship.
- Collaborate with our peer regional municipalities, corporate partners, and local nonprofits and foundations to develop and commit to a shared economic vision of our region.
- Embrace economic and social diversity which promotes local resiliency and opens opportunities for entrepreneurship.
- Enhance our physical and natural environments, increase connections to public assets, and build appreciation for efforts that engage the Wisconsin River and Downtown.
- Foster a knowledge-based economy which values both professional and technical skill development along with personal intellectual growth.

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.

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FINANCIAL STATEMENTS

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

Statements of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,531,427	\$ 4,426,095
Cash and cash equivalents - restricted	<u>1,081,825</u>	<u>873,579</u>
Total cash and cash equivalents	<u>5,613,252</u>	<u>5,299,674</u>
Receivables		
Tenants	2,818	2,920
Fraud recovery	2,489	3,806
HUD	18,108	-
Other	7,671	77,897
Accrued interest	74	90
Notes receivable, current portion	2,274	12,371
Prepaid expenses	<u>10,071</u>	<u>12,959</u>
Total current assets	<u>5,656,757</u>	<u>5,409,717</u>
Capital Assets		
Capital assets not being depreciated	1,067,600	989,968
Capital assets, net of accumulated depreciation	<u>14,141,288</u>	<u>14,674,110</u>
Total capital assets	<u>15,208,888</u>	<u>15,664,078</u>
Other Assets		
Notes receivable, net of current portion	455,467	585,364
Intangibles, net of accumulated amortization	<u>33,765</u>	<u>36,906</u>
Total other assets	<u>489,232</u>	<u>622,270</u>
Total Assets	<u>21,354,877</u>	<u>21,696,065</u>
Liabilities		
Current Liabilities		
Accounts payable	66,001	59,929
Accrued wages	20,985	2,092
Compensated absences	17,719	21,475
Accrued property taxes	55,640	53,548
Tenant security deposits	76,407	72,445
Unearned revenue	10,645	25
Other accrued liabilities	-	<u>8,195</u>
Total current liabilities	<u>247,397</u>	<u>217,709</u>
Long-term Obligations		
Compensated absences	14,242	38,519
Loan payable	<u>750,000</u>	<u>750,000</u>
Total long-term obligations	<u>764,242</u>	<u>788,519</u>
Total Liabilities	<u>1,011,639</u>	<u>1,006,228</u>
Deferred Inflow of Resources		
Operating subsidy received in advance	95,931	48,936
Housing assistance payments subsidy received in advance	<u>89,999</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>185,930</u>	<u>48,936</u>
Net Position		
Net investment in capital assets	14,458,888	14,914,078
Restricted	-	2,478
Unrestricted	<u>5,698,420</u>	<u>5,724,345</u>
Total Net Position	<u>\$ 20,157,308</u>	<u>\$ 20,640,901</u>

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

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operative Revenues		
HUD contributions	\$ 1,360,079	\$ 1,221,835
Other government grants	55,549	81,273
Rental income	848,255	814,491
Tenant care revenue	314,369	293,475
Other income	<u>32,282</u>	<u>34,068</u>
Total operating revenues	<u>2,610,534</u>	<u>2,445,142</u>
Operating Expenses		
Housing assistance payments	996,519	894,420
Administration	653,146	756,156
Tenant services	353,905	346,707
Utilities	168,282	171,009
Operations and maintenance	295,816	301,213
General expenses	187,896	102,013
Depreciation and amortization	<u>647,929</u>	<u>722,646</u>
Total operating expenses	<u>3,303,493</u>	<u>3,294,164</u>
Operating Loss	(692,959)	(849,022)
Nonoperating Income		
Interest income	<u>22,894</u>	<u>22,208</u>
Loss before contributions, gains and losses	(670,065)	(826,814)
Capital contributions	186,751	84,956
Loss on disposal of capital assets	<u>(279)</u>	<u>(709)</u>
Change in net position	(483,593)	(742,567)
Total net position - beginning	<u>20,640,901</u>	<u>21,383,468</u>
Total net position - ending	<u>\$ 20,157,308</u>	<u>\$ 20,640,901</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities		
Collections from tenants, HUD, and others	\$ 2,833,755	\$ 2,422,122
Payments for housing assistance	(996,519)	(894,420)
Payments made to suppliers	(988,022)	(974,953)
Payments made to employees	(613,758)	(683,698)
Payments made in lieu of taxes	<u>(53,548)</u>	<u>(54,134)</u>
Net cash provided by (used in) operating activities	<u>181,908</u>	<u>(185,083)</u>
Capital and Related Financing Activities		
Principal paid on long-term debt	-	(200,000)
Proceeds from sale of capital assets	1,700	400
Acquisition and construction of capital assets	(191,577)	(97,286)
Capital contributions received	<u>168,643</u>	<u>84,956</u>
Net cash used in capital and related financing activities	<u>(21,234)</u>	<u>(211,930)</u>
Investing Activities		
Decrease in notes receivable	129,994	184,170
Interest on investments	<u>22,910</u>	<u>22,195</u>
Net cash provided by investing activities	<u>152,904</u>	<u>206,365</u>
Net change in cash and cash equivalents	313,578	(190,648)
Cash and cash equivalents, beginning of year	<u>5,299,674</u>	<u>5,490,322</u>
Cash and cash equivalents, end of year	<u>\$ 5,613,252</u>	<u>\$ 5,299,674</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (692,959)	\$ (849,022)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Forgiveness of note receivable principal	10,000	-
Depreciation and amortization	647,929	722,646
Changes in operating assets and liabilities:		
Receivables	71,645	(68,335)
Prepaid expenses	2,888	6,498
Accounts payable	6,072	6,720
Accrued wages	18,893	(51,526)
Compensated absences	(28,033)	(4,988)
Accrued property taxes	2,092	(586)
Tenant security deposits	3,962	(3,646)
Unearned revenue	10,620	25
Other accrued liabilities	(8,195)	8,195
Operating subsidy received in advance	46,995	48,936
Housing assistance payments subsidy received in advance	<u>89,999</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 181,908</u>	<u>\$ (185,083)</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, 2016 and 2015

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 \$104,451 at December 31, 2016.
- 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.

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN

Notes to Financial Statements
December 31, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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. The CDA has received HUD approval for the conversion of assistance for all units to project-based assistance through HUD's Rental Assistance Demonstration (RAD) program.

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.

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

Notes to Financial Statements
December 31, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. The tax credit fees are being amortized over 15 years. The loan financing fees were fully expended during 2015. Total amortization expense for the years ended December 31, 2016 and 2015 was \$3,141 and \$53,381, 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 \$31,961 and \$59,994 has been recorded in the accompanying statements of net position as of December 31, 2016 and 2015, 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.

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

Notes to Financial Statements
December 31, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 current agreement is for three years and expires on August 31, 2019. Fees for management agent services are calculated at the rate of 6% of total monthly gross receipts. Total property management fees were \$29,841 and \$29,334 for 2016 and 2015, 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, 2016 and 2015

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 two items that qualify for reporting in this category. One is an advance payment of operating subsidy relating to Riverview Towers, LLC, which was unearned at the end of the year. The other is an advance payment of housing assistance subsidy relating to the Housing Choice Vouchers program.

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>2016</u>	<u>2015</u>
Deposits	\$ 5,613,132	\$ 5,299,554
Petty cash	<u>120</u>	<u>120</u>
Total cash and cash equivalents	<u>\$ 5,613,252</u>	<u>\$ 5,299,674</u>

Reconciliation to the statements of net position:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 4,531,427	\$ 4,426,095
Cash and cash equivalents - restricted	<u>1,081,825</u>	<u>873,579</u>
Total cash and cash equivalents	<u>\$ 5,613,252</u>	<u>\$ 5,299,674</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, WISCONSINNotes to Financial Statements
December 31, 2016 and 2015

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, 2016, the carrying amount of the CDA's deposits was \$5,613,252 and the financial institution balance was \$5,704,644. Of the financial institution balance, \$3,867,985 was covered by federal and state depository insurance; \$1,836,659 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, 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.

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, 2016 and 2015

NOTE C - CAPITAL ASSETS

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

	Balance <u>1/1/2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>12/31/2016</u>
Capital assets, not being depreciated:					
Land and improvements	\$ 981,317	\$ -	\$ -	\$ -	\$ 981,317
Construction in progress	<u>8,651</u>	<u>186,750</u>	<u>-</u>	<u>(109,118)</u>	<u>86,283</u>
Total capital assets, not being depreciated	<u>989,968</u>	<u>186,750</u>	<u>-</u>	<u>(109,118)</u>	<u>1,067,600</u>
Capital assets, being depreciated:					
Buildings and improvements	21,348,296	1,342	(2,785)	109,821	21,462,244
Furniture and equipment	<u>731,929</u>	<u>3,485</u>	<u>15,252</u>	<u>(703)</u>	<u>719,459</u>
Total capital assets being depreciated	<u>22,080,225</u>	<u>4,827</u>	<u>12,467</u>	<u>109,118</u>	<u>22,181,703</u>
Less accumulated depreciation for:					
Buildings and improvements	6,995,259	585,169	(2,785)	205	7,583,418
Furniture and equipment	<u>410,856</u>	<u>59,619</u>	<u>13,273</u>	<u>(205)</u>	<u>456,997</u>
Total accumulated depreciation	<u>7,406,115</u>	<u>644,788</u>	<u>10,488</u>	<u>-</u>	<u>8,040,415</u>
Total capital assets, being depreciated, net	<u>14,674,110</u>	<u>(639,961)</u>	<u>1,979</u>	<u>109,118</u>	<u>14,141,288</u>
Total capital assets, net	<u>\$ 15,664,078</u>	<u>\$ (453,211)</u>	<u>\$ 1,979</u>	<u>\$ -</u>	15,208,888
Less related long-term debt outstanding					<u>750,000</u>
Net investment in capital assets					<u>\$ 14,458,888</u>

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

Notes to Financial Statements
December 31, 2016 and 2015

NOTE C - CAPITAL ASSETS (Continued)

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

	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2015</u>
Capital assets, not being depreciated:					
Land	\$ 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>

NOTE D - NOTES RECEIVABLE

Notes receivable consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Notes receivable from homeowners, interest at 2%, with payments of principal and interest ranging from \$106 to \$125 monthly.	\$ 7,989	\$ 20,676
Note receivable from Lube, Inc., interest at 1.5%, with monthly payments of principal and interest of \$188, due on July 15, 2023.	14,151	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>435,601</u>	<u>552,059</u>
	<u>457,741</u>	<u>597,735</u>
Less current portion	<u>(2,274)</u>	<u>(12,371)</u>
	<u>\$ 455,467</u>	<u>\$ 585,364</u>

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN

Notes to Financial Statements
December 31, 2016 and 2015

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 \$33,258 and \$33,201 for the years ended December 31, 2016 and 2015, 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 years ended December 31, 2016 and 2015, respectively, was as follows:

	Balance 1/1/16	Additions	Retirements	Balance 12/31/16	Due Within One Year
Affordable Housing Program					
Loan	\$ 750,000	\$ -	\$ -	\$ 750,000	\$ -
Compensated absences	59,994	27,043	55,076	31,961	17,719
	<u>\$ 809,994</u>	<u>\$ 27,043</u>	<u>\$ 55,076</u>	<u>\$ 781,961</u>	<u>\$ 17,719</u>

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

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.

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.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Financial Statements
December 31, 2016 and 2015

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 \$ - and \$2,478 for the years ended December 31, 2016 and 2015, 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, 2016

Statement of Net Position Data

		Project Total	Housing Choice Vouchers 14,871	Business Activities
Assets				
Current assets				
Cash				
111	Cash - unrestricted	\$ 715,428	\$ 71,942	\$ 3,735,114
113	Cash - other restricted	-	89,999	-
114	Cash - tenant security deposits	19,001	-	10,792
115	Cash - restricted for payment of current liability	157,595	10,645	-
100	Total cash	892,024	172,586	3,745,906
Accounts and notes receivables				
122	Accounts receivable - HUD other projects	-	18,108	-
125-050	Accounts receivable - other	-	333	7,338
125-060	Other - comment		Due from landlord for deceased tenant	Due for December VNA services
125	Accounts receivable - miscellaneous	-	333	7,338
126	Accounts receivable tenants	2,055	-	188
127	Notes, loans, and mortgages receivable - current	-	-	2,274
128	Fraud recovery	-	2,489	-
129	Accrued interest receivable	-	-	-
120	Total receivables, net of allowances for doubtful accounts	2,055	20,930	9,800
Current investments				
142	Prepaid expenses and other assets	-	979	1,709
144	Inter program - due from	-	-	2,518
150	Total current assets	894,079	194,495	3,759,933
Noncurrent assets				
Capital assets				
161	Land	899,407	-	64,350
162	Buildings	8,144,545	-	2,906,333
163	Furniture, equipment and machinery - dwellings	125,625	-	46,323
164	Furniture, equipment and machinery - administrative	227,570	8,295	49,051
165	Leasehold improvements	323,150	-	45,015
166	Accumulated depreciation	(5,596,173)	(4,441)	(1,285,939)
167	Construction in progress	86,283	-	-
160	Total capital assets, net of accumulated depreciation	4,210,407	3,854	1,825,133
Other noncurrent assets				
171-040	Notes, loans and mortgages receivable - tax credit			435,601
171-050	Notes, loans and mortgages receivable - other			19,866
171-060	Other - comment			Loans to individuals
171	Notes, loans and mortgages receivable - non-current	3,411,306	-	455,467
174-050	Other assets - other			-
174-060	Other - comment			-
174	Other assets	-	-	-
176	Investments in joint venture	174,864	-	-
180	Total non-current assets	7,796,577	3,854	2,280,600
200	Deferred outflow of resources	-	-	-
290	Total assets and deferred outflow of resources	\$ 8,690,656	\$ 198,349	\$ 6,040,533

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
\$ 8,943	\$ 4,531,427	\$ -	\$ 4,531,427
747,091	837,090	-	837,090
46,702	76,495	-	76,495
-	168,240	-	168,240
<u>802,736</u>	<u>5,613,252</u>	<u>-</u>	<u>5,613,252</u>
-	18,108	-	18,108
-			
-	7,671	-	7,671
575	2,818	-	2,818
-	2,274	-	2,274
-	2,489	-	2,489
74	74	-	74
<u>649</u>	<u>33,434</u>	<u>-</u>	<u>33,434</u>
7,383	10,071	-	10,071
61,664	64,182	(64,182)	-
<u>872,432</u>	<u>5,720,939</u>	<u>(64,182)</u>	<u>5,656,757</u>
17,560	981,317	-	981,317
10,043,201	21,094,079	-	21,094,079
262,595	434,543	-	434,543
-	284,916	-	284,916
-	368,165	-	368,165
(1,153,862)	(8,040,415)	-	(8,040,415)
-	86,283	-	86,283
<u>9,169,494</u>	<u>15,208,888</u>	<u>-</u>	<u>15,208,888</u>
-			
-	3,866,773	(3,411,306)	455,467
33,765			
\$33,765 tax credit fees, net of accumulated amortization of \$13,349			
33,765	33,765	-	33,765
-	174,864	(174,864)	-
<u>9,203,259</u>	<u>19,284,290</u>	<u>(3,586,170)</u>	<u>15,698,120</u>
-	-	-	-
<u>\$ 10,075,691</u>	<u>\$ 25,005,229</u>	<u>\$ (3,650,352)</u>	<u>\$ 21,354,877</u>

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

December 31, 2016

Statement of Net Position Data, continued

Line #	Account Description	Project Total	Housing Choice Vouchers	Business Activities
Liabilities and net position				
Liabilities				
Current liabilities				
312	Accounts payable <= 90 days	\$ 1,294	\$ 51	\$ 35,991
321	Accrued wages/payroll taxes payable	-	-	1,436
322	Accrued compensated absences - current portion	6,079	772	2,136
333	Accounts payable - other government	12,073	-	5,386
341	Tenant security deposit	19,001	-	10,792
342	Unearned revenues	-	10,645	-
346	Accrued liabilities - other	-	-	-
347	Inter program - due to	61,664	-	-
310	Total current liabilities	100,111	11,468	55,741
354	Accrued compensated absences - non-current	8,373	132	4,944
355-050	Loan liability - other	750,000		
355-060	Other - comment			
355	Loan liabilities - non-current	750,000	-	-
350	Total non-current liabilities	758,373	132	4,944
300	Total liabilities	858,484	11,600	60,685
400	Deferred inflow of resources	95,931	89,999	-
Net position				
508.4	Net investment in capital assets	3,460,407	3,854	1,825,133
511.4	Restricted net position	-	-	-
512.4	Unrestricted net position	4,275,834	92,896	4,154,715
513	Total net position	7,736,241	96,750	5,979,848
600	Total liabilities, deferred inflow of resources and net position	\$ 8,690,656	\$ 198,349	\$ 6,040,533

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
\$ 28,665	\$ 66,001	\$ -	\$ 66,001
19,549	20,985	-	20,985
8,732	17,719	-	17,719
38,181	55,640	-	55,640
46,614	76,407	-	76,407
-	10,645	-	10,645
-	-	-	-
2,518	64,182	(64,182)	-
144,259	311,579	(64,182)	247,397
793	14,242	-	14,242
3,411,306	4,161,306	(3,411,306)	750,000
3,412,099	4,175,548	(3,411,306)	764,242
3,556,358	4,487,127	(3,475,488)	1,011,639
-	185,930	-	185,930
9,169,494	14,458,888	-	14,458,888
-	-	-	-
(2,650,161)	5,873,284	(174,864)	5,698,420
6,519,333	20,332,172	(174,864)	20,157,308
\$ 10,075,691	\$ 25,005,229	\$ (3,650,352)	\$ 21,354,877

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2016

Statement of Revenues, Expenses and Changes in Net Position Data

Line #	Account Description	Project Total	Housing Choice Vouchers 14,871	Business Activities
Revenues				
70300	Net tenant rental revenue	\$ 147,971	\$ -	\$ 221,784
70400	Tenant revenue - other	17,310	-	297,059
70500	Total tenant revenue	165,281	-	518,843
70600-010	Housing assistance payments		993,259	
70600-020	Ongoing administrative fees earned		133,597	
70600	HUD PHA operating grants	233,223	1,126,856	-
70610	Capital grants	186,751	-	-
70800	Other government grants	-	-	55,549
71100	Investment income - unrestricted	56,234	387	17,166
71400-010	Housing assistance payment		1,421	
71400-020	Administrative fee		1,420	
71400	Fraud recovery	-	2,841	-
71500	Other revenue	8,948	-	30,882
71600	Gain or (loss) on disposal of capital assets	(279)	-	-
70000	Total revenues	650,158	1,130,084	622,440
Expenses				
91100	Administrative salaries	78,671	66,502	48,665
91200	Auditing fees	4,950	1,000	4,500
91400	Advertising and marketing	41	414	1,986
91500	Employee benefit contributions - administrative	28,359	30,277	18,309
91600	Office expenses	8,098	7,156	8,635
91800	Travel	334	1,621	223
91900	Other	8,174	7,021	153,299
91000	Total operating - administrative	128,627	113,991	238,264
92400	Tenant services - other	-	-	346,835
92500	Total tenant services	-	-	346,835
93100	Water	8,538	-	2,172
93200	Electricity	5,781	-	30,301
93300	Gas	3,468	-	6,129
93600	Sewer	10,110	-	2,734
93800	Other utilities expense	1,751	-	606
93000	Total utilities	29,648	-	41,942

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
\$ 478,500	\$ 848,255	\$ -	\$ 848,255
-	314,369	-	314,369
478,500	1,162,624	-	1,162,624
-	1,360,079	-	1,360,079
-	186,751	-	186,751
-	55,549	-	55,549
2,895	76,682	(53,788)	22,894
-	2,841	-	2,841
104,295	144,125	(114,684)	29,441
-	(279)	-	(279)
585,690	2,988,372	(168,472)	2,819,900
78,994	272,832	-	272,832
9,225	19,675	-	19,675
3,277	5,718	-	5,718
46,294	123,239	-	123,239
10,214	34,103	-	34,103
1,607	3,785	-	3,785
52,494	220,988	(29,841)	191,147
202,105	682,987	(29,841)	653,146
7,070	353,905	-	353,905
7,070	353,905	-	353,905
5,944	16,654	-	16,654
54,874	90,956	-	90,956
27,376	36,973	-	36,973
7,388	20,232	-	20,232
1,110	3,467	-	3,467
96,692	168,282	-	168,282

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2016

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	49,324	4,063	11,458
94200	Ordinary maintenance and operations - materials and other	9,663	-	6,687
94300-010	Garbage and trash removal contracts	295		1,573
94300-020	Heating and cooling contracts	-		9,556
94300-030	Snow removal contracts	-		-
94300-040	Elevator maintenance contracts	-		5,126
94300-050	Landscape and grounds contracts	90		900
94300-060	Unit turnaround contracts	4,085		2,454
94300-070	Electrical contracts	293		289
94300-080	Plumbing contracts	405		-
94300-090	Extermination contracts	914		551
94300-100	Janitorial contracts	-		-
94300-110	Routine maintenance contracts	1,416		-
94300-120	Miscellaneous contracts	425		1,575
94300	Ordinary maintenance and operations contracts	7,923	-	22,024
94500	Employee benefit contribution - ordinary maintenance	17,589	643	6,706
94000	Total maintenance	84,499	4,706	46,875
95200	Protective services - other contract costs	399	-	3,186
95000	Total protective services	399	-	3,186
96110	Property insurance	2,734	-	3,336
96120	Liability insurance	1,237	1,514	1,542
96130	Workmen's compensation	2,205	1,889	526
96140	All other insurance	329	-	197
96100	Total insurance premiums	6,505	3,403	5,601
96200	Other general expenses	89,802	939	10,000
96210	Compensated absences	9,536	(11,769)	11,080
96300	Payments in lieu of taxes	12,073	-	5,386
96400	Bad debt (recovery) - tenant rents	8,106	-	-
96000	Total other general expenses	119,517	(10,830)	26,466
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	369,195	111,270	709,169
97000	Excess (deficiency) of total revenues over (under) operating expenses	280,963	1,018,814	(86,729)
97100	Extraordinary maintenance	-	-	1,924
97200	Casualty losses - non-capitalized	4,448	-	-
97300-040	Tenant protection		21,274	
97300-041	Portability-out		18,680	
97300-050	All other		956,565	
97300	Housing assistance payments	-	996,519	-
97400	Depreciation expense	234,892	1,189	81,553
97500	Fraud losses	-	1,277	-
90000	Total expenses	608,535	1,110,255	792,646

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
72,925	137,770	-	137,770
13,229	29,579	-	29,579
5,997	7,865		
786	10,342		
-	-		
6,220	11,346		
2,473	3,463		
-	6,539		
1,288	1,870		
132	537		
5,143	6,608		
-	-		
-	1,416		
6,604	8,604		
28,643	58,590	-	58,590
34,359	59,297	-	59,297
149,156	285,236	-	285,236
2,465	6,050	-	6,050
2,465	6,050	-	6,050
13,900	19,970	-	19,970
5,701	9,994	-	9,994
2,237	6,857	-	6,857
167	693	-	693
22,005	37,514	-	37,514
52,140	152,881	(84,843)	68,038
2,633	11,480	-	11,480
38,181	55,640	-	55,640
(209)	7,897	-	7,897
92,745	227,898	(84,843)	143,055
53,788	53,788	(53,788)	-
3,141	3,141	-	3,141
56,929	56,929	(53,788)	3,141
629,167	1,818,801	(168,472)	1,650,329
(43,477)	1,169,571	-	1,169,571
4,208	6,132	-	6,132
-	4,448	-	4,448
-	996,519	-	996,519
327,154	644,788	-	644,788
-	1,277	-	1,277
960,529	3,471,965	(168,472)	3,303,493

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2016

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	52,000	-	-
10020	Operating transfer out	(52,000)	-	-
10080	Special items, net gain/loss	(37)	-	-
10100	Total other financing sources (uses)	(37)	-	-
10000	Excess (deficiency) of total revenues over (under) total expenses	\$ 41,586	\$ 19,829	\$ (170,206)
11020	Required debt principal payments	\$ -	\$ -	\$ -
11030	Beginning net position	7,694,655	76,921	6,150,054
11170-001	Administrative fee equity - beginning		74,443	
11170-010	Administrative fee revenue		133,597	
11170-040	Investment income		387	
11170-045	Fraud recovery revenue		1,420	
11170-060	Total administrative fee revenues		135,404	
11170-080	Total operating expenses		111,270	
11170-090	Depreciation		1,189	
11170-100	Other expenses		638	
11170-101	Comment for other expenses		<i>Fraud losses</i>	
11170-110	Total expenses		113,097	
11170-002	Net administrative fee		22,307	
11170-003	Administrative fee equity - ending		96,750	
11170-005	Pre-2004 Administrative Fee Reserves		70,517	
11170-006	Post-2003 Administrative Fee Reserves		26,233	
11170	Administrative fee equity		96,750	

Component Unit - Blended	Total Before Eliminations	Eliminations	Total
-	52,000	(52,000)	-
-	(52,000)	52,000	-
-	(37)	37	-
-	(37)	37	-

\$ (374,839) \$ (483,630) \$ 37 \$ (483,593)

\$ - \$ - \$ - \$ -
 6,894,172 20,815,802 (174,901) 20,640,901

96,750 - \$ 96,750

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2016

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		2,478	
11180-010	Housing assistance payment revenues		993,259	
11180-015	Fraud recovery revenue		1,421	
11180-020	Other revenue		-	
11180-021	Comment for other revenue			
11180-025	Investment income		-	
11180-030	Total HAP revenues		994,680	
11180-080	Housing assistance payments		996,519	
11180-090	Other expenses		639	
11180-091	Comment for other expenses		<i>Fraud losses</i>	
11180-100	Total housing assistance payments expenses		997,158	
11180-002	Net housing assistance payments		(2,478)	
11180-003	Housing assistance payments equity - ending		-	
11180	Housing assistance payments equity		-	
11190-210	Total ACC HCV units		5,220	
11190-220	Unfunded units		(1,766)	
11190-230	Other adjustments		-	
11190	Unit months available	552	3,454	432
11210	Unit months leased	528	3,184	406
11270	Excess cash	\$ 763,824		
11610	Land purchases	\$ -		
11620	Building purchases	\$ 167,345		
11630	Furniture and equipment - dwelling purchases	\$ -		
11640	Furniture and equipment - administrative purchases	\$ 4,325		
11650	Leasehold improvements purchases	\$ 16,781		
11660	Infrastructure purchases	\$ -		
13510	CFFP debt service payments	\$ -		
13901	Replacement housing factor funds	\$ -		

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

December 31, 2016

Statement of Net Position Data

	Low Rent Public Housing 14.850	Capital Funds Program 14.872	Project WI031000001
Assets			
Current assets			
111 Cash - unrestricted	\$ 715,428	\$ -	\$ 715,428
114 Cash - tenant security deposits	19,001	-	19,001
115 Cash - restricted for payment of current liability	-	-	-
100 Total cash	734,429	-	734,429
Accounts and notes receivables			
126 Accounts receivable - tenants	2,055	-	2,055
120 Total receivables, net of allowances for doubtful accounts	2,055	-	2,055
142 Prepaid expenses and other assets	-	-	-
150 Total current assets	736,484	-	736,484
Noncurrent assets			
161 Land	899,407	-	899,407
162 Buildings	8,144,545	-	8,144,545
163 Furniture, equipment and machinery - dwellings	125,625	-	125,625
164 Furniture, equipment and machinery - administration	227,391	179	227,570
165 Leasehold improvements	323,150	-	323,150
166 Accumulated depreciation	(5,596,170)	(3)	(5,596,173)
167 Construction in progress	-	86,283	86,283
160 Total capital assets, net	4,123,948	86,459	4,210,407
171-040 Notes, loans & mortgages receivable - tax credit	3,411,306	-	3,411,306
171 Notes, loans and mortgages receivable - non-current	3,411,306	-	3,411,306
176 Investments in joint venture	174,864	-	174,864
180 Total noncurrent assets	7,710,118	86,459	7,796,577
200 Deferred outflow of resources	-	-	-
290 Total assets and deferred outflow of resources	\$ 8,446,602	\$ 86,459	\$ 8,533,061
Liabilities and Net Position			
Liabilities			
312 Accounts payable < 90 days	\$ 1,294	\$ -	\$ 1,294
322 Accrued compensated absences	6,079	-	6,079
333 Accounts payable - other government	12,073	-	12,073
341 Tenant security deposits	19,001	-	19,001
347 Interprogram due to	-	-	-
310 Total current liabilities	38,447	-	38,447
354 Accrued compensated absences - noncurrent	8,373	-	8,373
355 Loan liabilities - non-current	750,000	-	750,000
350 Total non-current liabilities	758,373	-	758,373
300 Total liabilities	796,820	-	796,820
400 Deferred inflow of resources	-	-	-
Net position			
508.4 Net investment in capital assets	3,373,948	86,459	3,460,407
511.4 Restricted net position	-	-	-
512.4 Unrestricted net position	4,275,834	-	4,275,834
513 Total net position	7,649,782	86,459	7,736,241
600 Total liabilities, deferred inflow of resources and net position	\$ 8,446,602	\$ 86,459	\$ 8,533,061

Project WI031000003	Project Total
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\$	-	\$	715,428
	-		19,001
	157,595		157,595
	157,595		892,024

	-		2,055
	-		2,055

	-		-
	157,595		894,079

	-		899,407
	-		8,144,545
	-		125,625
	-		227,570
	-		323,150
	-		(5,596,173)
	-		86,283
	-		4,210,407

	-		3,411,306
	-		174,864
	-		7,796,577

	-		-
\$	157,595	\$	8,690,656

\$	-	\$	1,294
	-		6,079
	-		12,073
	-		19,001
	61,664		61,664
	61,664		100,111

	-		8,373
	-		750,000
	-		758,373
	61,664		858,484
	95,931		95,931

	-		3,460,407
	-		-
	-		4,275,834
	-		7,736,241
\$	157,595	\$	8,690,656

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2016

Statement of Revenues, Expenses and Changes in Net Position Data

		Low Rent Public Housing 14.850	Capital Funds Program 14.872	Project WI031000001
Revenues				
70300	Net tenant rental revenue	\$ 147,971	\$ -	\$ 147,971
70400	Tenant revenue - other	17,310	-	17,310
70500	Total tenant revenue	<u>165,281</u>	-	<u>165,281</u>
70600	HUD PHA grants	88,915	59,465	148,380
70610	Capital grants	-	186,751	186,751
71100	Investment income - unrestricted	56,234	-	56,234
71500	Other revenues	8,948	-	8,948
71600	Gain or (loss) on disposal of fixed assets	(279)	-	(279)
70000	Total revenues	<u>319,099</u>	<u>246,216</u>	<u>565,315</u>
Expenses				
91100	Administrative salaries	78,671	-	78,671
91200	Auditing fees	4,950	-	4,950
91400	Advertising and marketing	41	-	41
91500	Employee benefit contributions - administrative	28,359	-	28,359
91600	Office expenses	8,098	-	8,098
91800	Travel	334	-	334
91900	Other administrative	5,667	2,507	8,174
91000	Total operating - administrative	<u>126,120</u>	<u>2,507</u>	<u>128,627</u>
93100	Water	8,538	-	8,538
93200	Electricity	5,781	-	5,781
93300	Gas	3,468	-	3,468
93600	Sewer	10,110	-	10,110
93800	Other utilities expense	1,751	-	1,751
93000	Total utilities	<u>29,648</u>	-	<u>29,648</u>
94100	Ordinary maintenance and operations - labor	49,324	-	49,324
94200	Ordinary maintenance and operations - materials and others	9,663	-	9,663
94300-010	Garbage and trash removal contracts	295		
94300-020	Heating and cooling contracts	-		
94300-050	Landscape and grounds contracts	90		
94300-060	Unit turnaround contracts	4,085		
94300-070	Electrical contracts	293		
94300-080	Plumbing contracts	405		
94300-090	Extermination contracts	914		
94300-110	Routine maintenance contracts	1,416		
94300-120	Miscellaneous contracts	425		
94300	Ordinary maintenance and operations - contract costs	<u>7,923</u>	-	<u>7,923</u>
94500	Employee benefit contribution - ordinary maintenance	17,589	-	17,589
94000	Total maintenance	<u>84,499</u>	-	<u>84,499</u>
95200	Protective services - other contract costs	399	-	399
95000	Total protective services	<u>399</u>	-	<u>399</u>

Project WI031000003	Project Total
\$ -	\$ 147,971
-	17,310
-	<u>165,281</u>
84,843	233,223
-	186,751
-	56,234
-	8,948
-	(279)
<u>84,843</u>	<u>650,158</u>
-	78,671
-	4,950
-	41
-	28,359
-	8,098
-	334
-	8,174
-	<u>128,627</u>
-	8,538
-	5,781
-	3,468
-	10,110
-	1,751
-	<u>29,648</u>
-	49,324
-	9,663
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	7,923
-	17,589
-	<u>84,499</u>
-	399
-	<u>399</u>

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Financial Data Schedule

For the Year Ended December 31, 2016

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	2,734	-	2,734
96120	Liability Insurance	1,237	-	1,237
96130	Workmen's compensation	2,205	-	2,205
96140	All other insurance	329	-	329
96100	Total insurance premiums	6,505	-	6,505
96200	Other general expenses	-	4,959	4,959
96210	Compensated absences	9,536	-	9,536
96300	Payments in lieu of taxes	12,073	-	12,073
96400	Bad debt (recovery) - tenant rents	8,106	-	8,106
96000	Total other general expenses	29,715	4,959	34,674
96900	Total operating expenses	276,886	7,466	284,352
97000	Excess (deficiency) of total revenues over (under) operating expenses	42,213	238,750	280,963
97200	Casualty losses - non-capitalized	4,448	-	4,448
97400	Depreciation	231,867	3,025	234,892
90000	Total expenses	513,201	10,491	523,692
10010	Operating transfer in	52,000	-	52,000
10020	Operating transfer out	-	(52,000)	(52,000)
10080	Special items, net gain/(loss)	(37)	-	(37)
10100	Total other financing sources (uses)	51,963	(52,000)	(37)
10000	Excess (deficiency) of total revenues over (under) total expenses	\$ (142,139)	\$ 183,725	\$ 41,586
11020	Required annual debt principal payments	\$ -	\$ -	\$ -
11030	Beginning net position	\$ 7,686,004	\$ 8,651	\$ 7,694,655
11040	Prior period adjustments, equity transfers, corrections of errors: Transfer 2014 Capital Funds equity to Low Rent.	\$ 105,917	\$ (105,917)	\$ -
11170	Administrative fee equity	\$ -	\$ -	\$ -
11180	Housing Assistance Payments equity	\$ -	\$ -	\$ -
11190	Unit months available	552	-	552
11210	Number of unit months leased	528	-	528
11270	Excess cash	\$ 674,963	\$ -	\$ 674,963
11610	Land purchases	\$ -	\$ -	\$ -
11620	Building purchases	\$ -	\$ 167,345	\$ 167,345
11630	Furniture and equipment - dwelling purchases	\$ -	\$ -	\$ -
11640	Furniture and equipment - administrative purchases	\$ 1,700	\$ 2,625	\$ 4,325
11650	Leasehold improvements purchases	\$ -	\$ 16,781	\$ 16,781
11660	Infrastructure purchases	\$ -	\$ -	\$ -
13510	CFFP debt service payments	\$ -	\$ -	\$ -
13901	Replacement housing factor funds	\$ -	\$ -	\$ -

Project WI031000003	Project Total
-	2,734
-	1,237
-	2,205
-	329
-	<u>6,505</u>
84,843	89,802
-	9,536
-	12,073
-	8,106
<u>84,843</u>	<u>119,517</u>
84,843	369,195
-	280,963
-	4,448
-	234,892
<u>84,843</u>	<u>608,535</u>
-	52,000
-	(52,000)
-	(37)
-	(37)
<u>\$ -</u>	<u>\$ 41,586</u>
\$ -	\$ -
\$ -	\$ 7,694,655
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
-	552
-	528
\$ 88,861	\$ 763,824
\$ -	\$ -
\$ -	\$ 167,345
\$ -	\$ -
\$ -	\$ 4,325
\$ -	\$ 16,781
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, WISCONSIN

Schedule of Modernization Costs
For the Year Ended December 31, 2016

Completed Projects

Project WI39P031501-14

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

The distribution of costs of Project WI39P031501-14 is in agreement with the CDA's records.
All modernization costs have been paid and all related liabilities have been discharged through payment.

Incomplete Projects

Project WI39P031501-15

Funds approved	\$ 174,104
Funds expended	<u>88,797</u>
Excess of funds approved	<u>\$ 85,307</u>
Funds advanced	\$ 88,797
Funds expended	<u>88,797</u>
Excess of funds advanced	<u>\$ -</u>

Project WI39P031501-16

Funds approved	\$ 190,934
Funds expended	<u>179</u>
Excess of funds approved	<u>\$ 190,755</u>
Funds advanced	\$ 179
Funds expended	<u>179</u>
Excess of funds advanced	<u>\$ -</u>

DRAFT

**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, 2016 and 2015, 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 [REDACTED], 2017. 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

_____, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES

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

Report on Compliance for Major Federal and State Programs

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* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2016. The CDA's major federal and state programs are 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 and state statutes, regulations, and terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the CDA's major federal and state programs 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) and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* 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 and state programs 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 and state programs. 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 and state programs for the year ended December 31, 2016.

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 and state 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 and state programs and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, 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 and state 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 and state 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 or state 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 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Certified Public Accountants

Green Bay, Wisconsin

 , 2017

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2016

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	1/1/2016 - 12/31/2016	14.850	\$ <u>173,758</u>
Housing Choice Voucher Program WI031 Administration Fees	Direct Program	1/1/2016 - 12/31/2016	14.871	113,097
WI031 Vouchers		1/1/2016 - 12/31/2016	14.871	<u>997,158</u>
Total CFDA #14.871				<u>1,110,255</u>
Capital Funds Program	Direct Program			
WI39P031501-14		9/1/2014 - 6/30/2017	14.872	157,240
WI39P031501-15		9/1/2014 - 6/30/2017	14.872	88,797
WI39P031501-16		4/13/2016 - 4/12/2018	14.872	<u>179</u>
Total CFDA #14.872				<u>246,216</u>
Total expenditures of federal awards				\$ <u>1,530,229</u>
<u>Wisconsin Department of Natural Resources:</u>				
Passed through City of Wausau, Wisconsin Dry Cleaner Environment Response Fund Program		1/1/2016 - 12/31/2016	n/a	\$ <u>55,549</u>

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

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2016 and 2015

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state awards activity of Wausau Community Development Authority (CDA) under programs of the federal and state governments for the year ended December 31, 2016. The information in this schedule is presented in accordance with the 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) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Because the Schedule presents only a selected portion of the operations of the CDA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the CDA.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. The CDA has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENT PAYMENTS

No *federal or state* awards were passed through to subrecipients during the year ended December 31, 2016.

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF WAUSAU, WISCONSIN**
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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 and State 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 and <i>State Single Audit Guidelines</i> ? | No |
| 4. Major federal and state programs: | |

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

State ID Number	Name of State Program
n/a	Dry Cleaner Environment Response Fund 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, 2016

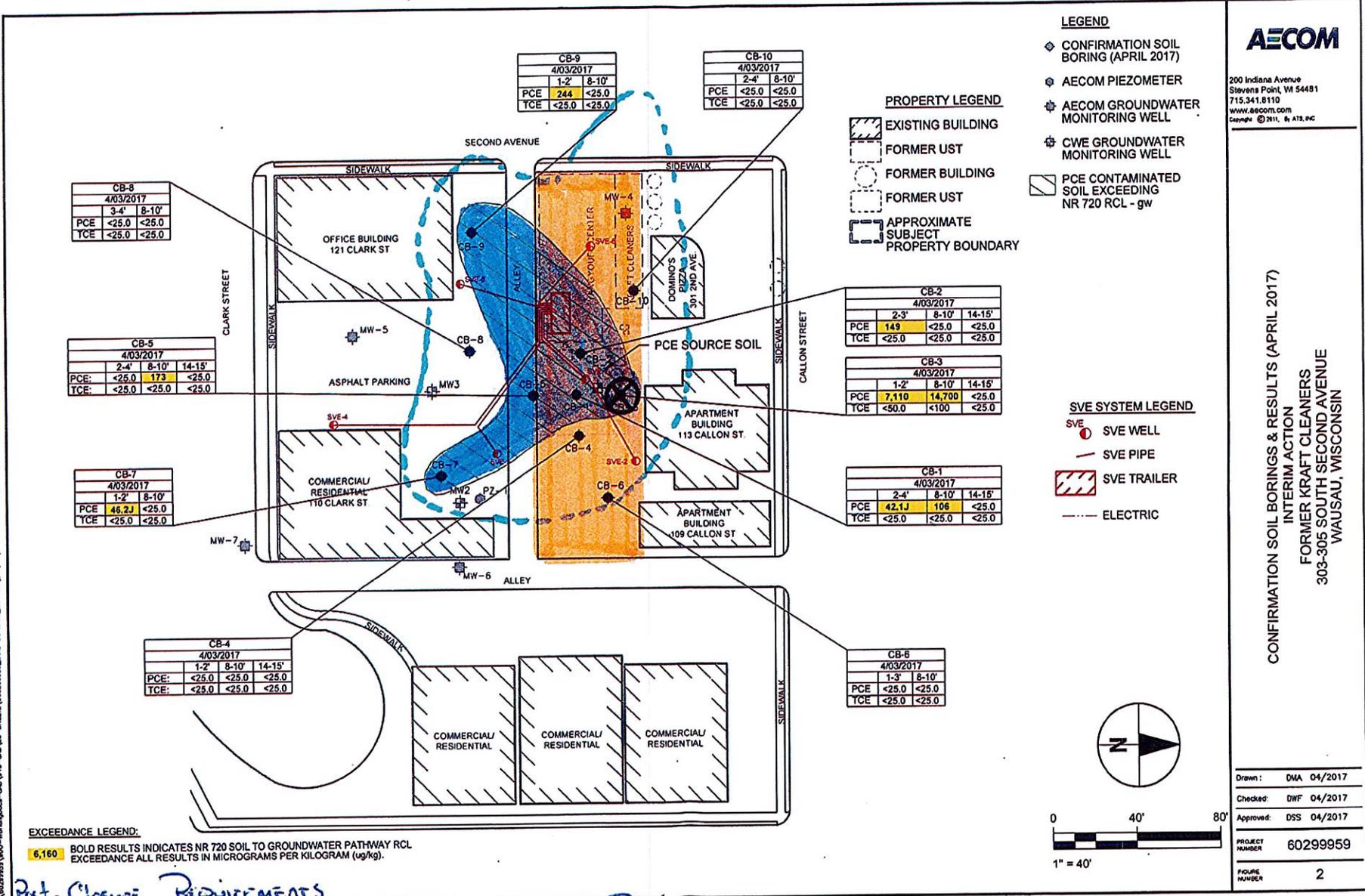
Prior Audit Findings

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 2016.

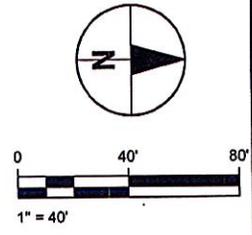
--- Initial Area above action levels
 Current Area above action levels
 Future Parking lot Cap



200 Indiana Avenue
Stevens Point, WI 54481
715.341.8110
www.aecom.com
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CONFIRMATION SOIL BORINGS & RESULTS (APRIL 2017)
 INTERIM ACTION
 FORMER KRAFT CLEANERS
 303-305 SOUTH SECOND AVENUE
 WAUSAU, WISCONSIN

Drawn:	DMA	04/2017
Checked:	DWF	04/2017
Approved:	DSS	04/2017
PROJECT NUMBER	60299959	
FIGURE NUMBER	2	



Post-Closure Requirements

1. Groundwater: Natural Attenuation. No Action Required
2. Vapor: SVE Planned to bring values below action levels: no action required
3. Soil: Asphalt cap over remaining blue areas

Est. Closure Cost: \$90,000 - \$130,000
 Remaining DEF: ~ \$110,000
 Est Closure Date: Mid 2019

P:\02299959\000-Work\02299959-CA0-V10-CA0-30-SHEDS\06029959_000-DOMINOES_2017.dwg: 5/17/2017 8:45:58 AM: WCOL: LAMT: STJ:am

DERF Reimbursement Claims for Former Kraft Cleaners Site
DNR BRRTS No. 02-37-000294
AECOM Project Nos. 60139812 and 60299959
June 21, 2017

DERF Claim No.	Type	Amount	Deductible	Net Amount	Date Paid	Est. Pay Date
1	SI	\$ 50,346.50	\$ 10,000.00	\$ 40,346.50	29-May-2013	--
2	Immediate Action	\$ 29,777.00	\$ -	\$ 29,777.00	26-Nov-2014	--
3	Interim Action	\$ 55,548.69	\$ -	\$ 55,548.69	15-Jun-2016	--
4	Interim Action	\$ 93,899.75	\$ 2,365.76	\$ 91,533.99	--	Nov 2017
5	SI	\$ 103,961.14	\$ 8,316.89	\$ 95,644.25	--	Nov 2018
Totals		\$ 333,533.08	\$ 20,682.65	\$ 312,850.43		

Future DERF Claims	Type	Est. Amount	Est. Deductible	Net Amount	Est. Submittal Date
6	SI	\$ 16,000.00	\$ 1,280.00	\$ 14,720.00	Summer 2017
7	Interim Action	\$ 70,000.00	\$ 5,990.00	\$ 64,010.00	Winter 2017-18
8 (final)	Interim Action	\$ 116,466.92	\$ 8,047.35	\$ 108,419.57	after case closure
Est. Totals		\$ 202,466.92	\$ 15,317.35	\$ 187,149.57	

Notes:

1. Total of DERF approved costs to date is \$473,175.00.
2. Total of AECOM billings thru May 5, 2017 is \$453,404.25.
3. Total of WPS utility charges (Interim Action) claimed thru July 8, 2016 is \$4,954.10.
4. The maximum DERF award is \$500,000.00, per Chapter NR 169.21(4).
5. Per Chapter NR 169.21(3), the deductible is \$10,000 plus 8% of the amount by which DERF eligible costs exceed \$200,000, if eligible costs exceed \$200,000 but do not exceed \$400,000.
6. Per Chapter NR 169.21(3), the deductible is \$26,000 plus 10% of the amount by which DERF eligible costs exceed \$400,000, if eligible costs exceed \$400,000.
7. Estimated payment dates for Claims No. 4 and 5 were published by the DNR on May 15, 2017.



Planning, Community and Economic Development

We are caring professionals who strive for community change, advocate for good urban planning and design, champion economic development, and seek sustainable solutions.

We work to make Wausau better by valuing historic assets, promoting a thriving downtown, building quality neighborhoods, growing local businesses, and welcoming private investment.

We accept the goals of development as a vocation and seek creative, transformative and pragmatic solutions for urban problems.

We engage stakeholders, businesses and citizens to educate the public on best practices to enhance the built and natural environments and provide policy feedback to improve our City.

Planning

The City of Wausau is committed to quality planning and design which sets a foundation for development and investment. The City's planning goals are:

- Protect and enhance the quality of significant natural resources.
- Preserve historic sites and support cultural opportunities for community residents.
- Plan for future high quality utilities, public infrastructure and community facilities to be provided in a cost-effective and cost-efficient manner.
- Provide a safe, efficient and diverse transportation network that will facilitate the movement of people and goods throughout the community.
- Strengthen downtown Wausau as the heart of the City and surrounding region, support corridor and neighborhood revitalization efforts.
- Balance the land use needs of the community to maximize resources potential for taxable value, ecological preservation and enhancing local quality of life.
- Strengthen and expand cooperative activities with all levels of government and engaged civic dialogue to improve the provision of public services and facilities.



Community Development

The City of Wausau assists those in need with programs that target transitional neighborhoods, assist homeowners with crucial repairs, and empower small businesses. The City's community development efforts must:

- Preserve the housing stock with low interest loans for property owners and landlords for necessary repairs and property maintenance which helps stabilize neighborhoods.
- Promote homeownership and homesteading activities with low interest loans to assist the purchasing of owner-occupied homes within the City of Wausau.
- Support the development of Neighborhood Associations through local capacity building and funding for public improvements throughout qualifying census tract neighborhoods.
- Partner with non-profit organizations whose programs assist and empower lower income residents and promote the ideals of a 'housing first' agenda.
- Preserve and rehabilitate historic and commercial buildings with low interest loans for business owners for necessary façade improvements.
- Encourage infill construction and renovation of historic properties which increases diversification and choice for both market rate and affordable housing options.

Housing

The City of Wausau provides quality housing options to elderly, disabled and low income residents in a variety of locations and formats through the Wausau Community Development Authority, the Authority must:

- Ensure safe, decent and affordable housing options; create opportunities for resident's self-sufficiency and ensure fiscal integrity for all residents.
- Improve the quality of life for residents and increase assisted housing choices, especially those who are disabled and/or low income qualified.
- Preserve and maintain existing affordable housing specifically for residents in need by ensuring equal opportunity and Affirmatively Further Fair Housing (AFFH) goals.
- Promote programs, education and training that support and encourage rental housing oversight and tenant accountability.
- Further the goals of the Violence Against Women Act (VAWA) to ensure protections for victims of domestic abuse, dating violence, sexual assault or stalking in the community.

Economic Development

The City of Wausau strives to be a dynamic, successful, diversified and sustainable community where citizens are actively engaged and businesses proud to invest. The City's economic development efforts must:

- Encourage business expansion, retention and vertical integration, especially in our competitive sectors such as manufacturing, information technology, insurance, healthcare, and construction materials.
- Support craft industry and a maker economy which highlights our strengths in local food, value-added agricultural processing, consumer packaging, millwork, locally-owned specialty retail, outdoor recreation, arts and entertainment that fosters cultural connections.
- Promote urban amenities, housing options and specialty retail that diversifies housing choice, encourages infill development of existing neighborhoods, values historic properties, and encourages walkability and complete streets.
- Develop quality public infrastructure and municipal services which support business expansion and improves quality of life indicators including education, health, recreation and citizenship.
- Collaborate with our peer regional municipalities, corporate partners, and local nonprofits and foundations to develop and commit to a shared economic vision of our region.
- Embrace economic and social diversity which promotes local resiliency and opens opportunities for entrepreneurship.
- Enhance our physical and natural environments, increase connections to public assets, and build appreciation for efforts that engage the Wisconsin River and Downtown.
- Foster a knowledge-based economy which values both professional and technical skill development along with personal intellectual growth.

RVT LLC - RAD - LEGAL EXPENSES 2016-2017

DATE	INVOICE #	INVOICE AMOUNT	VENDOR	DATE PAID
06/20/16	2167753	\$9,374.98	Quarles & Brady	06/30/16
03/07/17	2239271	\$210.00	Quarles & Brady	06/02/17
04/19/17	2252626	\$4,875.00	Quarles & Brady	05/19/17
05/23/17	2264306	\$150.00	Quarles & Brady	06/02/17
06/02/17	41035	\$44,696.92	*Applegate & Thorne-Thomsen	
	2270085	\$120.00	Quarles & Brady	
		\$59,426.90	\$0.00	

* Includes charges from Reinhart Boerner Van Deuren SC

Occupancy Overview

June 27, 2017

Riverview Towers (149)

- 2 vacancies
- 98% Occupancy
- 2 move-ins scheduled for July

Riverview Terrace (36)

- 1 vacancy
- 97% Occupancy

Scattered Sites (46)

- 2 vacancies
- 97% Occupancy

Scott Walker
Governor



DIVISION OF QUALITY ASSURANCE
BUREAU OF ASSISTED LIVING
WESTERN REGIONAL OFFICE
610 GIBSON ST., SUITE 1
EAU CLAIRE, WI 54701-3687

Linda Seemeyer
Secretary

State of Wisconsin
Department of Health Services

Telephone: 715-836-4790
Fax: 715-836-2535
TTY: 711 or 800-947-3529

June 9, 2017

Betty Noel
550 East Thomas Street
Wausau, WI 54403

RECEIVED

JUN 12 2017

Community Development
Authority

Dear Ms. Noel:

**RE: Riverview Terrace
540 East Thomas Street
Wausau, WI 54403**

On 6/6/17, the Division of Quality Assurance conducted an abbreviated survey at your facility to determine compliance with Wisconsin Administrative Code ch. DHS §89. As a result of this visit, there were no violations of DHS §89.

The enclosed information is for your records.

If you have any questions, please contact the regional office at (715) 836-4790.

Sincerely,

A handwritten signature in black ink, appearing to read 'William R. Gardner'.

William R. Gardner, Assisted Living Regional Director
Bureau of Assisted Living
Division of Quality Assurance

Enclosure

cc: Ombudsman, Marathon County
Aging/Disability Resource Center, Marathon County
Marathon County Human Services
Managed Care Organization(s)
Bureau of Adult Long Term Services
Disability Rights Wisconsin
Western Regional Office File

Wisconsin Department of Health Services

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 0010394	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING _____	(X3) DATE SURVEY COMPLETED C 06/06/2017
--	--	---	---

NAME OF PROVIDER OR SUPPLIER RIVERVIEW TERRACE	STREET ADDRESS, CITY, STATE, ZIP CODE 540 EAST THOMAS AVENUE WAUSAU, WI 54403
--	---

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
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U 000	<p>INITIAL COMMENTS</p> <p>A licensure survey was conducted on 6/6/17 at Riverview Terrace, a residential care apartment complex located in Wausau, WI. No deficiencies of DHS 89 were identified.</p> <p>Census: 36 occupied apartments.</p>	U 000		
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LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE	TITLE	(X6) DATE
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THE AMAZING RACE TO HOUSING SUCCESS



2017

WISCONSIN ASSOCIATION OF HOUSING AUTHORITIES
ANNUAL CONFERENCE
HOSTED BY DISTRICT 8



SEPTEMBER 18-21, 2017

TENTATIVE CONFERENCE SCHEDULE

(Schedule is subject to change)

MONDAY, September 18, 2017

4:00 WAHA Board Meeting
4:00 - 7:00 Registration
6:30 - ??? Meet & Greet (All Attendees are Welcome)

TUESDAY, September 19, 2017 (International Day)

7:30 - 4:00 Registration
7:30 - 8:30 Continental Breakfast
8:30 - 9:00 Announcements & Welcome
9:00 - 10:15 Keynote Speaker – Jonathan Bowman “The Fine Art of People Power”
10:30 - 12:00 BREAK-OUT SESSIONS:

- “HUD Best Practices”
- “RD 502 Direct”
- “Power of Attorney”
- “Emergency Procedures & Disaster Planning”

10:30 - 12:00 PIC ROOM
12:00 - 1:00 LUNCH
1:15 - 2:30 MAINTENANCE TRAINING – Contracting & Bid Pkgs; Construction Docs
1:15 - 2:30 BREAKOUT SESSIONS:

- “How to Deal With Mental Illness”
- “Required Policies for PHAs”
- “Power of Attorney” (Repeat)
- “Hoarding”

1:15 - 2:30 PIC ROOM
2:45 - 4:00 MAINTENANCE TRAINING – Labor Relations
2:45 - 4:00 BREAK OUT SESSIONS

- “HR 37 Changes – HTMA Update”
- “HUD Multi-Family Housing Program”
- “RD Multi-Family Housing”
- “Hoarding” (Repeat)

4:30 - 7:30 VENDOR RECEPTION

WEDNESDAY, September 20, 2017 (USA Day)

7:00 - 4:00	Registration
7:00 - 9:00	BREAKFAST WITH THE VENDORS
7:00 - 12:00	"Amazing Race Thru the Bedroom"
9:00 - 10:15	MAINTENANCE TRAINING - Mold
9:00 - 10:15	COMMISSIONER WORKSHOP
9:00 - 10:15	CONCURRENT SESSIONS
	<ul style="list-style-type: none">➤ "Required Policies for PHAs"➤ "Internal Controls for Agencies with Limited Staff/Fraud Examples"➤ "Labor Law Changes - PHAs under 250"➤ "Active Shooter Awareness and Preparedness"
9:00 - 10:15	PIC Room
10:45 - 12:00	MAINTENANCE TRAINING - Preparing for REAC Inspections
10:45 - 12:00	COMMISSIONER WORKSHOP
10:45 - 12:00	CONCURRENT SESSIONS:
	<ul style="list-style-type: none">➤ "Insurance-Property and Other HA Needs"➤ "Labor Law Changes - PHAs over 250"➤ "Cyber Security/Ransomware".➤ "Active Shooter Awareness and Preparedness" (Repeat)
10:45 - 12:00	PIC ROOM
12:00 - 1:30	Lunch & Annual Meeting
1:30 - 2:45	GENERAL SESSION - (Also for Maintenance & Commissioners)
	"Drugs Hiding in Plain Sight"
1:30 - 2:45	MAINTENANCE TRAINING (Attend General Session on Drugs)
1:30 - 2:45	COMMISSIONER'S WORKSHOP (Attend General Session on Drugs)
1:30 - 2:45	PIC Room
2:45 - 4:00	"Amazing Race Thru the Bedroom"
3:15 - 4:30	MAINTENANCE TRAINING - Preventative Maintenance;
	Maintenance Professionalism
3:15 - 4:30	COMMISSIONERS WORKSHOP
3:15 - 4:30	CONCURRENT SESSIONS:
	<ul style="list-style-type: none">➤ "Final Rule on Smoke-Free Housing"➤ "Fair Housing"➤ "WHEDA Session"➤ "Workers Misclassified as Independent Contractors"➤ HR Basics
3:15 - 4:30	PIC ROOM
5:30 - 6:30	SOCIAL HOUR
6:30 PM	BANQUET & ENTERTAINMENT

THURSDAY, September 21, 2017

7:30 - 8:30 BREAKFAST

8:30 - 9:30 Agency Reports - HUD, RD, WHEDA,

9:30 Agency Round Tables - "Get your Questions Answered"



HOLIDAY INN – CENTRAL WISCONSIN CONVENTION & EXPO CENTER, WAUSAU/ROTHSCHILD, WISCONSIN

2017 WAHA ANNUAL CONFERENCE REGISTRATION

(Please Fill Out a Form for Each Person Attending)

Name: _____ Title _____
 Agency: _____
 Address: _____
 City: _____ State: _____ Zip Code: _____
 E-Mail Address: _____ Phone: _____

Registration Fees for WAHA Members and Associate Members

Full Conference Registration (Includes all sessions, meals, breaks, receptions):

Early Bird - On or Before July 15, 2017	\$375	\$ _____
After July 15, 2017	\$425	\$ _____

Partial Conference Registration

>Maintenance Workshop – **Tuesday ONLY** (Includes training, meals, breaks & Vendor Reception on Tuesday):

Does not include Breakfast with the Vendors on Wednesday.

Early Bird – On or before July 15, 2017	\$150	\$ _____
After July 15, 2017	\$175	\$ _____

>Maintenance Workshop – **Wednesday ONLY**– (Includes training, meals, breaks & Banquet on Wednesday):

Does not include Breakfast on Thursday.

Early Bird – On or before July 15, 2017	\$275	\$ _____
After July 15, 2017	\$300	\$ _____

>Maintenance Workshop Tuesday and Wednesday	\$325/\$350	\$ _____
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>Commissioner’s Day (Wednesday)

Early Bird - On or Before July 15, 2017	\$275	\$ _____
After July 15, 2017	\$300	\$ _____

TOTAL REGISTRATION FEES

\$ _____

(All Executive Directors, Staff, Commissioners, etc. attending the Conference must pay a Registration Fee.)

Indicate Banquet meal choice: _____ Sirloin Steak w/Shrimp; _____ Chicken Monterrey w/Shrimp; _____ Spinach Tortellini

***Additional Meal Tickets:**

Tuesday Breakfast	_____	@ \$ 12.00	\$ _____
Tuesday Lunch	_____	@ \$ 18.00	\$ _____
Wednesday Breakfast	_____	@ \$ 20.00	\$ _____
Wednesday Lunch	_____	@ \$ 21.00	\$ _____
Wednesday Banquet – Choose one of the following:	_____	@ \$ 48.00	\$ _____
Sirloin Steak w/Shrimp _____; Chicken Monterrey w/Shrimp _____; Spinach Tortellini _____			
Thursday Breakfast	_____	@ \$21 .00	\$ _____

TOTAL ADDITIONAL MEALS

\$ _____

TOTAL REGISTRATION FEE AND ADDITIONAL MEALS

\$ _____

Please indicate any dietary restrictions for health reasons (other than the alternative vegetarian Banquet meal) or special accommodations needed for the sessions: _____

Full Registration Includes

- All Sessions throughout the Conference.
- All Breaks and Receptions
- All Meals including the banquet dinner, awards and entertainment

One-Day Registration Includes:

- All Sessions either Tuesday or Wednesday
- All Breaks/Reception either Tuesday or Wednesday
- All Meals Tuesday or Wednesday

Breakfast with the Vendors on Wednesday is NOT INCLUDED in "Tuesday Only" Registrations

****Breakfast on Thursday is NOT INCLUDED for "Wednesday Only" Registrations****

Additional meal tickets may be purchased on the previous page under "Additional Meal Tickets"

If you are a full conference registrant, please indicate if you plan to attend any of the following sessions:

Maintenance Training: _____ Commissioner's Workshop: _____

Also, in order to keep from wasting food, please indicate if you plan to stay for Thursday Breakfast ___ Yes ___ No

Make checks payable to "WAHA – District 8".

Send check & completed Registration Form(s) to:

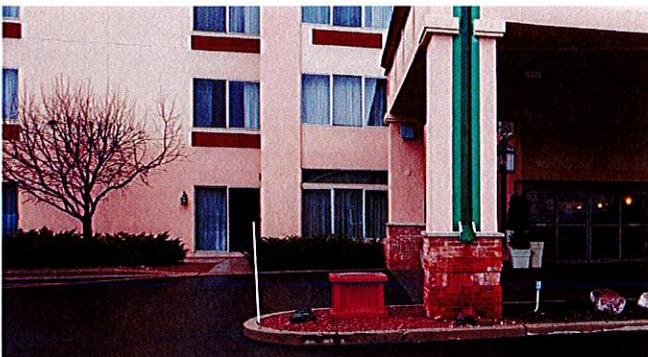
Karen L. Bennett, Conference Coordinator
P. O. Box 365
Washburn, WI 54891

If you have questions, e-mail:
KLBennett@netzero.net
or call: 715-373-2783

(No Refunds after 9-3-17)

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For those who may arrive on Monday evening, we are planning a MEET & GREET from 6:30 pm - ????. We hope you will join us for refreshments and a chance to relax and visit with friends before "getting down to business".
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HOTEL INFORMATION



The Conference Hotel is the Holiday Inn & Suites Wausau-Rothschild, 1000 Imperial Avenue, Rothschild, Wisconsin. The Holiday Inn® Wausau - Rothschild is located off I-39/51 at exit 185. They have a continental breakfast each day and free internet. Room rates are \$82 Single; \$94 Double; \$106 Triple.

Call 715-355-1111 for reservations and mention that you are with the WAHA group or give the "HOU" code.

The overflow hotel, the Best Western Plus at 803 Industrial Park Avenue, is located ¼ mile from the Holiday Inn & Suites, and is also located off I-39/51 at exit 185. All rooms are kitchenettes and there is a complimentary hot breakfast served daily. The room rate is \$82. Call 715-355-8900 for reservations and mention that you are with the WAHA group. Anyone with a mobility problem may want to register early at the main hotel.

The cut-off date for both hotels is August 27, 2017. Don't forget to bring your tax exempt certificates when you check in.

