

OFFICIAL STATEMENT DATED JUNE 27, 2017

NEW ISSUE -- BOOK ENTRY ONLY

**Rating: Moody's: A1
See "RATING"**

In the opinion of Quarles & Brady LLP, Bond Counsel, under existing law interest on the Series 2017 Bonds IS INCLUDED in gross income for federal income tax purposes. The interest on the Series 2017 Bonds is exempt from present State of Wisconsin income taxes. See "TAX MATTERS" for a more detailed discussion of some of the federal and Wisconsin income tax consequences of owning the Series 2017 Bonds.

\$17,985,000

**COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF GLENDALE, WISCONSIN
TAXABLE COMMUNITY DEVELOPMENT LEASE REVENUE REFUNDING BONDS
SERIES 2017A (BAYSHORE FACILITY)**

DATED:	Date of Issuance
MATURITIES, INTEREST RATES AND PRICES:	As shown on the inside cover page of this Official Statement
INTEREST PAYMENT DATES:	April 1 and October 1 of each year, commencing April 1, 2018
AUTHORITY/PURPOSE:	The Community Development Authority of the City of Glendale, Wisconsin (the "Issuer" or the "Authority") is a community development authority created by the City of Glendale, Wisconsin (the "City") pursuant to Section 66.1335 of the Wisconsin Statutes, as amended (the "Act"). The Authority is authorized under the Act to issue its Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility) (the "Series 2017 Bonds"). The Series 2017 Bonds will be issued for the purpose of refunding the Authority's Series 2007 Bonds described below (the "Series 2007 Bonds").
SECURITY:	The Series 2017 Bonds are not general obligations of the City or the Authority. The Series 2017 Bonds are limited obligations of the Authority payable solely from the payments received by the Authority pursuant to the terms of the Lease and the Contribution and Cooperation Agreement by and between the Authority and the City described below and amounts on deposit in the Debt Service Fund and Reserve Account described below on a parity with the Authority's Series 2015 Bonds described below (the "Series 2015 Bonds"). The obligations of the City under the Lease and Contribution and Cooperation Agreement are subject to annual appropriation. See "SOURCE OF PAYMENT FOR THE SERIES 2017 BONDS."
REDEMPTION:	The Series 2017 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2017 BONDS — Redemption of Series 2017 Bonds Prior to Maturity."
REGISTRATION/BOOK ENTRY:	The Series 2017 Bonds will be issued in denominations of \$5,000 or any multiple thereof and will be fully registered as to both principal and interest in the name of Cede & Co., as nominee of The Depository Trust Company. See "DESCRIPTION OF THE SERIES 2017 BONDS — Book-Entry-Only System."

The Series 2017 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Quarles & Brady LLP, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Reinhart Boerner Van Deuren s.c. It is expected that the Series 2017 Bonds will be available for delivery through the facilities of DTC on or about July 19, 2017.

BAIRD

MATURITY SCHEDULE

\$17,985,000

**COMMUNITY DEVELOPMENT AUTHORITY OF THE
CITY OF GLENDALE, WISCONSIN
TAXABLE COMMUNITY DEVELOPMENT LEASE REVENUE REFUNDING BONDS,
SERIES 2017A (BAYSHORE FACILITY)**

<u>Maturity (October 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>
2018	\$ 820,000	1.70%	37855PHY1
2019	950,000	2.05%	37855PHZ8
2020	970,000	2.30%	37855PJA1
2021	1,000,000	2.55%	37855PJB9
2022	825,000	2.85%	37855PJC7
2023	540,000	3.05%	37855PJD5
2024	2,285,000	3.15%	37855PJE3
2025	400,000	3.30%	37855PJF0

\$10,195,000 3.65% Term Bond due October 1, 2029; CUSIP 37855PJG8

Price of all Series 2017 Bonds: 100.00%

[†]Copyright 2006, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. The CUSIP numbers are provided for convenience and reference only.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the Authority, the City or the Underwriter, to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Series 2017 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information under the heading "DESCRIPTION OF THE SERIES 2017 BONDS — Book-Entry-Only System" has been obtained from The Depository Trust Company ("DTC"). All other information contained herein has been obtained from the City and the Authority and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any other sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City or that the other information or opinions are correct as of any time subsequent to the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2017 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

THE SERIES 2017 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE BOND RESOLUTIONS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2017 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2017 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2017 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Cautionary Statements Regarding Forward-Looking Statements in this Official Statement

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or similar words. Such forward-looking statements include, among others, the information under the captions "RISK FACTORS" and "PLAN OF FINANCE" in this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE AUTHORITY NOR THE CITY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

The CUSIP numbers are included in this Official Statement for the convenience of the owners of the Series 2017 Bonds. No assurance can be given that the CUSIP numbers for the Series 2017 Bonds will remain the same after the date of issuance and delivery of the Series 2017 Bonds.

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SUMMARY STATEMENT

The following summary is subject in all respects to more complete information contained in this Official Statement. To make an informed decision regarding the Series 2017 Bonds, a prospective investor should read the entire Official Statement.

- Issuer:** Community Development Authority of the City of Glendale, Wisconsin (the "Authority" or the "Issuer").
- Issue:** \$17,985,000 Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility) (the "Series 2017 Bonds").
- Dated:** Date of Issuance.
- Interest:** Payable commencing April 1, 2018 and on each April 1 and October 1 thereafter. Interest is calculated on the basis of a 30-day month and a 360-day year.
- Principal Due:** October 1, 2018 through 2029.
- Redemption Provisions:** The Series 2017 Bonds maturing on October 1, 2029 are subject to optional redemption on October 1, 2025 or on any date thereafter at par plus accrued interest, and are subject to mandatory sinking fund redemption at a price of par plus accrued interest. Under certain circumstances the Series 2017 Bonds are subject to mandatory redemption at a redemption price of par plus accrued interest. See "DESCRIPTION OF THE SERIES 2017 BONDS — Redemption of Series 2017 Bonds Prior to Maturity."
- Security:** **The Series 2017 Bonds are not general obligations of the City of Glendale (the "City") or the Authority.** The Series 2017 Bonds are limited obligations of the Authority payable solely from the payments received by the Authority pursuant to the terms of the Lease and the Contribution and Cooperation Agreement by and between the Authority and the City and amounts on deposit in the Debt Service Fund and Reserve Account described below on a parity with the outstanding Series 2015 Bonds. **The obligations of the City under the Lease and Contribution and Cooperation Agreement are subject to annual appropriation.** See "SOURCE OF PAYMENT FOR THE SERIES 2017 BONDS."
- Purpose:** The Series 2017 Bonds will be issued to refund the outstanding principal balance of the Series 2007 Bonds on October 1, 2017.
- Rating:** The Authority has received an "A1" rating for the Series 2017 Bonds from Moody's Investors Service, Inc. See "RATING."
- Federal Income Tax:** Interest on the Series 2017 Bonds is included in gross income for Federal income tax purposes. See "TAX MATTERS."
- State Income Tax:** Interest on the Series 2017 Bonds is exempt from present State of Wisconsin income taxes. See "TAX MATTERS."

\$17,985,000
COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF GLENDALE, WISCONSIN
TAXABLE COMMUNITY DEVELOPMENT LEASE REVENUE REFUNDING BONDS
SERIES 2017A (BAYSHORE FACILITY)

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the Summary Statement, and the attached Appendices, is intended solely for the purpose of providing certain information concerning the offering of \$17,985,000 in aggregate principal amount of Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility) (the "Series 2017 Bonds") by the Community Development Authority of the City of Glendale, Wisconsin (the "Authority" or the "Issuer"). The Series 2017 Bonds will be issued under a Resolution adopted by the commissioners of the Authority on June 26, 2017, as supplemented by a Certificate of Officers Approving Details executed on June 27, 2017 (collectively, the "Bond Resolution").

Certain capitalized terms not otherwise defined in this Official Statement are defined in Appendix C.

The proceeds of the Series 2017 Bonds, together with certain other funds, will be applied by the Authority to (a) refund the Authority's Taxable Community Development Lease Revenue Bonds, Series 2007A (Bayshore Facility) (the "Series 2007 Bonds") on October 1, 2017, (b) make a deposit into the Reserve Account of the Debt Service Fund created by the Bond Resolution, if necessary, and (c) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds. The Series 2007 Bonds were issued for the purpose of financing a program of blight elimination and community development in a redevelopment area known as the Bayshore Project Area within the City. See "BACKGROUND".

Pursuant to an Amended and Restated Lease Agreement dated as of July 19, 2017 (the "Lease"), the Authority will lease certain public property (the "Leased Property") to the City. The base rental payments provided for under the Lease are sufficient to pay the debt service on the Series 2015 Bonds (as defined herein) and the Series 2017 Bonds. See Appendix C — "SUMMARIES OF PRINCIPAL DOCUMENTS — Summary of Certain Provisions of the Amended and Restated Lease Agreement." In addition, the Authority and the City will enter into an Amended and Restated Contribution and Cooperation Agreement dated July 19, 2017 (the "Contribution and Cooperation Agreement") under which the City will agree, subject to appropriation by the Common Council, to pay to the Authority sufficient funds to replenish the Reserve Account for the Series 2015 Bonds and the Series 2017 Bonds in the event it is ever drawn upon. See Appendix C — "SUMMARIES OF PRINCIPAL DOCUMENTS — Summary of Certain Provisions of the Amended and Restated Contribution and Cooperation Agreement." For further information concerning the security for the Series 2017 Bonds, see "SOURCE OF PAYMENT FOR THE SERIES 2017 BONDS."

The Series 2017 Bonds will be issued pursuant to and in full compliance with the Constitution and laws of the State of Wisconsin and the Bond Resolutions. **THE SERIES 2017 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE SERIES 2017 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF THE AUTHORITY, THE CITY, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION THEREOF AND DO NOT GIVE RISE TO A CHARGE AGAINST THEIR GENERAL CREDIT OR THE TAXING POWERS OF THE STATE OF WISCONSIN OR THE CITY. THE AUTHORITY HAS NO TAXING POWERS.**

The following descriptions and summaries of the Series 2017 Bonds, the Bond Resolution, the Lease and the Contribution and Cooperation Agreement are qualified by reference to the complete text of the documents being described or summarized. Copies of such documents will be available for inspection at the offices of the Authority.

THE AUTHORITY

The Authority was created by resolution of the Common Council of the City of Glendale, Wisconsin (the "City") pursuant to the authority granted in Section 66.1335, Wisconsin Statutes (the "Act"). The Authority is governed by a seven-member Commission appointed by the Mayor and approved by the Common Council. Under provisions of the Act, the Authority has the power to purchase real property necessary or incidental to a redevelopment project; to lease, sell or otherwise dispose of the same; and to issue bonds and other forms of indebtedness. The Authority is a separate entity from the City and is staffed by its Executive Director/Secretary, Rachel A. Reiss, who is the City Administrator. All other staff services which are necessary to carry out its programs and projects are provided by the City.

The Bond Resolution authorizes the issuance of the Series 2017 Bonds and the execution and delivery of the Lease and the Contribution and Cooperation Agreement by the Authority. See Appendix C — "SUMMARIES OF PRINCIPAL DOCUMENTS — Summary of Certain Provisions of the Bond Resolution."

THE CITY

The City of Glendale (the "City") is a political subdivision of the State of Wisconsin located in Milwaukee County. See Appendix A for additional information concerning the City and Appendix B for audited financial statements of the City for the fiscal year ending December 31, 2015.

The Common Council of the City adopted a resolution on June 26, 2017 (the "City Resolution") authorizing the execution and delivery of the Lease and the Contribution and Cooperation Agreement by the City. See Appendix C — "SUMMARIES OF PRINCIPAL DOCUMENTS — Summary of Certain Provisions of the Resolution of the Common Council of the City of Glendale."

BACKGROUND

The Authority adopted resolutions on September 11, 2001 and October 9, 2001 which designated the boundaries of a redevelopment area (the "Bayshore Project Area") within the City which includes a regional shopping center, now known as Bayshore Town Center, and adjacent properties, found that the Bayshore Project Area was a "blighted area" (as defined in Section 66.1333(2m)(b) of the Wisconsin Statutes) and provided for the development of a redevelopment plan with respect to the Bayshore Project Area.

The Authority and the Common Council of the City approved a comprehensive plan of redevelopment (the "Comprehensive Redevelopment Plan") for the Bayshore Project Area and created Tax Incremental District No. 8 ("TID No. 8") within the Bayshore Project Area to assist in the financing and implementation of the Comprehensive Redevelopment Plan. Pursuant to the Comprehensive Redevelopment Plan, the City and the Authority entered into a Development Agreement (as amended from time to time, the "Development Agreement") with the owner of the Bayshore Town Center property, Bayshore Town Center LLC, a Delaware limited liability company, (the "Bayshore Owner") setting forth the mutual undertakings of the Bayshore Owner, the City and the Authority in respect to the Bayshore Project Area and the expansion, redevelopment, modernization and improvement of the Bayshore Mall and its amenities. The property on which the expanded and redeveloped Bayshore Town

Center is located is referred to as the "Bayshore Property". Bayshore Town Center consists of approximately 1,200,000 square feet with retail stores, restaurants and cafes, office space, housing and community space.

The Series 2007 Bonds were issued for the purpose of financing the acquisition of properties (including public rights-of-way) and the construction and installation on and under such properties of roads, public utilities and other public improvements in TID No. 8 and related site work, planning, design, engineering and financing expenses (the "Project").

The Authority issued other indebtedness to finance and refinance expenditures under the Comprehensive Redevelopment Plan including its Community Development Lease Revenue Refunding Bonds, Series 2015A (Bayshore Facility) and its Taxable Community Development Lease Revenue Refunding Bonds, Series 2015B (Bayshore Facility) (collectively, the "Series 2015 Bonds"). As of the date of this Official Statement, \$29,115,000 in aggregate principal amount of the Series 2015 Bonds is outstanding.

PLAN OF FINANCE

Wisconsin state law permits the incremental tax revenues from TID No. 8 to be used to make rental payments under the Lease. In the City Resolution the City covenanted for the benefit of the owners of the Series 2017 Bonds that, subject to annual appropriation of rental payments, amounts in the fund into which all TID No. 8 tax increment revenues are deposited will be used to make the rental payments due under the Lease. Only after rental payments under the Lease have been paid in full for any particular year shall amounts in that fund be used to pay other project costs of TID No. 8. The City further covenanted that it will not voluntarily dissolve or remove territory from TID No. 8 until all outstanding Series 2015 Bonds and all outstanding Series 2017 Bonds have been paid or discharged.

The following table details such anticipated tax incremental receipts and the debt service payments on the Series 2015 Bonds and the Series 2017 Bonds:

Tax Increment District No. 8 Proforma Receipts and Debt Service

	Estimated Receipts ⁽¹⁾	DEBT SERVICE			Annual Surplus
		Series 2015 Bonds	Series 2017 Bonds ⁽²⁾	Total Debt Service	
2018	\$5,656,020	\$3,291,575	\$1,514,203	\$4,805,778	\$850,242
2019	\$5,656,020	\$3,287,815	\$1,514,563	\$4,802,378	\$853,643
2020	\$5,656,020	\$3,285,175	\$1,515,088	\$4,800,263	\$855,758
2021	\$5,656,020	\$3,284,080	\$1,522,778	\$4,806,858	\$849,163
2022	\$5,656,020	\$3,482,613	\$1,322,278	\$4,804,890	\$851,130
2023	\$5,656,020	\$3,801,563	\$1,013,765	\$4,815,328	\$840,693
2024	\$5,656,020	\$1,990,628	\$2,742,295	\$4,732,923	\$923,098
2025	\$5,656,020	\$3,937,998	\$785,318	\$4,723,315	\$932,705
2026	\$5,656,020	\$1,997,883	\$2,722,118	\$4,720,000	\$936,020
2027	\$5,656,020	\$2,236,988	\$2,486,343	\$4,723,330	\$932,690
2028	\$5,656,020	\$0	\$1,511,043	\$1,511,043	\$4,144,978
2029	\$10,515,648	\$0	\$4,498,410	\$4,498,410	\$6,017,238
	\$72,731,868	\$30,596,315	\$23,148,198	\$53,744,513	\$18,987,355

(1) Estimated receipts are comprised of TID No. 8 incremental tax receipts (\$5,656,020, the amount of such receipts in 2016), excluding state aid relating to the exclusion of computers from personal property tax (\$22,360, the amount of such aid in 2017) and, in 2029 the application of amounts held in the Reserve Account.

(2) Debt Service for the Series 2017 Bonds is based on the Maturity Schedule on the inside front cover of this Official Statement with an average coupon of 3.46%.

Pursuant to the Development Agreement, in 2004 the City established a stabilization fund (the "TID No. 8 Stabilization Fund") to be used if the current year TID No. 8 incremental tax revenues are not sufficient to pay the scheduled debt service for that year on the indebtedness which financed improvements in TID No. 8. As of December 31, 2016 the balance in the TID No. 8 Stabilization Fund was \$5,656,020. If there is a withdrawal from the TID No. 8 Stabilization Fund to pay debt service, the Bayshore Owner has agreed to make payments to the City on or before September 15 of that year in the amount of such withdrawal and has also agreed to the imposition by the City of special assessments on the Bayshore Property equal to the amount of any such withdrawal.

*Although the City and the Authority anticipate that the TID No. 8 incremental tax revenues received each year will be sufficient to pay, or reimburse the City for, rental payments required to be made by the City to the Authority pursuant to the Lease, **neither the TID No. 8 incremental tax revenues nor the TID No. 8 Stabilization Fund have been pledged by the City to the payment of the Series 2015 Bonds or the Series 2017 Bonds.** Purchasers of the Series 2017 Bonds should look to the payments to be made by the City under the Lease and the financial strength of the City as the principal security for the Series 2017 Bonds.*

The City's obligation to make payments under the Lease shall be subject to annual appropriation by the Common Council and to the City's Quiet Enjoyment of the Leased Property.

ESTIMATED SOURCES AND USES

The Authority anticipates that the sources and uses of funds relating to the Series 2017 Bonds will be as follows:

Sources of Funds

Par Amount of Series 2017 Bonds	\$17,985,000.00
Transfer from Series 2007 Bonds Reserve Account	<u>727,290.50</u>
TOTAL SOURCES	\$18,712,290.50

Uses of Funds

Refund Series 2007 Bonds	\$18,490,000.00
Costs of Issuance (including Underwriter's discount)	221,807.50
Rounding Amount	<u>483.00</u>
TOTAL USES	\$18,712,290.50

On the date of issuance of the Series 2017 Bonds, \$19,368,510.75 (\$18,490,000.00 from the sources identified above plus \$878,510.75 provided by the City to pay the principal of the Series 2007 Bonds maturing on October 1, 2017 and the interest due on the Series 2007 Bonds on October 1, 2017) will be deposited in an escrow account with Associated Trust Company, National Association, as escrow agent,

for the benefit of the owners of the Series 2007 Bonds. The amount deposited in the escrow account will be sufficient to pay the principal of, interest on and redemption price of the Series 2007 Bonds outstanding on October 1, 2017.

DESCRIPTION OF THE SERIES 2017 BONDS

General

The Series 2017 Bonds are dated the date of issuance and bear interest from that date, payable on April 1 and October 1 of each year, commencing April 1, 2018. The Series 2017 Bonds bear interest at the rates per annum and mature (subject to the redemption provisions described below) in the amounts and on the dates set forth on the inside cover page hereof. The principal and premium, if any, of the Series 2017 Bonds are payable upon presentation and surrender at the principal office of the Authority in Glendale, Wisconsin. Interest payments on the Series 2017 Bonds will be paid to the person who was the registered owner of the Series 2017 Bonds as of the 15th day of the month immediately preceding each interest payment date (the "Record Date"). As long as the Series 2017 Bonds are in the book-entry-only system, the registered owner will be DTC or its nominee and interest will be paid by wire transfer. The Authority will act as fiscal agent and paying agent for the Series 2017 Bonds.

Book-Entry-Only System

Bonds in Book-Entry Form

Beneficial ownership in the Series 2017 Bonds will be available to Beneficial Owners (as described below) only by or through DTC Participants via a book-entry system (the "Book-Entry System") maintained by DTC. If the Series 2017 Bonds are taken out of the Book-Entry System and delivered to owners in physical form, as contemplated hereinafter under "Discontinuance of DTC Services," the following discussion will not apply.

DTC and Its Participants

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2017 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which

are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2017 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of a Series 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for such Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Authority and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2017 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system is based on information provided by DTC. No representation is made by the Authority or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the Authority or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the Authority nor the Underwriter will have any responsibility or liability for the failure of DTC, DTC Participants or Indirect Participants to make any payment or give any notice to a Beneficial Owner in respect of the Bonds, or for any error or delay relating thereto.

Discontinuance of Book-Entry-Only System

As described under "Book-Entry-Only System" above, the use of the system of book-entry transfers may be discontinued at any time. In such event, Bond certificates would be printed and delivered to Beneficial Owners of the Series 2017 Bonds, and the following provisions would apply.

Denominations; Transfer of Bonds

The Series 2017 Bonds are issuable as fully registered bonds in denominations of \$5,000 each or any multiple of \$5,000. The Series 2017 Bonds are transferable or exchangeable for Series 2017 Bonds of the same series of different denominations upon presentation at the principal office of the Authority together with a written assignment acceptable to the Authority and duly executed by the registered owner or such owner's authorized legal representative. The person in whose name a Series 2017 Bond is registered will be deemed the owner thereof for all purposes of the applicable Bond Resolution. The Authority is not required to register the transfer of or to exchange any Series 2017 Bond (i) after the Record Date, (ii) during the 15 days next preceding the mailing of any redemption notice or (iii) after such Series 2017 Bond has been selected for redemption. The Bondowner requesting any registration of transfer or exchange of Series 2017 Bonds shall pay any resulting tax or other governmental charge. In the event any Series 2017 Bond is mutilated, lost, stolen or destroyed, the Authority may execute and deliver a new Series 2017 Bond of like series, date, maturity and denomination in accordance with the provisions therefor in the applicable Bond Resolution, and the Authority may charge the owner of such

Series 2017 Bond with their reasonable fees and expenses in this connection and may also require satisfactory indemnity in the case of Series 2017 Bonds lost, stolen or destroyed.

Manner of Payment

Interest will be paid on each interest payment date by check drawn by the Authority payable to the order of the persons in whose names the Series 2017 Bonds were registered at the close of business on the record date for such interest. The record date for each interest payment date shall be the 15th day of the month (whether or not a Business Day) immediately preceding such interest payment date. Principal of and premium, if any, on the Series 2017 Bonds payable at maturity or upon proceedings for redemption thereof shall be payable to the registered owners thereof upon presentation and surrender of the Series 2017 Bonds at the office of the Executive Director/Secretary of the Authority.

Selection of Series 2017 Bonds for Redemption

If less than all Outstanding Series 2017 Bonds are to be redeemed, the particular Series 2017 Bonds or portions thereof to be redeemed shall be selected by the Authority among maturities and within a maturity by lot. Series 2017 Bonds in denominations larger than \$5,000 are subject to redemption in part, in multiples of \$5,000.

Redemption of Series 2017 Bonds Prior to Maturity

Notice and Effect of Redemption

Notice of the redemption of Series 2017 Bonds prior to maturity shall be given by mailing a copy of the redemption notice by registered or certified mail, facsimile transmission, electronic transmission or overnight delivery service (or in any other manner required by DTC) not less than 30 days nor more than 60 days prior to the redemption date to the registered owner (which, so long as the Series 2017 Bonds are in book-entry-only form, shall be DTC or its nominee) of such Series 2017 Bond to be redeemed at the address shown on the Bond register maintained by the Authority.

Each redemption notice shall (a) identify the particular Series 2017 Bonds or portions thereof to be redeemed, (b) identify the place of payment (c) identify the redemption date, (d) state the redemption price including the premium, if any, and (e) state that interest on the Series 2017 Bonds or the portions thereof called for redemption will cease to accrue from and after the redemption date specified therein. Neither the failure to mail such notice, nor any defect in any notice so mailed, with respect to any particular Series 2017 Bond shall affect the validity of any proceedings for the redemption of any other Series 2017 Bond.

All Series 2017 Bonds or portions thereof so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be outstanding under the provisions of the Bond Resolution if funds sufficient for their redemption are on deposit at the place of payment at that time.

Optional Redemption

The Series 2017 Bonds maturing October 1, 2029 shall be subject to call and prior payment at the option of the Authority on October 1, 2025 or on any date thereafter at par plus accrued interest. The amount of such Series 2017 Bonds to be redeemed shall be selected by the Authority. If less than the entire principal amount of such Series 2017 Bonds is to be redeemed, the Series 2017 Bonds of that maturity which are to be redeemed shall be selected by lot.

Mandatory Sinking Fund Redemption

The Series 2017 Bonds maturing October 1, 2029 are subject to mandatory sinking fund redemption prior to maturity on the dates and in the amounts set forth in the following table. The redemption price shall be 100% of the principal amount of the Bonds so redeemed plus interest accrued to the redemption date and without premium. Upon any optional redemption of such Series 2017 Bonds, the principal amount of the Series 2017 Bonds so redeemed shall be credited against the mandatory redemption payments for such Series 2017 Bonds in such manner as the Authority shall direct.

<u>Redemption Date</u> <u>(October 1)</u>	<u>Principal Amount</u>
2026	\$2,350,000
2027	2,200,000
2028	1,305,000
2029 ^(a)	4,340,000

^(a) Stated Maturity

Mandatory Redemption upon Termination of Lease

The Series 2017 Bonds are subject to mandatory redemption, in whole but not in part, upon a termination of the Lease due to the City's failure to appropriate or due to the loss of the City's right to Quiet Enjoyment of the Leased Property. In the event that the City terminates the Lease because of a disturbance of its Quiet Enjoyment of the Leased Property, the redemption date shall be the earliest practicable date selected by the Authority following the Authority's receipt of a notice from the City that the Lease is being so terminated. In the event the City adopts an annual budget which does not appropriate funds to make payments under the Lease, the Lease provides that it shall terminate on May 31 of the following calendar year unless the City subsequently amends that annual budget to include the necessary annual appropriation. See APPENDIX C — "SUMMARIES OF PRINCIPAL DOCUMENTS – Summary of Certain Provisions of the Amended and Restated Lease." In such event, the redemption date shall be the following July 1. The redemption price shall be 100% of the principal amount of the Series 2017 Bonds, plus accrued interest to the redemption date, and without premium.

ADDITIONAL BONDS

No bonds or obligations payable out of the rental payments received by the Authority under the Lease may be issued in such manner as to enjoy priority over the Series 2015 Bonds and the Series 2017 Bonds. Additional obligations payable out of the rental payments received by the Authority under the Lease may be issued if their lien and pledge, if any, and priority of payment is junior and subordinate to that of the Series 2015 Bonds and the Series 2017 Bonds. Additional obligations payable out of the rental payments received by the Authority under the Lease may be issued on a parity ("Parity Bonds") with the Series 2015 Bonds and the Series 2017 Bonds only if all of the following conditions are met:

- (a) The Parity Bonds are to be issued for the purpose of completing the Project, undertaking additional projects in the Redevelopment Project Area or refunding obligations issued for that purpose;
- (b) The Lease is amended to provide for the payment of rentals in amounts equal to at least the annual principal and interest requirements on all outstanding Series 2015 Bonds, Series 2017 Bonds and Parity Bonds, if any, and the Parity Bonds to be issued;

- (c) The Contribution and Cooperation Agreement is amended to provide that, if the balance in the Reserve Account falls below the Reserve Requirement (determined after the issuance of such Parity Bonds), the City shall, subject to the provisions of the Contribution and Cooperation Agreement, pay to the Authority an amount sufficient to restore the Reserve Account to the Reserve Requirement;
- (d) The Parity Bonds must have principal maturing on October 1 and interest falling due on April 1 and October 1 of each year; and
- (e) Concurrently with the issuance of the Parity Bonds, the Authority shall deposit into the Reserve Account such amount as is required so that the balance in the Reserve Account is not less than the Reserve Requirement (determined after the issuance of such Parity Bonds).

SOURCE OF PAYMENT FOR THE SERIES 2017 BONDS

The Series 2017 Bonds are limited obligations of the Authority. The Series 2017 Bonds shall not constitute a general obligation of the Authority, the City, the State of Wisconsin or any political subdivision thereof and do not give rise to a charge against their general credit or the taxing powers of the City or the State of Wisconsin. The Authority has no taxing powers.

The Series 2017 Bonds will be issued on a parity with the Series 2015 Bonds as to the pledge of revenues under the Lease and under the Contribution and Cooperation Agreement and the funds held in the Debt Service Fund and the Reserve Account. The Series 2017 Bonds are limited obligations of the Authority payable by it, equally and ratably without preference of any Series 2015 Bond or any Series 2017 Bond over any other Series 2015 Bond or Series 2017 Bond solely from (a) the rental payments received by the Authority pursuant to the terms of the Lease, (b) any payments received by the Authority pursuant to the Contribution and Cooperation Agreement and (c) all cash and securities held from time to time in the Debt Service Fund and Reserve Account created by the Bond Resolution and the investment earnings thereon.

General

The principal security for the Series 2017 Bonds is the Lease. The base rents to be paid by the City under the Lease secure the payment of the principal of, premium, if any, and interest on the Series 2015 Bonds and the Series 2017 Bonds and are sufficient in amount for such purpose. Upon receipt, any base rentals derived from the Lease shall be deposited in the Debt Service Fund for the Series 2015 Bonds and the Series 2017 Bonds. No money shall be withdrawn from the Debt Service Fund and appropriated for any purpose other than the payment of principal of and interest on the Series 2015 Bonds, the Series 2017 Bonds and any Parity Bonds (as defined above under "ADDITIONAL BONDS") until such principal and interest has been paid in full.

The City may terminate the Lease and be excused from its obligation to pay rent if its Quiet Enjoyment of the Leased Property is prevented or impaired. "Quiet Enjoyment" means the right of the City to peaceably and quietly have, hold and enjoy the Leased Property and to use the Leased Property for the purposes intended or permitted by the Lease.

The Authority has covenanted in the Lease not to take any action which would disturb the City's Quiet Enjoyment of the Leased Property as long as no event of default has occurred under the Lease.

However there can be no assurance that an event which would disturb the City's Quiet Enjoyment of the Leased Property will not occur. See "RISK FACTORS."

The City's obligation to make payments under the Lease is subject to annual appropriation by its Common Council. See "RISK FACTORS—Failure to appropriate."

In the opinion of Bond Counsel, the City's obligation to pay rents is not "debt" for purposes of constitutional or statutory limitations on debt incurrence, and the City has not levied in advance any tax to pay rents. Upon a default by the City under the Lease or an event of nonappropriation, the rights of the Authority are limited. See "RISK FACTORS — Limited Remedies."

Reserve Account

The Series 2017 Bonds are also entitled to the benefit of the Reserve Account of the Debt Service Fund created by the Bond Resolution. The Authority shall, upon the issuance of the Series 2017 Bonds, deposit into the Reserve Account any amount necessary to make the amount on deposit therein equal to the Reserve Requirement.

Funds on deposit in the Reserve Account will be used to make payments of principal and interest to owners of the Series 2015 Bonds, the Series 2017 Bonds and Parity Bonds in the event the payments received from the City pursuant to the Lease are insufficient to pay the amount then due. Investment earnings on such Reserve Account will be transferred to the Debt Service Fund to the extent that the balance in the Reserve Account exceeds the Reserve Requirement.

If the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Authority is obligated to notify the City of such deficiency. The City is obligated pursuant to the Contribution and Cooperation Agreement to make additional payments monthly on the first day of each month until the Reserve Requirement is again on deposit in the Reserve Account. The amount payable on any date shall be equal to the initial amount of the deficit in the Reserve Account, divided by the number of months initially remaining until the next interest payment date on the Series 2015 Bonds and the Series 2017 Bonds. **Such obligations of the City under the Lease and Contribution and Cooperation Agreement are subject to appropriation of the necessary funds by the Common Council.**

RISK FACTORS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2017 Bonds. Such discussion is not exhaustive, should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2017 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

General

The principal of and interest on the Series 2017 Bonds will be payable solely from payments made by the City under the Lease and the Contribution and Cooperation Agreement and amounts on deposit in the Debt Service Fund and Reserve Account on a parity with the Series 2015 Bonds. No representation or assurance can be given or made that the City will have funds in amounts sufficient to make the

payments required under the Lease or the Contribution and Cooperation Agreement and the other payments necessary to meet the financial obligations of the City.

If the Lease were terminated or the City failed to appropriate funds to fulfill its payment obligations under the Lease and the Contribution and Cooperation Agreement, Bondholders do not have any recourse to or rights against the property of the Authority refinanced with Series 2017 Bond proceeds and it is unlikely that the Authority will have any funds to make principal and interest payments to Bondholders.

Series 2017 Bonds are Unsecured

The Series 2017 Bonds are not secured by any mortgage lien on or security interest in any property of the Authority.

Failure to Appropriate

The City's payment obligations under the Lease and the Contribution and Cooperation Agreement are subject to annual appropriations by the Common Council of the City. If the City fails to appropriate funds for payment of its obligations, it is likely that there will be insufficient monies to pay principal and interest on the Series 2017 Bonds. The City states in the Lease that it reasonably believes, expects and intends that funds will be budgeted and appropriated sufficient to make all payment of rentals during the term of the Lease.

Limits on Property Tax Levy

The ability of the City to levy property taxes to make payments under the Lease and the Contribution and Cooperation Agreement is limited by Wisconsin law. See APPENDIX A – "CITY OF GLENDALE, WISCONSIN – Levy Limits."

Limitations on Use of Tax Incremental District Revenues

The City is obligated to make payments under the Lease regardless of the availability of tax incremental receipts. However, the City intends to use tax incremental receipts generated within TID No. 8 to make rental payments due under the Lease. When collected, tax increments generated in each tax incremental district are required by statute to be deposited into a special fund for that tax incremental district. Under present law, each tax incremental district must expire upon the earlier of (a) collection of tax increment revenues sufficient to pay in full all costs of the projects within that tax increment district or (b) 27 years (or in certain limited circumstances, 31 years) after the date the tax incremental district is created, subject to various requirements set forth in the statute. The City is permitted by statute to voluntarily close a tax increment district earlier, but in the City Resolution the City has agreed that it will not dissolve or remove territory from TID No. 8 earlier than required by statute unless the Series 2017 Bonds have been paid in full.

Subject to certain limited exceptions provided by statute, the City may only apply tax increment revenues from a tax incremental district to debt service with respect to the portion of the bonds which financed project costs within that particular tax incremental district; such tax increment revenue cannot be applied to debt service on bonds which are attributable to project costs in a different tax incremental district. One exception to that limitation allows the planning commission of the City to amend the project plan of a tax incremental district to allocate positive tax increments generated by that tax incremental district (the "donor TID ") to another tax incremental district (the "recipient TID") created

by that planning commission if certain requirements are met including approval of the Joint Review Board. Any such allocation of positive tax increments from the donor TID to the recipient TID cannot be made unless the donor TID has first satisfied all of its current year debt service and project cost obligations. By fulfilling the statutory requirements the City could amend the project plan for TID No. 8 to allocate positive tax increments to other tax incremental districts the City has created; however, no such allocation can be made in any year until the debt service payments on the Series 2017 Bonds for that year have been satisfied.

The City anticipates that tax incremental receipts from TID No. 8 will be sufficient to pay or reimburse the City for payments made by the City under the Lease. There is no assurance that such tax incremental receipts from TID No. 8 will be sufficient for such purposes. If there is a shortfall in tax incremental receipts from TID No. 8, the City would need to use other funds to make payments under the Lease, including at the election of the City funds on deposit in the TID No. 8 Stabilization Fund. The ability of the City to levy property taxes to fund such a shortfall and obtain monies for the other operations of the City is subject to the limits described under "Limitations on Property Tax Levy" above.

Cessation of Lease Payments Due to Lack of Quiet Enjoyment

General

If the City does not make payments under the Lease or if the City terminates the Lease, it is unlikely that the Authority will have funds to make the payments owed to Bondholders. The City has the option to terminate the Lease if the City's Quiet Enjoyment of the Leased Property subject to the Lease is prevented or impaired. See "SOURCE OF PAYMENT FOR THE SERIES 2017 BONDS."

Damage

In the Lease the City has agreed to provide and maintain insurance covering damage to or the destruction of any structures that are part of the Leased Property in an amount not less than the replacement value of the Leased Property. If the required insurance is not in place at the time of a casualty affecting the Leased Property and a termination of the Lease by the City, there would be no insurance proceeds available to make payments to Bondholders. In such event the Authority could commence a legal action against the City for failing to maintain the required insurance, but there can be no assurance that the Authority could recover an amount sufficient to timely pay the principal of and interest on the Series 2017 Bonds. If the required insurance is in place at the time of such a casualty and Lease termination, the amount recoverable under such casualty insurance may be substantially less than the principal amount of the Series 2017 Bonds then outstanding. There can be no assurance that such a claim will be timely paid in an amount sufficient so as to provide for the payment of the principal of and interest on the Series 2017 Bonds when due.

Condemnation

Certain governmental entities have the power of eminent domain which, if exercised with respect to the Leased Property, could constitute an impairment of the City's Quiet Enjoyment. In such event the City could terminate the Lease. The Authority is not aware of any pending eminent domain proceedings relating to the Leased Property. However, if a governmental entity did exercise its eminent domain power with respect to the Leased Property and the City terminated the Lease, there can be no assurance that the condemnation award resulting therefrom would be sufficient to provide for the payment of the principal and interest on the Series 2017 Bonds then outstanding.

Limited Remedies

The payment of rents by the City under the Lease may not be accelerated. If the City does not pay rents when due, the only remedy available to the Authority is to bring legal action to collect such unpaid rents. A continuing failure by the City to pay rents may require successive legal actions to collect the amounts due. There can be no assurance that the Authority can obtain, by legal action in such a circumstance, funds sufficient to pay the principal of and interest on the Series 2017 Bonds when due. **If the City's failure to pay rents is due to a failure by the Common Council to appropriate funds necessary to make such rent payments, the Authority and the owners of the Series 2017 Bonds will not have any legal remedy against the City.**

Reserve Account

In the event of a deficiency in the Reserve Account, there can be no assurance that the City will have funds available to make a payment under the Contribution and Cooperation Agreement so that the Reserve Account is replenished in a timely manner to the Reserve Requirement. Although a failure by the City to make such additional payment is a default under the Contribution and Cooperation Agreement, except if such failure is due to the failure of the Common Council to make an appropriation, the remedies available to the Authority in such event are limited as described in "Limited Remedies" above.

Taxability

There are no provisions in the Series 2017 Bonds or in the Bond Resolutions which would change the interest rate on the Series 2017 Bonds or require a mandatory redemption of the Series 2017 Bonds in the event that the interest on the Series 2017 is no longer exempt from State of Wisconsin income tax. Such an occurrence is likely to have the effect of reducing the after-tax yield and market value of a Bondholder's investment in the Series 2017 Bonds.

Market for Series 2017 Bonds

Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Series 2017 Bonds. There is presently no secondary market for the Series 2017 Bonds and no assurance can be given that a secondary market will develop. Consequently, investors may not be able to resell the Series 2017 Bonds purchased should they need or wish to do so.

Bond Rating

There is no assurance that the rating assigned to the Series 2017 Bonds at the time of issuance will not be lowered or withdrawn at any time. A reduction in such rating will likely result in an adverse change in the market price for and marketability of the Series 2017 Bonds.

TAX MATTERS

Federal Income Tax

The interest on the Series 2017 Bonds is included in gross income for federal income tax purposes.

The Code contains a number of provisions relating to the taxation of the Series 2017 Bonds (including but not limited to the treatment of and accounting for interest, premium and market discount on the

Series 2017 Bonds, gain from the disposition of the Series 2017 Bonds and withholding tax) that may affect the taxation of certain Owners of the Series 2017 Bonds. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors with respect to the tax consequences of owning the Series 2017 Bonds.

State Income Tax

Section 66.1335(5m) of the Wisconsin Statutes provides that bonds of the Authority together with interest thereon and income therefrom are exempt from Wisconsin individual, fiduciary and corporate income taxes. However, the interest on and income from such bonds is includable in the measure of the tax for Wisconsin corporate franchise tax purposes. In the opinion of Bond Counsel, except as provided in the previous sentence, interest on the Series 2017 Bonds is exempt from present Wisconsin income taxes.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City, as the obligated person with respect to the Series 2017 Bonds within the meaning of the Rule, covenanted in the resolution adopted by the Common Council of the City to enter into an undertaking (the "Undertaking") for the benefit of holders, including beneficial owners, of the Series 2017 Bonds to provide certain financial information and operating data relating to the City to the Municipal Securities Rulemaking Board (the "MSRB") annually, and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. **The Undertaking provides that the annual report will be filed not later than 270 days after the end of each fiscal year. The City's fiscal year ends December 31st.** The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Series 2017 Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix D. During the past five years the City has complied in all material respects with its previous undertakings under the Rule to provide annual reports and notices of material events.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Series 2017 Bonds and Series 2017 Bondholders are limited to the remedies described in the Continuing Disclosure Certificate. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price.

The Undertaking requires the City to file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system operated by the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

UNDERWRITING

The Underwriter has agreed, subject to the terms of a Bond Purchase Agreement, to purchase from the Authority the entire \$17,985,000.00 principal amount of the Series 2017 Bonds for an aggregate purchase price of \$17,814,142.50 (the par amount of the Series 2017 Bonds minus an underwriting discount of \$170,857.50).

The Underwriter intends to offer the Series 2017 Bonds to the public at the prices stated on the inside cover of this Official Statement. The Underwriter may allow other broker-dealers to participate in this offering by purchasing the Series 2017 Bonds at less than the public offering price either for their own investment or for reoffering to the public at the public offering prices. Concessions from the initial public offering prices may be allowed to selected broker-dealers and institutional purchasers.

The Authority and the City have agreed to indemnify the Underwriter against certain liabilities, including liabilities arising under the federal securities laws, arising from statements or omissions in this Official Statement.

RATING

The Authority has received an "A1" rating on the Series 2017 Bonds from Moody's Investors Service, Inc. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2017 Bonds.

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the Authority, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Series 2017 Bonds, or in any way contesting or affecting the validity of the Series 2017 Bonds or any proceedings of the Authority or the City taken with respect to the issuance or sale thereof.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2017 Bonds are subject to the approving legal opinion of Quarles & Brady LLP, Bond Counsel. Copies of such opinion will be available at the time of the delivery of the Series 2017 Bonds.

Certain legal matters will be passed upon for the Underwriter by its counsel, Reinhart Boerner Van Deuren s.c.

MISCELLANEOUS

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of the complete documents referred to herein. For details of all terms and conditions, prospective purchasers are referred to the Bond Resolution, the Lease and the Contribution and Cooperation Agreement, copies of which may be obtained from the Underwriter. The Appendices attached hereto are a part of this Official Statement. Any matters in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The execution and delivery of this Official Statement by its Executive Director/Secretary has been duly authorized by the Authority.

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

BY /s/ Rachel A. Reiss
Executive Director/Secretary

APPENDIX A

CITY OF GLENDALE

MILWAUKEE COUNTY, WISCONSIN

The Series 2017 Bonds are not general obligations of the City or the Authority, but are limited obligations of the Authority payable solely from the payments received by the Authority pursuant to the terms of the Lease and the Contribution and Cooperation Agreement between the City and the Authority. Further information on the City is set forth in this Appendix.

THE CITY

The Common Council

The City has a mayor/council form of government. The Common Council is the legislative and policy making body of the City and consists of the Mayor who is elected for a three-year term and six council members who are elected for two-year alternating terms. The present members of the Common Council and the expiration of their respective terms of office are as follows:

Bryan Kennedy, Mayor
April, 2018

<u>Name</u>	<u>Aldermanic District</u>	<u>Expiration of Term</u>
Tomika Vukovic, Alderperson	First	April, 2019
James Daugherty, Alderperson	Second	April, 2018
John C. Gelhard, Council President/Alderperson	Third	April, 2019
Richard Weise, Alderperson	Fourth	April, 2018
Steve Schmelzling, Alderperson	Fifth	April, 2019
JoAnn Shaw, Alderperson	Sixth	April, 2018

Source: City of Glendale.

Administration

The daily administration of the City is the responsibility of the City Administrator, who is appointed by the Mayor. The present members of the administration and their years of service are listed below.

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Rachel Reiss	City Administrator	1 ⁽¹⁾
Linda DiFrances	City Treasurer	39
Karen Couillard	City Clerk	2 ⁽²⁾
John F. Fuchs	City Attorney	30
Todd Stuebe	Director of Community Development	20
Shawn Lanser, CPA	Deputy City Administrator	13 ⁽³⁾

⁽¹⁾Ms. Reiss was previously the Human Resources Director/Assistant to the City Administrator for 3 years.

⁽²⁾Ms. Couillard was previously the Deputy Clerk at the City of Wauwatosa.

⁽³⁾Mr. Lanser continues to perform the duties of the Finance Director.

Source: City of Glendale.

Employment Relations

<u>Department</u>	<u>Number of Employees*</u>
Administrative/City Hall Offices	12
Police Department	50
Public Works/Water	11
TOTAL	<u>73</u>

*Based on headcount.

Source: City of Glendale.

City's employees are represented by the following union:

Glendale Professional Policeman's Association, representing 43 members, is working under a three year contract, which expires on December 31, 2018.

The City considers its relationship with the employee groups to be cordial.

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and, after significant

changes were made to the law in 2011, very limited rights to collectively bargain with municipal employees. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety or transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless the City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

North Shore Fire Department

Since January 1, 1995, the City and six other adjacent suburban communities have contracted for all fire and emergency medical services with North Shore Fire Department, an independent legal entity created under Section 66.30 Wisconsin Statutes.

The North Shore Fire Department is comprised of 106 full-time employees with an annual budget of \$14.42 million, operating out of five stations. The governing body of the Department is the Board of Directors, which is comprised of the chief elected official of each of the communities. Annual financial appropriations between the seven communities is based upon a formula which takes into consideration the community's population, valuation, land use, and actual usage of the services provided.

The City's 2017 budgeted appropriation for the North Shore Fire Department is approximately \$3.71 million.

Pension Plan

All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. The total retirement plan contributions (including both the City's and the employees' contributions) for the fiscal years ended December 31, 2014 and December 31, 2013 were \$868,587 and \$954,957, respectively. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$440,454.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2014, the total pension liability of the WRS was calculated as \$89.7 billion and the fiduciary net position of the WRS was calculated as \$92.2 billion, resulting in a net pension asset of \$2.5 billion. . As of December 31, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2015, the City reported an asset of \$1,131,483 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2014 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.04606501% of the aggregate WRS net pension asset as of December 31, 2014. The City will report a liability for its proportion of the net pension liability of WRS as of December 31, 2015 in the City's audited financial statements for the year ended December 31, 2016.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note V, A in "Appendix B: Basic Financial Statements and Related Notes for the year ended December 31, 2015."

Other Post-Employment Benefits

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the City and have satisfied specified eligibility standards. Membership of the plan consists of 58 retirees receiving benefits and 66 active plan members as of December 31, 2014, the date of the latest actuarial study.

OPEB calculations are required to be updated every three years and prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. An actuarial study for the City was last completed by Milliman in September 2015 with an actuarial valuation date of December 31, 2014.

The information summarized in the remainder of this section, below, is taken from the City audited financial statements for the year ended December 31, 2015 ("Fiscal Year 2015").

The City is required to expense the estimated yearly cost of providing post-retirement benefits representing a level of funding that, if paid on an ongoing basis, is projected to cover costs and amortize unfunded actuarial liabilities over an a given period not to exceed 30 years. Such annual accrual expense is referred to as the "annual required contribution." As shown in the City Financial Statements for Fiscal Year 2015, the City annual required contribution was \$1,362,001. For Fiscal Year 2015,

contributions to the plan totaled \$536,317, which was 39.4% of the annual required contribution. The City funding practice has been to fully fund the yearly amount of benefit premiums on a "pay-as-you-go-basis."

The plan's ratio of actuarial value of assets to actuarial accrued liability for benefits (the "Funded Ratio") as of the most recent actuarial valuation date, December 31, 2014 was 0%. As shown in the City Financial Statements for Fiscal Year 2015, the actuarial accrued liability was \$21,652,466, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$21,652,466.

For more information, see Note V in Appendix B - Basic Financial Statements and Related Notes for the Year Ended December 31, 2015 attached hereto.

Source: City of Glendale.

GENERAL INFORMATION

Location

The City, located in Milwaukee County, encompasses an area of approximately 5.7 square miles. The City is located in a suburban corridor extending through the northern section of Milwaukee County. The City is easily accessible via Interstate Highway 43.

The City is served by the Glendale-River Hills School District, Maple Dale-Indian Hill School District (both elementary school districts) and the Nicolet Union High School District. The three districts provide quality educational programs for students in kindergarten through the twelfth grades. Residents are served through four elementary schools, one middle school and one senior high school.

There are several institutions of higher learning situated within commuting distance of the City. Located in the Milwaukee area are colleges and universities such as Cardinal Stritch College, Milwaukee Area Technical College, University of Wisconsin-Milwaukee, Marquette University, Mount Mary College, Alverno College and Concordia College.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

	<u>Milwaukee County</u>	<u>City of Glendale</u>
Estimate, 2016	948,930	12,724
Estimate, 2015	949,795	12,753
Estimate, 2014	949,741	12,773
Estimate, 2013	950,410	12,845
Census, 2010	947,735	12,872

Source: Wisconsin Department of Administration, Demographic Services Center.

Per Return Adjusted Gross Income

	<u>State of Wisconsin</u>	<u>Milwaukee County</u>	<u>City of Glendale</u>
2015	\$54,227	\$48,533	\$66,106
2014	52,050	45,980	69,760
2013	50,670	45,620	63,660
2012	49,900	44,460	62,860
2011	47,640	42,830	61,500

Source: Wisconsin Department of Revenue, Division of Research and Policy.

Unemployment Rate

	<u>State of Wisconsin</u>	<u>Milwaukee County</u>
March, 2017	3.7%	4.2%
March, 2016	4.7	5.4
Average, 2016	4.1%	5.1%
Average, 2015	4.6	5.8
Average, 2014	5.4	6.9
Average, 2013	6.7	8.4
Average, 2012	7.0	8.6

Source: Wisconsin Department of Workforce Development.

Building Permits

<u>Year*</u>	<u>Valuation</u>
2016	\$14,672,491
2015	22,459,652
2014	18,359,646
2013	13,984,376
2012	14,255,253

*2017 Building Permit information is not yet available.

Source: City of Glendale.

Largest Taxpayers

Listed below are the City's ten largest taxpayers.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016 Assessed Valuation</u>	<u>2016 Equalized Valuation</u>
Bayshore Town Center	Bayshore shopping center	\$311,843,600	\$329,972,881
Johnson Controls- Corporate Division Batteries Group ⁽¹⁾	Corporate administrative management Battery administrative management Battery manufacturing	49,255,400	52,118,903
Orthopaedic Hospital of Wisconsin	Hospital	33,348,700	35,340,361
Aurora Advanced Healthcare	Medical facility	27,255,000	28,839,492
Columbia-St. Mary's Hospital	Medical facility	27,104,700	28,680,454
Weyco Group	Distributor of men's shoes	26,853,700	28,414,862
Laureate Group	Retirement village	19,547,900	20,684,333
Wheaton Franciscan (Covenant Healthcare)	Healthcare (nursing facility)	19,193,800	20,309,647
Eastlake Towers Corp. Center	Real estate	17,850,000	18,887,724
Umansky Motor Cars	Automobile dealership	16,840,800	17,819,854
		<u>\$549,093,600</u>	<u>\$581,068,511</u>

⁽¹⁾ Represents Glendale locations only.

The above taxpayers represent 27.55% of the City's 2016 Equalized Value (TID IN) (\$2,109,206,100).

Source: City of Glendale.

Largest Employers

Because of the City's proximity to Milwaukee and its surrounding suburbs, many residents commute for employment. Some of the largest employers in the Milwaukee metropolitan area include Milwaukee Public Schools with 10,633 employees (includes full time equivalent and recreation employees), the U.S. Government with 10,459 employees (includes Zablocki (VA) Medical Center employees) and Aurora Health Care with 32,924 employees (includes four hospitals, rehabilitation, homecare and hospice facilities and corporate office within a seven-county area, including Milwaukee County).

The largest employers in the City of Glendale are listed below:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Bayshore Town Center ⁽¹⁾	Bayshore shopping center	2,575
Johnson Controls- Corporate Division	Corporate administrative management	1,000+
Batteries Group ⁽²⁾	Battery administrative management	
	Battery manufacturing	
Columbia-St. Mary's Hospital ⁽²⁾	Medical facility	551
Aurora Advanced Healthcare ⁽²⁾	Medical facility	330
Colonial Manor (Beverly Enterprises)	Skilled nursing care	270
Cardinal Stritch	Education	259
DCI Marketing	Point-of-purchase advertising displays	250
Strattec Security, Corp.	Manufacturer of automotive locks and keys	200
Milwaukee Gear Co.	Manufacturer of custom gears & gear boxes/heat treating facility	200
Nicolet Unified High School District	Education	192
Glendale-River Hills Jt. School District #1	Education	145
Pick n' Save	Grocery store	101
Visa Lighting	Commercial and industrial lighting	100
Weyco Group, Inc.	Shoe distribution center	100

⁽¹⁾ Includes full-time, part-time and seasonal. Figure includes retail, banks & department stores. Number of employees is from 2016, no response to request in 2017.

⁽²⁾ Represents Glendale locations only. Number of employees is from 2016, no response to request in 2017.

Source: SalesGenie (infogroup), WorkNet, U.S. Bureau of Labor Statistics and direct employer contacts.

TAX LEVIES, RATES AND COLLECTIONS

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. Real property taxes may be paid in full by January 31 or in two equal installments payable by January 31 and July 31. Municipalities also have the option of adopting payment plans which allow taxpayers to pay their real property taxes and special assessments in three or more installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. Any amounts paid after July 31 are paid to the county treasurer. For municipalities which have not adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15 and February 20. For municipalities which have adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15, February 15 and the 15th day of each month following a month in which an installment payment is due. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. The County Board may authorize its County Treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment role are collected from each taxing entity in the year following the levy year. Since, in practice, all delinquent real property taxes are withheld from the county's share of taxes, the City receives 100 percent of the real property taxes it levies for real property taxes. See "Levy Limits" on page A9 herein for information on additional limitations on City tax levies.

Set forth below are the taxes levied and the tax rate per \$1,000 assessed value on all taxable property within the City. The rates set forth are for the collection years 2013 through 2017:

<u>Collection Year</u>	<u>City Tax Rate</u>	<u>City Levy</u>	<u>Uncollected Personal Property Taxes as of December 31st</u>	<u>Percent of Levy Collected</u>
2017	\$7.74	\$12,490,225	-In Process of Collection-	
2016	7.75	12,469,241	\$11,522	99.91%
2015	7.65	12,198,078	6,949	99.94
2014	7.54	12,160,991	13,853	99.89
2013	7.32	12,160,991	29,368	99.76

Source: City of Glendale.

ASSESSED TAX RATES

	Levy Years				
	2016	2015	2014	2013	2012
City of Glendale	\$7.74	\$7.75	\$7.65	\$7.54	\$7.32
Milwaukee Metro Sewerage District	1.85	1.83	1.76	1.75	1.55
Elementary School Districts:					
Glendale-River Hills (Jt. District #1)	7.70	7.71	7.46	7.28	6.95
Maple Dale-Indian Hills (Jt. District #8)	7.25	7.44	7.69	7.85	6.96
Nicolet High School	5.07	5.13	4.99	4.96	4.43
Milwaukee Area Technical College	1.33	1.32	1.30	2.18	2.01
County and State	5.58	5.57	5.40	5.43	4.95
Gross Assessed Tax Rate					
Glendale-River Hills	\$29.27	\$29.31	\$28.56	\$29.14	\$27.21
Maple Dale-Indian Hills	\$28.82	\$29.04	\$28.79	\$29.71	\$27.22
State Credit	(1.80)	(1.78)	(1.53)	(1.50)	(1.50)
Net Assessed Tax Rate					
Glendale-River Hills	\$27.47	\$27.53	\$27.03	\$27.64	\$25.71
Maple Dale-Indian Hills	\$27.02	\$27.26	\$27.26	\$28.21	\$25.72
Assessment Ratio	94.50%	95.29%	97.53%	97.54%	99.47%
Equalized Tax Rate					
Glendale-River Hills	\$25.96	\$26.23	\$26.36	\$26.96	\$25.57
Maple Dale-Indian Hills	\$25.53	\$25.98	\$26.59	\$27.52	\$25.58

Source: City of Glendale.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the

difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

ASSESSED AND EQUALIZED VALUATIONS

All equalized valuations of property in the State of Wisconsin are determined by the State of Wisconsin, Department of Revenue, Supervisor of Assessments Office. Equalized valuations are the State's estimate of full market value. The State determines assessed valuations of all manufacturing property in the State. Assessed valuations of residential and commercial property are determined by local assessors.

Set forth in the table below are the assessed and equalized valuations of property located within the City for the years 2012 through 2016. The City's equalized valuation (TID IN) has increased by 10.46 percent since 2012 with an average annual increase of 2.52 percent.

Year	Assessed Valuation	Equalized Valuation (TID-IN)	Equalized Valuation (TID-OUT)
2016	\$1,992,325,000	\$2,109,206,100	\$1,709,084,900
2015	1,988,263,300	2,088,866,300	1,690,409,900
2014	1,996,973,900	2,046,008,200	1,633,545,700
2013	1,999,063,700	2,049,274,200	1,652,735,600
2012	2,010,894,600	1,909,411,000*	1,578,428,300

*The 2013 valuation figure does not contain significant adjustments as those in 2012.

Source: Wisconsin Department of Revenue.

EQUALIZED VALUE BY PROPERTY CLASS

Equalized Value by class of property for 2016 is as follows:

	2016	
	Equalized Value	Percent of Total
Real Estate		
Residential	\$900,540,400	42.70%
Commercial	1,061,264,700	50.32%
Manufacturing	54,555,300	2.59%
Total Real Estate	2,016,360,400	95.60%
Total Personal Property	92,845,700	4.40%
Total	\$2,109,206,100	100.00%

Source: Wisconsin Department of Revenue.

TAX INCREMENT DISTRICTS

The City has Tax Incremental Districts (“TIDs”) created under Section 66.1105 of the Wisconsin Statutes. TID valuations totaling \$400,121,200 have been excluded from the City’s tax base for 2016.

City of Glendale	TID Creation Date	Base Value	2016 Value	Increment
TID # 06	1996	\$35,333,200	\$137,036,800	\$101,703,600
TID # 07	1996	14,036,000	92,682,900	78,646,900
TID # 08	2002	73,733,700	293,504,400	219,770,700
				\$400,121,200

Source: Wisconsin Department of Revenue.

INDEBTEDNESS OF THE CITY

Direct Indebtedness

Set forth below is the direct general obligation indebtedness of the City.

Year	Outstanding Bonds and Notes		Total Debt Service Requirements	Less: Projected Offsetting Revenues ⁽¹⁾	Total Projected Debt Service Requirements
	Principal	Interest			
2017	\$5,250,000	\$942,924	\$6,192,924	(\$3,444,812)	\$2,748,112
2018	5,350,000	993,954	6,343,954	(3,375,410)	2,968,544
2019	7,325,000	738,998	8,063,998	(5,401,255)	2,662,743
2020	6,160,000	540,514	6,700,514	(4,096,611)	2,603,903
2021	3,970,000	395,945	4,365,945	(1,973,765)	2,392,180
2022	3,595,000	293,180	3,888,180	(1,852,614)	2,035,566
2023	2,530,000	214,580	2,744,580	(879,733)	1,864,847
2024	2,490,000	152,110	2,642,110	(817,405)	1,824,705
2025	2,065,000	95,943	2,160,943	(722,915)	1,438,028
2026	1,740,000	49,325	1,789,325	(558,865)	1,230,460
2027	1,005,000	14,153	1,019,153	(333,960)	685,193
	\$41,480,000	\$4,431,624	\$45,911,624	(\$23,457,344)	\$22,454,280
Less: 2017 Sinking Funds	(5,250,000)	(942,924)	(6,192,924)	3,444,812	(2,748,112)
TOTAL	\$36,230,000	\$3,488,700	\$39,718,700	(\$20,012,532)	\$19,706,168

⁽¹⁾Tax increment revenues and revenues from the City’s water, sewer, and storm water utilities are projected to partially offset the total debt service. The actual amount of these offsetting revenues is not guaranteed. Also included are tax credits in connection with the \$2,935,000 Taxable General Obligation Promissory Notes, Series 2010A (Build America Bonds-Direct Payment) dated April 12, 2010. Receipt of the credits is expected but not assured. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available. The Budget Control Act of 2011 (the “BCA”) requires the Director of the United States Office of Management and Budget (“OMB”) to calculate cuts each year for the next ten years to federal programs necessary to reduce spending to levels specified in the BCA, which cuts are referred to as sequestration. The BCA has been amended to extend the reduction of subsidy payments through fiscal year 2025. The reductions to the subsidy payments in fiscal year 2017 are 6.9% (reflected in the table above for 2017 and beyond). Such cuts may be avoided or mitigated if Congress takes action to postpone or change the provisions of BCA. The City cannot predict whether any such cuts to the subsidy amounts it expects to receive will occur in the future.

Future Financing

The City anticipates issuing additional general obligation debt for capital improvement projects in the spring of 2018.

Other Debt

The following issues are not general obligations of the City:

Seven Community Development Lease Revenue Bond issues of the Community Development Authority of the City of Glendale dated June 26, 2007, (maturity years 2018 through 2029 to be refunded with the 2017 Lease Revenue Bonds), August 1, 2011 (Series 2011 A and B), August 1, 2012, July 15, 2014, August 3, 2015 (Series 2015A and B) totaling \$83,455,000 in principal due in 2018 through 2029 which are secured by leases with the City.

Below are the estimated debt service payments, net of all 2017 principal payments, on the Community Development Lease Revenue Bonds over the next 5 years:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$8,485,000	\$2,500,616	\$10,985,616
2019	10,315,000	2,185,245	12,500,245
2020	10,495,000	1,912,815	12,407,815
2021	10,315,000	1,606,370	11,921,370
2022	10,395,000	1,317,133	11,712,133

Default Record

The City has no record of default on any prior debt repayment obligations.

Overlapping and Underlying Indebtedness

Set forth below is information relating to the outstanding overlapping and underlying indebtedness of the City.

<u>Entity</u>	<u>Amount of Debt (Less 2017 Principal Payments)</u>	<u>Percent in City</u>	<u>Debt Chargeable to City</u>
Milwaukee Area Technical College*	\$81,905,000	2.82%	\$2,309,721
Milwaukee County	582,855,901	3.50	20,399,957
SCHOOL DISTRICTS:			
Glendale-River Hills	2,565,200	97.57	2,502,866
Maple Dale-Indian Hill	2,696,825	2.22	59,870
Nicolet UHS	5,850,000	48.55	2,840,175
Milwaukee Metro Sewerage District	869,923,198	3.57	31,056,258
	<u>\$1,545,796,124</u>		<u>\$59,168,846</u>

*Milwaukee Area Technical College District ("MATC") anticipates issuing an approximately \$3,000,000 additional general obligation promissory notes between June, 2017 and July, 2017. These amounts are not reflected in the figure above.

Source: Wisconsin Department of Revenue. Information provided by each municipal entity through publicly available disclosure documents available on EMMA.msrb.org and the Wisconsin Department of Public Instruction and direct inquiries.

NOTE: This summary may not reflect all of the City's outstanding overlapping and underlying indebtedness.

Statistical Summary

The table below reflects direct, overlapping and underlying bonded indebtedness net of all 2017 principal payments.

2016 Equalized Valuation as certified by the Wisconsin Department of Revenue	\$2,109,206,100
Direct Indebtedness ⁽¹⁾	\$36,230,000
Direct and Overlapping Indebtedness	\$95,398,846
Direct Indebtedness as a Percentage of Equalized Valuation	1.72%
Direct and Overlapping Indebtedness as a Percentage of Equalized Valuation	4.52%
Population of City (2016 Estimate)*	12,724
Direct Indebtedness Per Capita	\$2,847.38
Direct and Overlapping Indebtedness Per Capita	\$7,497.55

**Source: Wisconsin Department of Administration, Demographic Services Center.*

Note: The Community Development Authority of the City of Glendale has an estimated \$83,455,000, net of all 2017 principal payments, outstanding lease revenue bonds, which are secured by leases with the City. The lease revenue bonds are not general obligations of the City and therefore are not shown in the tables herein.

⁽¹⁾Includes Self-Supported General Obligation Debt. The City anticipates revenues from utility revenues, and TIF revenues. The actual amount of these revenues is not guaranteed. The following table reflects the net of 2017 principal payments.

Direct Indebtedness	\$36,230,000
Less:	
Utility/Special Assessments	8,352,252
TIF #6	1,180,000
Lake Towers (TIF #7)	5,015,000
TIF #8	3,955,000
Sub-total	<u>\$18,502,252</u>
Total Tax-Supported General Obligation Debt	<u><u>\$17,727,748</u></u>

Debt Limit

As described under the caption "CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE CITY'S POWER TO INCUR INDEBTEDNESS -- Debt Limit," the total general obligation indebtedness of the City may not exceed five percent of the equalized value of property in the City. Set forth in the table below is a comparison of the outstanding indebtedness of the City, as of the closing date of the Series 2017 Bonds, as a percentage of the applicable debt limit.

Equalized Valuation (2016) as certified by Wisconsin Department of Revenue	\$2,109,206,100
Legal Debt Percentage Allowed	<u>5.00%</u>
Legal Debt Limit	\$105,460,305
General Obligation Debt Outstanding ⁽¹⁾	<u>\$36,865,000</u>
Unused Margin of Indebtedness	\$68,595,305
Percent of Legal Debt Incurred	34.96%
Percentage of Legal Debt Available	65.04%

⁽¹⁾Includes Self-Supported General Obligation Debt. The City anticipates revenues from utility revenues, and TIF revenues. The actual amount of these revenues is not guaranteed.

FINANCIAL INFORMATION

The financial operations of the City are conducted primarily through its general fund. Most taxes and non-tax revenues (such as license fees, fines and costs and user's fees) are paid into the general fund and current operating expenditures are made from the general fund pursuant to appropriations made by the Common Council. Taxes levied for debt service are paid directly into the debt service fund and debt service expenditures are made from that fund.

Budgeting Process

The City is required by State law to annually formulate a budget and to hold public hearings thereon prior to the determination of the amounts to be financed, in whole or in part, by general property taxes, funds on hand or estimated revenues from other sources. The budget must list all existing indebtedness of the City and all anticipated revenues from all sources during the ensuing year and must also list all proposed appropriations for each department, activity and reserve account of the City during the ensuing year. The budget must show actual revenues and expenditures for the preceding year, actual revenues and expenditures for not less than the first six months of the current year and estimated revenues and expenditures for the balance of the current year.

As part of the budgeting process, public hearings are held on the proposed budget, at which time any resident or taxpayer in the City may be heard. At an annual Board meeting in November or December of each year, the Common Council adopts the final budget for the succeeding year and levies taxes based on assessed valuations of property less any increment attributable to TIDs. The amount of taxes so levied and the amounts of the various appropriations in the final budget (after any alterations made pursuant to public hearings) may not be changed unless authorized by a vote of two-thirds of the entire membership of the Common Council. Failure to publish notice of any such alteration within ten days thereafter shall preclude any change in the budget.

GENERAL FUND SUMMARY
YEARS ENDED DECEMBER 31

	2017 BUDGET	2016 ESTIMATED	2015 ACTUAL	2014 ACTUAL	2013 ACTUAL
Revenues					
Taxes	\$9,495,586	\$8,035,383	\$7,904,282	\$7,911,928	\$7,306,576
Intergovernmental	1,978,189	1,976,268	1,793,621	2,168,568	2,377,206
Licenses and Permits	561,470	550,043	593,802	598,568	535,748
Fines, Forfeitures and Penalties	395,000	443,015	382,889	369,167	282,893
Public Charges for services	387,094	591,617	586,117	472,540	558,360
Investment Income	205,000	237,894	222,030	111,015	(201,223)
Other revenues	94,827	59,086	110,736	126,436	176,868
Total revenues	13,117,166	11,893,306	11,593,477	11,758,222	11,036,428
Expenditures					
General government	1,490,776	1,464,222 ⁽¹⁾	3,448,316	3,465,520	3,592,818
Public Safety	9,939,424	9,377,194	7,579,921	7,488,058	7,140,493
Public Works	2,262,344	1,980,158	1,596,365	1,704,321	1,652,446
Health and human services	116,698	—	—	—	—
Culture, recreation and education	451,860	—	—	—	—
Conservation and development	130,154	127,580	92,013	88,422	88,034
Contingency	96,638	—	—	—	—
Total Expenditures	14,487,894	12,949,154	12,716,615	12,746,321	12,473,791
Excess of revenues over (under) expenditures	(1,370,728)	(1,055,848)	(1,123,138)	(988,099)	(1,437,363)
Other financing sources (uses)					
Operating transfers in	1,075,668	1,290,000	1,094,260	1,053,404	1,569,906
Net other financing sources (uses)	\$1,075,668	1,290,000	1,094,260	1,053,404	1,569,906
Net Change in Fund Balance		234,152	(28,878)	570,356	132,543
Fund balances - beginning of year		4,740,414	4,769,292	4,198,936	4,066,393
Fund balances - end of year		<u>\$4,974,566</u>	<u>\$4,740,414</u>	<u>\$4,769,292</u>	<u>\$4,198,936</u>

⁽¹⁾Beginning in 2016, the City has allocated employee benefit costs to all departments, which were previously under General Government expenses).

The amounts shown for the years ended December 31, 2013 through December 31, 2015 are excerpts from the audit reports which have been examined by Baker Tilly Virchow Krause, LLP, Certified Public Accountants & Consultants, Milwaukee, Wisconsin (the "Auditor"). The amounts shown for the year ended December 31, 2016 are estimated and the amounts shown for the year ended December 31, 2017 are shown on a budgetary basis. The comparative statement of revenues and expenditures should be read in conjunction with other financial statements and notes thereto appearing in Appendix B to this Official Statement.

Financial Statements

A copy of the City's Basic Financial Statements and Related Notes for the fiscal year ended December 31, 2015, including the accompanying independent auditor's report, is included as Appendix B to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Series 2017 Lease Revenue Bonds, the City represents that there has been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

APPENDIX B

CITY OF GLENDALE

MILWAUKEE COUNTY, WISCONSIN

EXCERPTS FROM FINANCIAL STATEMENTS

For Year Ended December 31, 2015

**Baker Tilly, LLP
Certified Public Accountants & Consultants
Milwaukee, Wisconsin**

CITY OF GLENDALE

Glendale, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

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CITY OF GLENDALE

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CITY OF GLENDALE

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Glendale
Glendale, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Glendale's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor considers internal control relevant to the City of Glendale'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 City of Glendale's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the City Council
City of Glendale

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Glendale adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

To the City Council
City of Glendale

Other Matters (continued)

Supplementary Information

Our audit for the year ended December 31, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glendale's basic financial statements. The supplementary information for the year ended December 31, 2015 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2015 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2015.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Glendale as of and for the year ended December 31, 2014 (not presented herein), and have issued our report thereon dated September 24, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The schedule of operations and maintenance expense as listed in the table of contents for the year ended December 31, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operations and maintenance expense as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note I for the year ended December 31, 2014.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
September 26, 2016

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BASIC FINANCIAL STATEMENTS

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CITY OF GLENDALE

STATEMENT OF NET POSITION As of December 31, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 11,245,661	\$ 3,633,152	\$ 14,878,813
Receivables (net)			
Taxes	24,562,625	-	24,562,625
Accounts	179,570	1,211,755	1,391,325
Special assessments	13,606,963	-	13,606,963
Delinquent personal property taxes	22,556	-	22,556
Accrued interest	84,583	-	84,583
Due from other governments	382,616	180,253	562,869
Internal balances	1,684,867	(1,684,867)	-
Inventories	-	72,590	72,590
Prepaid items	175,680	-	175,680
Restricted assets			
Cash and investments	16,927,483	552,780	17,480,263
Net pension asset	1,067,716	63,767	1,131,483
Deposit with insurance company	658,835	-	658,835
Other assets	-	1,548	1,548
Capital assets (net of accumulated depreciation)			
Land	3,425,894	52,186	3,478,080
Other capital assets	26,676,817	22,719,803	49,396,620
Total Assets	<u>100,701,866</u>	<u>26,802,967</u>	<u>127,504,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>1,183,475</u>	<u>76,102</u>	<u>1,259,577</u>
LIABILITIES			
Accounts payable and other accrued liabilities	795,873	810,811	1,606,684
Accrued interest	1,213,278	61,612	1,274,890
Noncurrent Liabilities			
Due within one year	10,808,802	1,227,824	12,036,626
Due in more than one year	125,196,495	5,482,850	130,679,345
Total Liabilities	<u>138,014,448</u>	<u>7,583,097</u>	<u>145,597,545</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>23,532,931</u>	<u>-</u>	<u>23,532,931</u>
NET POSITION			
Net investment in capital assets	13,554,192	17,500,742	27,847,176
Restricted for			
Emergency fund	-	45,812	45,812
Maintenance	-	249,713	249,713
Equipment replacement	-	257,255	257,255
Environmental TIF	572,276	-	572,276
Debt service	14,554,220	-	14,554,220
Pensions	1,067,716	63,767	1,131,483
Unrestricted (deficit)	<u>(89,410,442)</u>	<u>1,178,683</u>	<u>(85,024,001)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (59,662,038)</u>	<u>\$ 19,295,972</u>	<u>\$ (40,366,066)</u>

CITY OF GLENDALE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 3,533,391	\$ 764,118	\$ -	\$ -
Public safety	8,926,605	856,071	-	-
Public works	5,546,752	494,527	1,241,174	-
Health and human services	654,582	-	-	-
Culture, education and recreation	525,069	-	-	-
Conservation and development	644,502	-	639,229	-
Interest and fiscal charges	5,369,996	-	-	-
Total Governmental Activities	25,200,897	2,114,716	1,880,403	-
Business-type Activities				
Water Utility	2,519,693	2,972,417	-	-
Sewer Utility	2,320,770	1,797,277	372,345	-
Storm Water Utility	1,137,177	841,363	-	-
Total Business-type Activities	5,977,640	5,611,057	372,345	-
Total	\$ 31,178,537	\$ 7,725,773	\$ 2,252,748	\$ -

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Property taxes, levied for other

Intergovernmental revenues not restricted to specific programs

Investment income

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION (DEFICIT) - Beginning of Year (as restated)

NET POSITION (DEFICIT) - END OF YEAR

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (2,769,273)	\$ -	\$ (2,769,273)
(8,070,534)	-	(8,070,534)
(3,811,051)	-	(3,811,051)
(654,582)	-	(654,582)
(525,069)	-	(525,069)
(5,273)	-	(5,273)
<u>(5,369,996)</u>	<u>-</u>	<u>(5,369,996)</u>
<u>(21,205,778)</u>	<u>-</u>	<u>(21,205,778)</u>
-	452,724	452,724
-	(151,148)	(151,148)
-	(295,814)	(295,814)
<u>-</u>	<u>5,762</u>	<u>5,762</u>
<u>(21,205,778)</u>	<u>5,762</u>	<u>(21,200,016)</u>
9,354,998	-	9,354,998
2,865,624	-	2,865,624
11,428,028	-	11,428,028
818,014	-	818,014
973,168	-	973,168
1,036,963	33,339	1,070,302
455,991	(455,991)	-
<u>26,932,786</u>	<u>(422,652)</u>	<u>26,510,134</u>
5,727,008	(416,890)	5,310,118
<u>(65,389,046)</u>	<u>19,712,862</u>	<u>(45,676,184)</u>
<u>\$ (59,662,038)</u>	<u>\$ 19,295,972</u>	<u>\$ (40,366,066)</u>

CITY OF GLENDALE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General	Debt Service	General Capital Projects
ASSETS			
Cash and investments	\$ 3,118,453	\$ 69,779	\$ 2,010,183
Receivables (net)			
Taxes	7,589,044	2,900,876	-
Accounts	129,600	-	-
Special assessments	-	-	-
Delinquent personal property taxes	22,556	-	-
Accrued interest	50,624	-	-
Due from other governments	-	23,140	359,476
Due from other funds	1,849,059	-	1,185,785
Prepaid items	116,930	-	-
TOTAL ASSETS	\$ 12,876,266	\$ 2,993,795	\$ 3,555,444
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 311,609	\$ -	\$ 166,634
Accrued liabilities	214,304	-	-
Deposits	6,115	-	-
Due to other funds	-	-	925,918
Total Liabilities	<u>532,028</u>	<u>-</u>	<u>1,092,552</u>
Deferred Inflows of Resources			
Unearned revenues	7,589,044	2,900,876	-
Unavailable revenues	14,780	23,140	359,476
Total Deferred Inflows of Resources	<u>7,603,824</u>	<u>2,924,016</u>	<u>359,476</u>
Fund Balances			
Nonspendable	1,449,741	-	-
Restricted	-	69,779	2,103,416
Committed	-	-	-
Unassigned	3,290,673	-	-
Total Fund Balances	<u>4,740,414</u>	<u>69,779</u>	<u>2,103,416</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 12,876,266	\$ 2,993,795	\$ 3,555,444

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II. A.

Internal Service fund net position

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

Some receivables that are not current available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds. See Note II. A.

NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES

See accompanying notes to the financial statements.

Parking Capital Projects	TIF #6 Capital Projects	TIF #7 Capital Projects	TIF #8 Capital Projects	Nonmajor Governmental Funds	Totals
\$ 1,593,427	\$ 1,529,116	\$ 2,754,347	\$ 14,839,619	\$ 1,903,579	\$ 27,818,503
1,029,694	2,837,521	2,197,413	6,013,254	1,994,823	24,562,625
-	-	-	-	49,970	179,570
13,606,963	-	-	-	-	13,606,963
-	-	-	-	-	22,556
-	2,639	13,333	17,987	-	84,583
-	-	-	-	-	382,616
-	-	-	-	114,745	3,149,589
-	-	-	-	58,750	175,680
<u>\$ 16,230,084</u>	<u>\$ 4,369,276</u>	<u>\$ 4,965,093</u>	<u>\$ 20,870,860</u>	<u>\$ 4,121,867</u>	<u>\$ 69,982,685</u>

\$ -	\$ -	\$ 412	\$ 11,555	\$ 74,034	\$ 564,244
-	-	-	-	-	214,304
2,275	-	-	-	8,935	17,325
-	-	500,000	-	38,804	1,464,722
<u>2,275</u>	<u>-</u>	<u>500,412</u>	<u>11,555</u>	<u>121,773</u>	<u>2,260,595</u>

-	2,837,521	2,197,413	6,013,254	1,994,823	23,532,931
14,636,657	-	-	-	-	15,034,053
<u>14,636,657</u>	<u>2,837,521</u>	<u>2,197,413</u>	<u>6,013,254</u>	<u>1,994,823</u>	<u>38,566,984</u>

-	-	-	-	58,750	1,508,491
1,591,152	1,531,755	2,267,268	14,846,051	572,276	22,981,697
-	-	-	-	1,374,245	1,374,245
-	-	-	-	-	3,290,673
<u>1,591,152</u>	<u>1,531,755</u>	<u>2,267,268</u>	<u>14,846,051</u>	<u>2,005,271</u>	<u>29,155,106</u>

<u>\$ 16,230,084</u>	<u>\$ 4,369,276</u>	<u>\$ 4,965,093</u>	<u>\$ 20,870,860</u>	<u>\$ 4,121,867</u>	
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30,102,711
1,013,476
1,067,716

1,183,475

15,034,053

(137,218,575)

\$ (59,662,038)

CITY OF GLENDALE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	General	Debt Service	General Capital Projects
REVENUES			
Taxes	\$ 7,448,290	\$ 2,865,624	\$ -
Intergovernmental	1,793,621	-	30,661
Licenses and permits	593,802	-	-
Fines, forfeitures and penalties	382,889	-	-
Public charges for services	586,117	-	-
Special assessments	-	-	-
Investment income	222,030	-	46,803
Miscellaneous	110,736	11,570	-
Total Revenues	<u>11,137,485</u>	<u>2,877,194</u>	<u>77,464</u>
EXPENDITURES			
Current			
General government	3,448,316	-	-
Public safety	7,579,921	-	-
Public works	1,596,365	-	-
Health and human services	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	92,013	-	-
Capital outlay	-	-	2,762,774
Debt service			
Principal	-	41,847,637	-
Interest and fees	-	5,184,893	58,392
Total Expenditures	<u>12,716,615</u>	<u>47,032,530</u>	<u>2,821,166</u>
Excess (deficiency) of revenues over expenditures	<u>(1,579,130)</u>	<u>(44,155,336)</u>	<u>(2,743,702)</u>
OTHER FINANCING SOURCES (USES)			
Debt premium	-	-	131,023
Debt issued	-	-	1,820,000
Transfers in	1,550,252	44,156,827	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>1,550,252</u>	<u>44,156,827</u>	<u>1,951,023</u>
Net Change in Fund Balances	(28,878)	1,491	(792,679)
FUND BALANCES - Beginning of Year	<u>4,769,292</u>	<u>68,288</u>	<u>2,896,095</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,740,414</u>	<u>\$ 69,779</u>	<u>\$ 2,103,416</u>

Parking Capital Projects	TIF #6 Capital Projects	TIF #7 Capital Projects	TIF #8 Capital Projects	Nonmajor Governmental Funds	Totals
\$ -	\$ 2,857,611	\$ 2,180,720	\$ 5,954,008	\$ 3,160,411	\$ 24,466,664
-	83,828	529,916	23,643	63,493	2,525,162
-	-	-	-	-	593,802
-	-	-	-	-	382,889
-	-	-	-	480,950	1,067,067
815,000	-	-	-	-	815,000
402,964	23,056	54,740	322,358	4,396	1,076,347
-	-	-	-	38,188	160,494
<u>1,217,964</u>	<u>2,964,495</u>	<u>2,765,376</u>	<u>6,300,009</u>	<u>3,747,438</u>	<u>31,087,425</u>
-	-	-	-	-	3,448,316
-	-	-	-	388,124	7,968,045
-	-	-	-	253,112	1,849,477
-	-	-	-	654,582	654,582
-	-	-	-	459,501	459,501
-	-	-	-	549,413	641,426
-	7,712	37,887	144,755	166,264	3,119,392
-	-	-	-	-	41,847,637
-	-	-	372,915	-	5,616,200
-	<u>7,712</u>	<u>37,887</u>	<u>517,670</u>	<u>2,470,996</u>	<u>65,604,576</u>
<u>1,217,964</u>	<u>2,956,783</u>	<u>2,727,489</u>	<u>5,782,339</u>	<u>1,276,442</u>	<u>(34,517,151)</u>
-	-	-	-	-	131,023
-	-	-	31,470,000	-	33,290,000
-	-	-	-	-	45,707,079
<u>(1,214,464)</u>	<u>(2,928,198)</u>	<u>(2,823,238)</u>	<u>(37,172,928)</u>	<u>(1,112,260)</u>	<u>(45,251,088)</u>
<u>(1,214,464)</u>	<u>(2,928,198)</u>	<u>(2,823,238)</u>	<u>(5,702,928)</u>	<u>(1,112,260)</u>	<u>33,877,014</u>
3,500	28,585	(95,749)	79,411	164,182	(640,137)
<u>1,587,652</u>	<u>1,503,170</u>	<u>2,363,017</u>	<u>14,766,640</u>	<u>1,841,089</u>	<u>29,795,243</u>
<u>\$ 1,591,152</u>	<u>\$ 1,531,755</u>	<u>\$ 2,267,268</u>	<u>\$ 14,846,051</u>	<u>\$ 2,005,271</u>	<u>\$ 29,155,106</u>

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CITY OF GLENDALE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$ (640,137)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of net position the cost of these assets are capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements	3,119,392
Some items reported as capital outlay were not capitalized	(2,255,985)
Depreciation is reported in the government-wide financial statements	(1,581,184)
Net book value of assets retired	(219,710)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(33,290,000)
Principal repaid	41,847,637

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments	(904,298)
Due from other governments	(11,570)
Grant receivable	328,409
Other	8,444

Internal service fund change in net position	22,751
--	--------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	82,115
Debt premium amortization (net)	(114,046)
Net other post employment obligation	(825,684)
Net pension asset	(708,404)
Deferred outflows of resources related to pensions	640,051
Accrued interest	229,227

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,727,008</u>
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CITY OF GLENDALE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2015

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
ASSETS					
Current Assets					
Cash and investments	\$ 277,702	\$ 3,045,571	\$ 309,879	\$ 3,633,152	\$ 354,641
Receivables					
Accounts	965,467	-	-	965,467	-
Due from other governments	152,908	27,345	-	180,253	-
Accrued utility revenue	246,288	-	-	246,288	-
Due from other funds	547,808	471,529	464,228	1,483,565	-
Inventories	72,590	-	-	72,590	-
Total Current Assets	<u>2,262,763</u>	<u>3,544,445</u>	<u>774,107</u>	<u>6,581,315</u>	<u>354,641</u>
Noncurrent Assets					
Restricted Assets					
Cash and investments	295,525	257,255	-	552,780	-
Net pension asset	28,888	18,172	16,707	63,767	-
Deposit with insurance company	-	-	-	-	658,835
Capital assets					
Land and non-depreciable assets	52,186	-	-	52,186	-
Other capital assets	25,916,374	4,331,775	5,992,660	36,240,809	-
Less: Accumulated depreciation	(9,802,037)	(1,852,327)	(1,866,642)	(13,521,006)	-
Other Assets					
Non-utility property - net value	1,548	-	-	1,548	-
Total Noncurrent Assets	<u>16,492,484</u>	<u>2,754,875</u>	<u>4,142,725</u>	<u>23,390,084</u>	<u>658,835</u>
Total Assets	<u>18,755,247</u>	<u>6,299,320</u>	<u>4,916,832</u>	<u>29,971,399</u>	<u>1,013,476</u>
DEFERRED OUTFLOW OF RESOURCES					
Pension related amounts	<u>30,866</u>	<u>23,636</u>	<u>21,600</u>	<u>76,102</u>	<u>-</u>

	Business-type Activities - Enterprise Funds			Totals	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Activities - Internal Service Fund
LIABILITIES					
Current Liabilities					
Accounts payable	306,017	214,772	267,733	788,522	-
Accrued payroll	11,692	3,345	7,252	22,289	-
Due to other funds	3,168,432	-	-	3,168,432	-
Current portion of long-term debt	498,236	405,644	314,932	1,218,812	-
Compensated absences	9,012	-	-	9,012	-
Accrued interest payable	23,551	22,521	15,540	61,612	-
Total Current Liabilities	<u>4,016,940</u>	<u>646,282</u>	<u>605,457</u>	<u>5,268,679</u>	<u>-</u>
Noncurrent Liabilities					
Bonds and notes payable	2,120,150	2,095,218	1,259,931	5,475,299	-
Compensated absences	7,551	-	-	7,551	-
Total Noncurrent Liabilities	<u>2,127,701</u>	<u>2,095,218</u>	<u>1,259,931</u>	<u>5,482,850</u>	<u>-</u>
Total Liabilities	<u>6,144,641</u>	<u>2,741,500</u>	<u>1,865,388</u>	<u>10,751,529</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	13,548,137	916,484	3,036,121	17,500,742	-
Restricted for					
Emergency fund	45,812	-	-	45,812	-
Maintenance	249,713	-	-	249,713	-
Equipment replacement	-	257,255	-	257,255	-
Pensions	28,888	18,172	16,707	63,767	-
Unrestricted (deficit)	<u>(1,231,078)</u>	<u>2,389,545</u>	<u>20,216</u>	<u>1,178,683</u>	<u>1,013,476</u>
TOTAL NET POSITION	<u>\$ 12,641,472</u>	<u>\$ 3,581,456</u>	<u>\$ 3,073,044</u>	<u>\$ 19,295,972</u>	<u>\$ 1,013,476</u>

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CITY OF GLENDALE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Internal Service Fund
OPERATING REVENUES					
Charges for services and sales	\$ 2,972,417	\$ 1,797,277	\$ 841,363	\$ 5,611,057	\$ -
Other operating revenues	-	-	-	-	83,771
Total Operating Revenues	<u>2,972,417</u>	<u>1,797,277</u>	<u>841,363</u>	<u>5,611,057</u>	<u>83,771</u>
OPERATING EXPENSES					
Operation and maintenance	1,938,458	2,232,957	1,011,915	5,183,330	61,020
Depreciation	508,945	56,729	77,644	643,318	-
Total Operating Expenses	<u>2,447,403</u>	<u>2,289,686</u>	<u>1,089,559</u>	<u>5,826,648</u>	<u>61,020</u>
Operating income (loss)	<u>525,014</u>	<u>(492,409)</u>	<u>(248,196)</u>	<u>(215,591)</u>	<u>22,751</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,999	29,824	1,516	33,339	-
Grant revenue	-	372,345	-	372,345	-
Interest expense	(72,290)	(64,054)	(47,591)	(183,935)	-
Gain (loss) on disposal of capital assets	-	32,970	(27)	32,943	-
Total Nonoperating Revenues (Expenses)	<u>(70,291)</u>	<u>371,085</u>	<u>(46,102)</u>	<u>254,692</u>	<u>-</u>
Income (Loss) Before Transfers	<u>454,723</u>	<u>(121,324)</u>	<u>(294,298)</u>	<u>39,101</u>	<u>22,751</u>
TRANSFERS					
Transfers out - tax equivalent	(455,991)	-	-	(455,991)	-
CHANGE IN NET POSITION	<u>(1,268)</u>	<u>(121,324)</u>	<u>(294,298)</u>	<u>(416,890)</u>	<u>22,751</u>
NET POSTION - Beginning of Year (as restated)	<u>12,642,740</u>	<u>3,702,780</u>	<u>3,367,342</u>	<u>19,712,862</u>	<u>990,725</u>
NET POSITION - END OF YEAR	<u>\$ 12,641,472</u>	<u>\$ 3,581,456</u>	<u>\$ 3,073,044</u>	<u>\$ 19,295,972</u>	<u>\$ 1,013,476</u>

CITY OF GLENDALE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,854,480	\$ 1,935,080	\$ 873,432	\$ 5,662,992	\$ -
Receipts from other funds	-	-	-	-	83,771
Paid to suppliers for goods and services	(1,203,933)	(2,037,186)	(935,131)	(4,176,250)	(83,771)
Paid to employees for services	(307,261)	(168,588)	(153,079)	(628,928)	-
Net Cash Flows From Operating Activities	<u>1,343,286</u>	<u>(270,694)</u>	<u>(214,778)</u>	<u>857,814</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments to city for tax equivalent	<u>(455,992)</u>	<u>-</u>	<u>-</u>	<u>(455,992)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,036,929)	(82,205)	(99,773)	(1,218,907)	-
Debt issued	515,000	600,000	365,000	1,480,000	-
Debt retired	(482,660)	(379,904)	(345,114)	(1,207,678)	-
Grant received	-	372,345	-	372,345	-
Salvage on retirement of plant	-	33,000	-	33,000	-
Interest paid	<u>(70,265)</u>	<u>(58,154)</u>	<u>(45,269)</u>	<u>(173,688)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,074,854)</u>	<u>485,082</u>	<u>(125,156)</u>	<u>(714,928)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	<u>2,000</u>	<u>29,824</u>	<u>1,516</u>	<u>33,340</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>(185,560)</u>	<u>244,212</u>	<u>(338,418)</u>	<u>(279,766)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>758,787</u>	<u>3,058,614</u>	<u>648,297</u>	<u>4,465,698</u>	<u>354,641</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 573,227</u>	<u>\$ 3,302,826</u>	<u>\$ 309,879</u>	<u>\$ 4,185,932</u>	<u>\$ 354,641</u>

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund	
	Water Utility	Sewer Utility	Storm Water Utility	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ 525,014	\$ (492,409)	\$ (248,196)	\$ (215,591)	\$ 22,751
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities:					
Depreciation	508,945	56,729	77,644	643,318	-
Depreciation charged to other funds	39,314	-	-	39,314	-
Change in assets and liabilities					
Accounts receivable	(38,226)	(27,345)	-	(65,571)	-
Inventories	(3,646)	-	-	(3,646)	-
Due from other funds	(112,161)	165,148	32,069	85,056	-
Accounts payable	(149,025)	44,273	(77,018)	(181,770)	(22,751)
Accrued payroll	2,492	-	-	2,492	-
Other current liabilities	-	(34)	2,736	2,702	-
Due to other funds	566,614	(14,726)	-	551,888	-
Compensated absences	960	-	-	960	-
Pension related deferrals and liabilities	3,005	(2,330)	(2,013)	(1,338)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,343,286</u>	<u>\$ (270,694)</u>	<u>\$ (214,778)</u>	<u>\$ 857,814</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS					
Cash and investments - statement of net position	\$ 277,702	\$ 3,045,571	\$ 309,879	\$ 3,633,152	\$ 354,641
Restricted Cash and investments - statement of net position	<u>295,525</u>	<u>257,255</u>	<u>-</u>	<u>552,780</u>	<u>-</u>
CASH AND CASH EQUIVALENTS	<u>\$ 573,227</u>	<u>\$ 3,302,826</u>	<u>\$ 309,879</u>	<u>\$ 4,185,932</u>	<u>\$ 354,641</u>

CITY OF GLENDALE

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2015

	Retirees Health Insurance Benefit Trust	Agency Fund Tax Collection Fund
ASSETS		
Cash and investments	\$ 170,378	\$ 18,272,094
Taxes receivable	-	16,770,458
TOTAL ASSETS	<u>170,378</u>	<u>35,042,552</u>
LIABILITIES		
Due to other governments	-	35,002,700
Deposits	-	39,852
TOTAL LIABILITIES	<u>-</u>	<u>35,042,552</u>
NET POSITION		
Held for retirement benefits	<u>\$ 170,378</u>	<u>\$ -</u>

CITY OF GLENDALE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2015

	Retirees Health Insurance Benefit Trust
ADDITIONS	
Contributions	\$ 60,613
DEDUCTIONS	
Expenses	<u>32,825</u>
Change in net position	27,788
Net Position - Beginning of year	<u>142,590</u>
NET POSITION - END OF YEAR	<u><u>\$ 170,378</u></u>

CITY OF GLENDALE

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Glendale, Wisconsin (the city) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government. This report does not include any discretely presented component units.

Blended Component Unit

The Glendale Community Development Authority (CDA) serves all the citizens of the government and is governed by a board comprised of the mayor and citizens appointed by the mayor to serve four year terms. The rates for user charges and bond issuance authorizations are approved by the city council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The Glendale CDA debt and transactions are reported within the city's TIF and parking capital projects funds.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 – Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

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

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

The city reports the following major governmental funds:

General Fund – accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.

General Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital improvement projects.

Parking Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the east parking structure capital improvement project.

Tax Incremental District (TID) No. 6 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 7 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 8 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

Water Utility – accounts for operations of the water system

Sewer Utility – accounts for operations of the sewer system

Storm Water Utility – accounts for operations of the storm water system

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following non-major governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Special Assessments	Central Dispatch
Grant Funds	Library
Humane Society	July 4 th Celebration
Human Services	Public Safety Capital Improvements
Environmental Fund	Police Acquisition
DARE Fund	Hotel Room Tax
Environmental TIF #1	

In addition, the city reports the following fund types:

Internal Service Funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

General Liability Self Insurance

Pension (and Other Employee Benefit) trust funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Retirees Health Insurance Benefit Trust

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

Tax Collection Fund

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements (cont.)

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

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

The city's investment policy follows the state statute for allowable investments. The city has not adopted a policy specifically addressing Custodial Credit Risk, Credit Risk, Interest Rate Risk, or Concentration of Credit Risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar – 2015 tax roll:

Lien date and levy date	November 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	March 31, 2016
Third installment due	May 31, 2016
Personal property taxes in full	January 31, 2016
Tax deed by county – 2015	
Delinquent real estate taxes	October 2018

Accounts receivable have been shown net of an allowance for uncollectible accounts of \$574,855. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer, and storm water utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

3. Inventories and Prepaid Items

Governmental fund inventories are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on a first-in first-out (FIFO) basis, and charged to construction and/or operation and maintenance expense when used.

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

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$10,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	40 Years
Machinery and Equipment	5-20 Years
Utility System	4-100 Years
Infrastructure	25-100 Years

Fund Financial Statements

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

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, vested accrued compensated absences, and net other post employment benefits obligation.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At the end of the year there were several series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the issues could not be determined.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications

Government–Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by debt of the governmental activities column. The amount is a reduction of “net investment in capital assets”, and an increase in “unrestricted” net position, shown only in the total column. The adjustment totaled \$3,207,758.

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

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints place on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance, resolution, motion) of the city council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the city administrator to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed, or assigned for those purposes.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Under the TIF #8 developer agreement, the Council established a stabilization fund beginning with the fiscal year 2004. The stabilization fund is contained as a restricted balance within the TIF #8 Capital Projects Fund. The stabilization fund shall not be used unless current year TIF #8 revenues are less than current year scheduled debt service payments. Additions to the stabilization fund are required if stabilization funds are used. In the event a draw is made on the stabilization fund, the developer may be special assessed that amount the following year. The balance in the stabilization fund at year end was \$5,656,020.

Fiduciary fund equity is classified as held in trust for retirement benefits on the statement of fiduciary net position. Various restrictions apply and the city believes it is in compliance with all significant restrictions.

See Note IV. G. for further information.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items:

One element of that reconciliation explains that other long term assets that are not available to pay for current period expenditures and therefore are deferred in the funds.

Special assessments	\$ 14,636,657
Reimbursement due from other governments	382,616
Other	<u>14,780</u>
Combined Adjustment for Other Long-term Assets	<u>\$ 15,034,053</u>

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$ 3,425,894
Buildings	22,942,364
Machinery and equipment	3,991,307
Roads and bridges	22,044,281
Less: Accumulated depreciation	<u>(22,301,135)</u>
Combined Adjustment for Capital Assets	<u>\$ 30,102,711</u>

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position.

Bonds and notes payable	\$ 125,066,345
Compensated absences	1,474,285
Net other postemployment benefits obligation	8,740,487
Accrued Interest	1,213,278
Unamortized debt premium	<u>724,180</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 137,218,575</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont.)

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds had an excess of actual expenditures (including transfers out) over appropriations for the year ended December 31, 2015.

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Grant Funds special revenue fund	\$ 247,801	\$ 253,112	\$ 5,311
Public Safety Capital Improvements special revenue fund	142,299	153,562	11,263
Humane Society special revenue fund	30,000	31,106	1,106
Debt Service Fund	16,200,382	48,413,891	32,213,509

The excess of expenditures over budget for the Debt Service Fund was the result of a current refunding by the city for which no budget amendment was adopted. The excess was financed by a transfer of resources from the Tax Incremental District No. 8 Capital Projects Fund where the debt proceeds were recorded.

The city controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Demand Deposits	\$ 23,929,813	\$ 23,974,826	Custodial credit
U.S. Agencies	24,640,587	24,640,587	Custodial credit, Credit, Interest rate, Concentration of credit risk
Local government bonds	1,838,725	1,838,725	Custodial credit, Credit, Interest rate, Concentration of credit risk
LGIP	96,248	96,248	Credit
Cash held by others	295,525	-	N/A
Petty cash	650	-	N/A
 Total Deposits and Investments	 <u>\$ 50,801,548</u>	 <u>\$ 50,550,386</u>	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 14,878,813		
Restricted cash and investments	17,480,263		
Per statement of fiduciary net position			
Private purpose trust	170,378		
Agency	18,272,094		
 Total Deposits and Investments	 <u>\$ 50,801,548</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

As of December 31, 2015, \$23,724,826 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>23,724,826</u>
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Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The city does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As of December 31, 2015, the city's investments were rated as follows:

Investment Type	Percentage of Total	Moody's Investor Service
U.S. Agencies	100%	AAA
Local government bonds	100%	AA

The city also had investments in the LGIP which is not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the city's investment in a single issuer.

At December 31, 2015, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Bank Loan	Debt security	40.3%
Federal National Mortgage Association	Debt security	26.1%
Federal Home Loan Mortgage Corporation	Debt security	22.6%

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2015, the city's investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
Federal Home Loan Mortgage Corporation	3/13/20	3/13/16	\$ 997,300
Federal Home Loan Mortgage Corporation	2/19/19	2/19/16	1,001,400
Federal Home Loan Mortgage Corporation	6/27/19	None	1,000,000
Federal Home Loan Mortgage Corporation	9/29/17	3/29/16	2,996,700
Federal Farm Credit Bank	4/23/20	Anytime	988,300
Federal National Mortgage Association	2/14/19	2/14/16	498,250
Federal National Mortgage Association	11/27/19	2/27/16	989,800
Federal National Mortgage Association	6/26/20	3/26/16	1,000,100
Federal National Mortgage Association	10/24/19	None	1,485,600
Federal National Mortgage Association	10/29/19	1/29/16	990,900
Federal National Mortgage Association	12/4/19	3/4/16	1,978,600
Federal Home Loan Bank	8/15/19	Anytime	933,469
Federal Home Loan Bank	11/15/19	Anytime	2,971,200
Federal Home Loan Bank	12/13/19	Anytime	984,500
Federal Home Loan Bank	2/21/18	2/21/16	383,768
Federal Home Loan Bank	2/6/20	2/6/16	1,472,100
Federal Home Loan Bank	1/30/20	Anytime	1,977,400
Federal Home Loan Bank	9/25/18	3/25/16	991,500
Federal Home Loan Bank	12/30/16	6/30/16	999,700
Local government bond	12/1/19	None	248,555
Local government bond	4/1/17	None	251,534
Local government bond	11/1/18	None	607,169
Local government bond	4/1/18	None	209,208
Local government bond	4/1/16	None	170,700
Local government bond	4/1/17	None	171,936
Local government bond	4/1/18	None	179,623
Total			<u>\$ 26,479,312</u>

See Note I.D.1. for further information on deposit and investment policies.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All of the receivables are expected to be collected within one year except for \$22,556 of delinquent personal property taxes reported in the General Fund and \$13,606,963 of special assessments reported in the Parking Capital Projects Fund.

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ -	\$ 23,517,427
Special assessment placed on tax roll	1,029,694	-
Special assessments not yet due	13,606,963	-
Reimbursement due from other governments	382,616	-
Other	<u>14,780</u>	<u>15,504</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 15,034,053</u>	 <u>\$ 23,532,931</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Long Term Debt Accounts

Reserve – Used to report resources set aside to make up potential future deficiencies in the reserve account. This reserve is to be used only if sufficient resources are not available to finance the annual debt service. If used, the city is obligated to replenish the account. This includes any remaining capitalized interest from the borrowing.

Deposits with North Shore Water Commission

The water utility established separate emergency and maintenance accounts with the North Shore Water Commission. The commission has custody of these accounts and is authorized to draw on the accounts as needed.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2015:

	Restricted Assets	Restricted Assets Not Funded by Revenues	Restricted Net Position
Water deposit - Emergency	\$ 45,812	\$ -	\$ 45,812
Water deposit - Maintenance	249,713	-	249,713
Sewer equipment replacement	257,255	-	257,255
Reserve - TIF #6 CDA Lease Revenue Bonds	1,455,500	1,455,500	-
Reserve - TIF #7 CDA Lease Revenue Bonds	2,728,000	2,728,000	-
Reserve - TIF #8 CDA Lease Revenue Bonds	3,544,148	3,544,148	-
Reserve - TIF #8 CDA Lease Revenue Bonds	1,990,000	1,990,000	-
Reserve - Parking CDA Lease Revenue Bonds	1,553,815	1,553,815	-
Stabilization - TIF #8	5,656,020	5,656,020	-
Net pension asset	1,131,483	-	1,131,483
	<u>\$ 18,611,746</u>	<u>\$ 16,927,483</u>	<u>\$ 1,684,263</u>
Total	<u>\$ 18,611,746</u>	<u>\$ 16,927,483</u>	<u>\$ 1,684,263</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,238,894	\$ 187,000	\$ -	\$ 3,425,894
 Total Capital Assets Not Being Depreciated	 <u>3,238,894</u>	 <u>187,000</u>	 <u>-</u>	 <u>3,425,894</u>
Capital assets being depreciated				
Buildings	23,048,164	74,000	179,800	22,942,364
Machinery and equipment	4,014,519	94,294	117,506	3,991,307
Roads and bridges	21,536,168	508,113	-	22,044,281
Total Capital Assets Being Depreciated	<u>48,598,851</u>	<u>676,407</u>	<u>297,306</u>	<u>48,977,952</u>
Less: Accumulated depreciation for				
Buildings	6,932,085	548,833	-	7,480,918
Machinery and equipment	2,911,407	240,801	77,596	3,074,612
Roads and bridges	10,954,055	791,550	-	11,745,605
Total Accumulated Depreciation	<u>20,797,547</u>	<u>1,581,184</u>	<u>77,596</u>	<u>22,301,135</u>
 Net Capital Assets Being Depreciated	 <u>27,801,304</u>	 <u>(904,777)</u>	 <u>219,710</u>	 <u>26,676,817</u>
 Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	 <u>\$ 31,040,198</u>	 <u>\$ (717,777)</u>	 <u>\$ 219,710</u>	 <u>\$ 30,102,711</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 57,621
Public safety	121,747
Public works, which includes the depreciation of roads and bridges	<u>1,401,816</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 1,581,184</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<u>Water</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 47,014	\$ -	\$ -	\$ 47,014
Intangible assets	5,172	-	-	5,172
 Total Capital Assets Not Being Depreciated	 52,186	 -	 -	 52,186
Capital assets being depreciated:				
Source of supply	754,238	-	-	754,238
Pumping	1,060,395	33,603	8,646	1,085,352
Treatment	3,428,191	41,045	63,335	3,405,901
Transmission and distribution	18,592,482	909,823	112,358	19,389,947
Administrative and general assets	1,232,208	54,226	5,498	1,280,936
 Total Capital Assets Being Depreciated	 25,067,514	 1,038,697	 189,837	 25,916,374
Less: Accumulated depreciation for				
Source of supply	440,256	13,061	-	453,317
Pumping	921,646	41,418	8,646	954,418
Treatment	2,310,342	112,176	63,335	2,359,183
Transmission and distribution	4,683,200	348,316	112,358	4,919,158
Administrative and general assets	1,088,171	33,288	5,498	1,115,961
 Total Accumulated Depreciation	 9,443,615	 548,259	 189,837	 9,802,037
 Net Water Plant	 \$ 15,676,085	 \$ 490,438	 \$ -	 \$ 16,166,523

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Sewer

Capital assets being depreciated				
Collection system	\$ 3,992,593	\$ 82,205	\$ 278	\$ 4,074,520
Collection system pumping	257,255	-	-	257,255
Total Capital Assets Being Depreciated	4,249,848	82,205	278	4,331,775
Less: Accumulated depreciation for				
Collection system	1,689,827	39,925	248	1,729,504
Collection system pumping	106,019	16,804	-	122,823
Total Accumulated Depreciation	1,795,846	56,729	248	1,852,327
Net Sewer Plant	\$ 2,454,002	\$ 25,476	\$ 30	\$ 2,479,448

Storm Water

Capital assets being depreciated				
Collection system	\$ 5,685,219	\$ 99,773	\$ 247	\$ 5,784,745
Collection system pumping	207,915	-	-	207,915
Total Capital Assets Being Depreciated	5,893,134	99,773	247	5,992,660
Less: Accumulated depreciation for				
Collection system	1,768,427	56,852	220	1,825,059
Collection system pumping	20,792	20,791	-	41,583
Total Accumulated Depreciation	1,789,219	77,643	220	1,866,642
Net Storm Water Plant	\$ 4,103,915	\$ 22,130	\$ 27	\$ 4,126,018
Business-Type Capital Assets, Net of Accumulated Depreciation	\$ 22,234,002	\$ 538,044	\$ 57	\$ 22,771,989

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 508,945
Sewer	56,729
Storm water	77,643
Total Business-type Activities Depreciation Expense	\$ 643,317

Depreciation expense may be different from business-type activity capital asset additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Hotel Room Tax	\$ 3,125	\$ -
General	Environment Fund	35,679	-
General	TIF #7 Capital Projects	500,000	-
General	Water Utility	1,310,255	1,310,255
General Capital Projects	Water Utility	1,185,785	637,977
Environment Fund	Water Utility	114,745	-
Water Utility	General Capital Projects	547,808	-
Sewer Utility	Water Utility	355,067	-
Sewer Utility	General Capital Projects	116,462	-
Storm Water Utility	Water Utility	202,580	-
Storm Water Utility	General Capital Projects	261,648	-
Total - Fund Financial Statements		4,633,154	1,948,232
Less: Fund eliminations		(1,096,451)	-
Less: Government-wide eliminations		(2,351,836)	-
Total Internal Balances - Government-Wide Statement of Net Position		\$ 1,184,867	\$ 1,948,232
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
Governmental Activities	Business-Type Activities	\$ 2,610,785	
Business-Type Activities	Governmental Activities	(925,918)	
Total Government-Wide Financial Statements		\$ 1,684,867	

The principal purpose of these interfunds is to account for the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Hotel Room Tax	\$ 643,495	City portion of room tax
General	Water Utility	410,991	Tax equivalent
General	Water Utility	45,000	Tax equivalent
General	Environmental Fund	450,765	Garbage collection
Debt Service	Special Assessments	18,000	Current debt payments
Debt Service	TIF #6 Capital Projects	2,928,198	Current debt payments
Debt Service	TIF #7 Capital Projects	2,823,238	Current debt payments
Debt Service	TIF #8 Capital Projects	37,172,928	Current debt payments
Debt Service	Parking Capital Projects	1,214,464	Current debt payments
Total - Fund Financial Statements		45,707,079	
Less: Fund eliminations		(45,251,088)	
Total Transfers - Government-Wide Statement of Activities		\$ 455,991	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-Type Activities	\$ 455,991	
Total Government-wide Financial Statements		\$ 455,991	

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

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 29,103,214	\$ 1,820,000	\$ 4,277,325	\$ 26,645,889	\$ 3,641,189
Lease revenue bonds	103,400,000	31,470,000	37,445,000	97,425,000	6,575,000
Notes payable	1,120,768	-	125,312	995,456	126,720
Premiums (net of discounts)	610,134	131,023	16,977	724,180	-
Sub-totals	134,234,116	33,421,023	41,864,614	125,790,525	10,342,909
Other Liabilities					
Vested compensated absences	1,556,400	566,461	648,576	1,474,285	465,893
Net OPEB Liability	7,914,803	1,362,001	536,317	8,740,487	-
Total Other Liabilities	9,471,203	1,928,462	1,184,893	10,214,772	465,893
Total Government Activities Long-Term Liabilities	\$ 143,705,319	\$ 35,349,485	\$ 43,049,507	\$ 136,005,297	\$ 10,808,802
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General obligation debt	\$ 6,421,786	\$ 1,480,000	\$ 1,207,675	\$ 6,694,111	\$ 1,218,812
Other Liabilities					
Vested compensated absences	15,603	9,571	8,611	16,563	9,012
Total Business-type Activities Long-Term Liabilities	\$ 6,437,389	\$ 1,489,571	\$ 1,216,286	\$ 6,710,674	\$ 1,227,824

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2015, was \$104,443,315. Total general obligation debt outstanding at year end was \$33,340,000.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities	Date of	Final	Interest	Original	Balance
General Obligation Debt	Issue	Maturity	Rates	Indebted- ness	December 31, 2015
Promissory Notes	04/02/07	04/01/17	4.00%	\$ 1,727,000	\$ 431,754
Refunding Bonds	04/02/07	04/01/27	5.40%	730,000	730,000
Refunding Notes (TIF 6)	10/01/07	10/01/17	4.20%	1,335,000	635,000
Promissory Notes	04/03/08	04/01/18	3.25 - 4.00%	901,600	317,170
Refunding Notes (TIF 7)	06/03/09	04/01/19	4.00%	2,380,000	2,380,000
Promissory Notes	04/12/10	04/01/20	1.55 - 4.65%	2,165,900	1,346,768
Refunding Notes (TIF 7)	08/30/10	04/01/20	3.25%	1,580,000	1,580,000
Promissory Notes	05/02/11	04/01/21	2.50 - 4.00%	2,077,000	2,077,000
Promissory Notes	04/04/12	04/04/22	2.00 - 3.00%	1,559,100	1,378,133
Refunding Bonds (WRS)	04/04/12	04/01/18	0.60 - 1.85%	2,265,000	1,155,000
Refunding Bonds (TIF 6)	04/04/12	04/01/19	0.60 - 2.15%	2,420,000	1,690,000
Refunding Bonds (TIF 7)	04/04/12	04/01/20	0.60 - 2.40%	2,170,000	1,515,000
Refunding Bonds (TIF 8)	04/04/12	04/01/22	0.60 - 2.90%	7,515,000	5,435,000
Promissory Notes	04/22/13	04/01/23	2.00%	3,909,692	3,090,531
Promissory Notes	04/21/14	04/01/24	2.00 - 3.00%	1,664,651	1,064,533
Promissory Notes	04/13/15	04/01/25	2.00 - 3.00%	1,820,000	1,820,000
Total Governmental Activities – General Obligation Debt					<u>\$ 26,645,889</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
<u>Water Utility</u>					
Promissory Notes	04/02/07	04/01/17	4.00%	\$ 417,750	\$ 104,436
Promissory Notes	04/03/08	04/01/18	3.25 - 4.00%	675,920	237,779
Promissory Notes	04/12/10	04/01/20	1.55 - 4.65%	202,400	125,853
Promissory Notes	05/02/11	04/01/21	2.50 - 4.00%	368,000	368,000
Promissory Notes	04/04/12	04/01/22	2.00 - 3.00%	607,500	536,987
Promissory Notes	04/22/13	04/01/23	2.00%	744,520	488,282
Promissory Notes	04/21/14	04/01/24	2.00 - 3.00%	378,501	242,049
Promissory Notes	04/13/15	04/01/25	2.00 - 3.00%	515,000	515,000
Total Water Utility					<u>2,618,386</u>
<u>Sewer Utility</u>					
Promissory Notes	04/02/07	04/01/17	4.00%	207,500	51,875
Promissory Notes	04/03/08	04/01/18	3.25 - 4.00%	260,400	91,605
Promissory Notes	04/12/10	04/01/20	1.55 - 4.65%	44,800	27,857
Promissory Notes	05/02/11	04/01/21	2.50 - 4.00%	450,000	450,000
Promissory Notes	04/04/12	04/01/22	2.00 - 3.00%	501,300	443,113
Promissory Notes	04/22/13	04/01/23	2.00%	806,028	575,020
Promissory Notes	04/21/14	04/01/24	2.00 - 3.00%	408,750	261,392
Promissory Notes	04/13/15	04/01/25	2.00 - 3.00%	600,000	600,000
Total Sewer Utility					<u>2,500,862</u>
<u>Storm Water Utility</u>					
Promissory Notes	04/02/07	04/01/17	4.00%	147,750	36,936
Promissory Notes	04/03/08	04/01/18	3.25 - 4.00%	962,080	338,446
Promissory Notes	04/12/10	04/01/20	1.55 - 4.65%	521,900	324,522
Promissory Notes	05/02/11	04/01/21	2.50 - 4.00%	90,000	90,000
Promissory Notes	04/04/12	04/01/22	2.00 - 3.00%	132,100	116,767
Promissory Notes	04/22/13	04/01/23	2.00%	174,760	106,166
Promissory Notes	04/21/14	04/01/24	2.00 - 3.00%	308,098	197,026
Promissory Notes	04/13/15	04/01/25	2.00 - 3.00%	365,000	365,000
Total Storm Water Utility					<u>1,574,863</u>
Total Business-type Activities General Obligation Debt					<u>\$ 6,694,111</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
	2016	\$ 3,641,189	\$ 689,060	\$ 1,218,812
2017	3,886,949	602,321	978,051	135,934
2018	3,652,594	501,944	907,406	109,133
2019	5,542,162	376,221	777,838	86,505
2020	4,324,022	227,649	780,978	65,599
2021 - 2025	5,423,973	304,514	2,031,026	103,476
2026 - 2027	175,000	9,585	-	-
Totals	<u>\$ 26,645,889</u>	<u>\$ 2,711,294</u>	<u>\$ 6,694,111</u>	<u>\$ 682,369</u>

CDA Lease Revenue Debt

Lease revenue bonds are payable only from revenues derived from TIF increment and other revenues of TIF #6, TIF #7, and TIF #8. These bonds are backed by a moral obligation of the city and are not backed by the full faith and credit of the city. The 2004 lease revenue bond proceeds are for the Bayshore Town Center east parking structure, with revenue derived from special assessments. The 2004 lease revenue bonds were refinanced in 2014 to reduce future interest costs. The bonds are secured by an obligation of the city to make payments under a lease between the CDA and the city. The lease generally provides for payments by the city to the CDA in amounts equal to the principal and interest payments on the bonds on the dates such payments are due. Annual principal and interest payments on the bonds are expected to require 100% of net revenues. The total principal and interest remaining to be paid on the bonds is \$125,248,254. Lease payments to the CDA and principal and interest payments on the outstanding lease revenue bonds amounted to \$44,178,828 for the year. Total net revenues (excess of revenues and other financing sources over expenditures and other financing uses excluding transfers out) amounted to \$44,712,696 for the year.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

CDA Lease Revenue Debt (cont.)

Lease revenue debt payable at December 31, 2015 consists of the following:

Governmental Activities					
Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
Lease Revenue Bonds (Parking)	07/15/14	10/01/27	.45 - 2.95%	\$ 16,710,000	\$ 15,895,000
Lease Revenue Bonds (TIF#8)	08/03/15	10/01/27	2.30 - 2.85%	11,765,000	11,765,000
Lease Revenue Bonds (TIF#8)	08/03/15	10/01/23	1.30 - 3.65%	19,705,000	19,705,000
Lease Revenue Bonds (TIF#8)	06/26/07	10/01/29	6.22 - 6.97%	19,900,000	18,935,000
Lease Revenue Bonds (TIF#6)	08/01/11	10/01/19	1.00 - 4.00%	14,555,000	8,850,000
Lease Revenue Bonds (TIF#7)	08/01/11	09/01/21	1.00 - 3.85%	11,135,000	8,345,000
Lease Revenue Bonds (TIF#7)	08/01/12	09/01/22	1.00 - 2.75%	16,545,000	<u>13,930,000</u>
Total Governmental Activities – CDA Lease Revenue Debt					<u>\$ 97,425,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities CDA Lease Revenue Debt	
	Principal	Interest
2016	\$ 6,575,000	\$ 3,498,850
2017	6,890,000	3,240,861
2018	7,910,000	3,089,129
2019	9,625,000	2,887,180
2020	9,800,000	2,617,012
2021-2025	35,260,000	8,988,950
2026-2029	<u>21,365,000</u>	<u>3,501,272</u>
Totals	<u>\$ 97,425,000</u>	<u>\$ 27,823,254</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Notes Payable

Notes payable to the Village of Whitefish Bay and the Village of Bayside for a portion of various fire department projects of the North Shore Fire Department are payable from future property tax levies or other general revenues of the city. These notes are not backed by the full faith and credit of the city.

Notes payable at December 31, 2015 consists of the following:

Governmental Activities						
Notes Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015	
Village of Whitefish Bay	11/09/10	04/01/22	2.0 - 3.0%	\$ 1,011,341	\$ 635,008	
Village of Bayside	04/26/12	08/01/23	0.6 - 2.3%	478,693	<u>360,448</u>	
Total Governmental Activities – Notes Payable					<u>\$ 995,456</u>	

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 126,720	\$ 20,905
2017	130,944	18,779
2018	133,760	16,382
2019	135,168	13,626
2020	137,984	10,595
2021-2023	<u>330,880</u>	<u>11,865</u>
Totals	<u>\$ 995,456</u>	<u>\$ 92,152</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences and other post employment benefits are not included in the debt service requirement schedules. The compensated absences and other post employment benefits liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Current Refunding

On August 3, 2015, the Glendale Community Development Authority issued \$11,765,000 in lease revenue refunding bonds Series A (with interest rates of 2.30 % to 2.85%) and \$19,705,000 in lease revenue refunding bonds Series B (with interest rates of 1.30 % to 3.65%) to current refund \$31,515,000 of outstanding lease revenue bonds dated September 21, 2005 (interest rates 4.55% to 5.65%).

The cash flow requirement on the refunded debt prior to the current refunding was \$43,189,710 from 2016 through 2027. The cash flow requirements on the 2015 refunding bonds are \$37,175,275 from 2016 through 2027. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,963,119.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 3,425,894
Other capital assets, net of accumulated depreciation	26,676,817
Less: Capital related long-term debt outstanding	(19,159,298)
Plus: Unspent capital related debt proceeds	<u>2,610,779</u>
Total Net Investment in Capital Assets	13,554,192
Restricted for environmental TIF	572,276
Restricted for debt service	14,554,220
Restricted for pensions	1,067,716
Unrestricted (deficit)	<u>(89,410,442)</u>
 Total Governmental Activities Net Position (Deficit)	 <u>\$ (59,662,038)</u>

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

Nonspendable

Major Funds	
General Fund	
Prepaid items	\$ 116,930
Non-current receivables	22,556
Non-current interfund receivable	1,310,255
 Non-major Fund	
Special Revenue Fund	
Human Services - Prepaid items	<u>58,750</u>
 Total	 <u>\$ 1,508,491</u>

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted

Major Funds

Debt Service - Debt Service	\$ 69,779
General Capital Projects - Projects	2,103,416
Parking Capital Projects - Parking	1,591,152
TIF #6 Capital Projects - TIF Purposes	1,531,755
TIF #7 Capital Projects - TIF Purposes	2,267,268
TIF #8 Capital Projects - TIF Purposes	14,846,051

Non-major Fund

Capital Projects Fund	
Environmental TIF#1	<u>572,276</u>

\$ 22,981,697

Committed

Non-major Funds

Special Revenue Funds

Special Assessments	\$ 27,058
Central Dispatch	16,262
Grant Funds	199,634
Library	4,390
Humane Society	8,945
July 4th Celebration	11,753
Human Services	940,799
Public Safety Capital Improvements	11,003
Environmental Fund	76,838
Police Acquisition	14,593
DARE Fund	62,970

Total \$ 1,374,245

Unassigned (deficit)

Major Funds

General Fund	<u>\$ 3,290,673</u>
Total	<u>\$ 3,290,673</u>

Total Governmental Fund Balances \$ 29,155,106

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Water Utility	Sewer Utility	Storm Water Utility	Total Business-type Activities
Net Position (Deficit) - December 31, 2014 (as reported)	\$ (67,708,590)	\$ 12,579,981	\$ 3,663,302	\$ 3,331,048	\$ 19,574,331
Add: Net pension asset	1,776,120	48,056	30,229	27,791	106,076
Add: Deferred outflows related to pensions	543,424	14,703	9,249	8,503	32,455
Net Position (Deficit) - December 31, 2014 (as restated)	\$ (65,389,046)	\$ 12,642,740	\$ 3,702,780	\$ 3,367,342	\$ 19,712,862

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees.

All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Fund Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s.40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$440,454 in contributions from the city.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives and Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2015 the city reported an asset of \$1,131,483 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the city's proportion was .04606501%, which was a decrease of .00167619% from its' proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$568,674.

At December 31, 2015, the city reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 164,030
Net differences between projected and actual earnings on pension plan investments	547,919
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,969
Employer contributions subsequent to the measurement date	<u>501,659</u>
Total	<u>\$ 1,259,577</u>

\$501,659 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Year ended December 31:	Deferred Outflow of Resources
2016	\$ 184,857
2017	184,857
2018	184,857
2019	184,856
2020	18,491
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% -5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009-2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	(20)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the city's proportionate share of the net pension asset to changes in the discount rate. The following presents the city's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
The City's proportionate share of the net pension liability (asset)	\$ 3,192,107	\$ (1,131,483)	\$ (4,546,079)

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the city reported a payable to the pension plan of \$85,228, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The city purchases commercial insurance and participates in a public entity risk pool called CVMIC to provide coverage for losses from theft of, damage to, or destruction of assets; and errors and omission. However, other risks, such as torts; workers compensation; and health care of its employees are accounted for and financed by the city in the general fund. CVMIC activity is accounted for in an internal service fund.

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The city's share of such losses is approximately 1.41914%.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

**Wisconsin Municipal Insurance Commission (WMIC)
Cities and Villages Mutual Insurance Company (CVMIC) (cont.)**

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$658,835 in the insurance internal service fund.

The city pays an annual premium to the mutual for its general liability insurance, which provides coverage up to \$10,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. A total liability of approximately \$0 at December 31, 2015 was recorded as claims payable in the internal service fund statement of net position. Changes in the fund's claims loss liability follow:

<u>Year</u>	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2015	\$ 22,751	\$ -	\$ 22,751	\$ -
2014	18,784	3,967	-	22,751

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. JOINT VENTURES

North Shore Water Commission

The City of Glendale, Village of Fox Point and the Village of Whitefish Bay jointly operate the local supply and filtration system, which is called the North Shore Water Commission (NSWC), and provides water supply and filtration. The communities share in the operation proportionately based upon water sold to each participant.

The governing body is made up of citizens from each municipality. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the commission.

Debt is being repaid with resources of the water utility and is secured by the assets and revenues of NSWC. The transactions of the Commission are not reflected in these financial statements. \$631,528 of operating costs, which represents the city's share for the North Shore Water Commission for 2015, is included in the water utility financial statements. The city believes that the Commission will continue to provide services in the future at similar rates. Financial information of the North Shore Water Commission as of December 31, 2015 is available directly from the NSWC office.

North Shore Fire Department

By agreement dated December 30, 1994, the North Shore Fire Department (NSFD) was created. The NSFD, which provides a unified integrated fire and emergency medical service, began operations on January 1, 1996. The NSFD was created pursuant to the provisions of Wisconsin Statutes 61.65 and 66.30. Participants are the City of Glendale, Village of Fox Point, Village of Shorewood, Village of Brown Deer, Village of River Hills, Village of Whitefish Bay and Village of Bayside. The NSFD is operated by a Board of Directors consisting of seven members, which includes the mayor and village presidents of each participating municipality. The affirmative vote of a majority of the members of the Board of Directors is required on most matters.

The powers of the Board of Directors include authorizing repair, maintenance and renewal of physical assets and recommending adoptions of the department's budget. The capital and operating budget of the department must receive approval of at least five of the seven participating municipalities.

Also established by the agreement is a Joint Fire Commission that has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc.

Each participating municipality's annual financial contribution to the NSFD's operations and capital budget shall be based on its prorated share of population, equalized valuation and usage to all the municipalities. For the 2008 to 2012 NSFD budgets, the communities agreed to use the formula factors for 2007. The city accounts for its share of the operations of the North Shore Fire Department in the general fund. The city's share of the operations for 2015 was \$3,337,820. The city's share of the 2015 capital budget was \$42,748. The NSFD total 2016 approved budget is \$14.42 million dollars of which the city's portion is approximately \$3.35 million. Complete 2015 financial information is available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. JOINT VENTURE (cont.)

North Shore Library

The City of Glendale and the Villages of Fox Point, Bayside, and River Hills operate the North Shore Library under a Joint Library Agreement dated January 1, 1985. Under the joint agreement, a Joint Library Board is created to operate the North Shore Library. The Joint Library Board is composed of ten members: five members from Glendale, two members each from Fox Point and Bayside, one member from River Hills, and the Superintendent of Schools for Nicolet School District. The Joint Library Board has the powers to repair, maintain, and renew physical assets of the library and to prepare and adopt a budget for the library's operating expenses and a budget for the library's capital improvement expenses. The operating budget must be approved by at least three of the four municipalities. In addition, the Joint Library Board has the power to appoint the Library Director and such other assistants and employees as it deems necessary. Operating and capital expenses are shared proportionately based upon population estimates published in October.

The city's share of operations in 2015 was \$438,843. The city accounts for its share of the operations of the North Shore Library in the Library special revenue fund. The city believes that the library will continue to provide services in the future at similar rates. Complete 2015 financial information is available from the Village of Fox Point.

Milwaukee Area Domestic Animal Control Commission

The city is a member of the Milwaukee Area Domestic Animal Control Commission along with eighteen other communities within Milwaukee County. The Commission was created by an agreement signed in 1997 pursuant to the provisions of Section 66.30 of the Wisconsin Statutes. The Commission was established to provide a jointly-operated animal control services facility for dogs and cats. The Commission is governed by an eighteen member Board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement. In 1997, the Commission borrowed \$2.5 million at 4.40-5.00% due annually from 1998 through 2014, for the purchase of land and the construction of a facility. The city's share of that borrowing was approximately \$82,000. The city's share of operations in 2015 was \$31,105, which is recorded in the Humane Society special revenue fund.

E. OTHER POSTEMPLOYMENT BENEFITS

The city is part of a defined benefit healthcare plan called Wisconsin Public Employers' Group Health Insurance. This plan provides health insurance contributions for eligible retirees and their spouses through the city's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses at established contribution rates.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the union. The city contributions various amounts toward retiree health insurance based on agreements in place when each former employee retired. Active employees paid \$93 per month for single coverage or \$232 per month for family coverage in 2015.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. The following table shows the components in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	1,516,602
Interest on annual required contribution		237,444
Adjustment to annual required contribution		<u>(392,045)</u>
Annual OPEB cost		1,362,001
Contributions made		<u>(536,317)</u>
Increase in net OPEB obligation		825,684
Net OPEB Obligation - Beginning of Year		<u>7,914,803</u>
Net OPEB Obligation - End of Year	\$	<u><u>8,740,487</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two years preceding were as follows:

Fiscal Year Ended	Annual OPEB costs	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 1,490,733	30.9%	\$ 7,050,419
12/31/2014	1,341,341	35.6%	7,914,803
12/31/2015	1,362,001	39.4%	8,740,487

The funded status of the plan as of December 31, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability	\$	21,652,466
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>21,652,466</u></u>
Funded ratio		0%
Covered payroll (active plan members)	\$	4,892,989
UAAL as a percentage of covered payroll		443%

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.00% investment rate of return and an annual healthcare cost trend rate of 5.4% initially, reduced by decrements to an ultimate rate of 4.3% after 55 years. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized over 30 years. The amortization period at December 31, 2014, was 30 years.

F. SUBSEQUENT EVENTS

On April 4, 2016, the city issued \$6,000,000 General Obligation Promissory Notes with an interest rates of 2.00 to 3.00%. This amount will be used to finance various projects within the city's 2016 Capital Improvement Program.

CITY OF GLENDALE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GLENDALE

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 GENERAL FUND
 For the Year Ended December 31, 2015

	Original and Final Budgets	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 7,906,912	\$ 7,904,282	\$ (2,630)
Intergovernmental	2,067,986	1,793,621	(274,365)
Licenses and permits	546,140	593,802	47,662
Fines, forfeitures and penalties	270,000	382,889	112,889
Public charges for services	546,650	586,117	39,467
Investment income	225,000	222,030	(2,970)
Miscellaneous	82,957	110,736	27,779
Total Revenues	11,645,645	11,593,477	(52,168)
EXPENDITURES			
Current			
General government	3,427,188	3,448,316	(21,128)
Public safety	7,487,706	7,579,921	(92,215)
Public works	1,773,176	1,596,365	176,811
Conservation and development	89,575	92,013	(2,438)
Total Expenditures	12,777,645	12,716,615	61,030
Excess (deficiency) of revenues over expenditures	(1,132,000)	(1,123,138)	8,862
OTHER FINANCING SOURCES (USES)			
Transfers in	1,132,000	1,094,260	(37,740)
Net Changes in Fund Balance	-	(28,878)	(28,878)
FUND BALANCE - Beginning of Year	4,769,292	4,769,292	-
FUND BALANCE - END OF YEAR	\$ 4,769,292	\$ 4,740,414	\$ (28,878)

CITY OF GLENDALE

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS -
 OTHER POSTEMPLOYMENT BENEFITS
 For the Year Ended December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	
12/31/08	\$	-	\$ 24,223,534	\$ 24,223,534	0%	\$ 4,910,104	493%
12/31/11		-	21,559,033	21,559,033	0%	4,845,557	445%
12/31/14		-	21,652,466	21,652,466	0%	4,892,989	443%

CITY OF GLENDALE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.04606501%	\$ 1,131,483	\$ 4,892,989	23.12%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 501,659	\$ 501,659	\$ -	\$ 4,889,012	10.26%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF GLENDALE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2015

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C. except the actual (non-GAAP) revenues presented reflect actual (GAAP) revenues adjusted for the payment in lieu of taxes for the water utility which is reported as a transfer under GAAP.

General property taxes revenue was reduced by \$15,978 to increase the allowance for previous years' uncollectible taxes.

FUNDING PROGRESS DATA

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

WISCONSIN RETIREMENT SYSTEM

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years data; however the standards allow the City to present as many years as are available until ten fiscal years are presented.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in Wisconsin Retirement System.

Changes of assumptions. There were no changes in the assumptions.

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SUPPLEMENTARY INFORMATION

CITY OF GLENDALE

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
As of December 31, 2015

	Special Revenue Funds			
	Special Assessments	Central Dispatch	Grant Funds	Library
ASSETS				
Cash and investments	\$ 27,058	\$ 16,262	\$ 226,806	\$ 4,390
Receivables				
Taxes	-	356,000	191,801	447,000
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	<u>\$ 27,058</u>	<u>\$ 372,262</u>	<u>\$ 418,607</u>	<u>\$ 451,390</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 27,172	\$ -
Deposits	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>27,172</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	<u>-</u>	<u>356,000</u>	<u>191,801</u>	<u>447,000</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	<u>27,058</u>	<u>16,262</u>	<u>199,634</u>	<u>4,390</u>
Total Fund Balances	<u>27,058</u>	<u>16,262</u>	<u>199,634</u>	<u>4,390</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 27,058</u>	<u>\$ 372,262</u>	<u>\$ 418,607</u>	<u>\$ 451,390</u>

Special Revenue Funds

Humane Society	July 4th Celebration	Human Services	Public Safety Capital Improvements	Environmental Fund	Police Acquisition
\$ 8,945	\$ 11,753	\$ 946,237	\$ 12,289	\$ -	\$ 14,593
32,000	23,000	814,746	130,276	-	-
-	-	3,497	-	-	-
-	-	-	-	114,745	-
-	-	58,750	-	-	-
<u>\$ 40,945</u>	<u>\$ 34,753</u>	<u>\$ 1,823,230</u>	<u>\$ 142,565</u>	<u>\$ 114,745</u>	<u>\$ 14,593</u>
\$ -	\$ -	\$ -	\$ 1,286	\$ 2,228	\$ -
-	-	8,935	-	-	-
-	-	-	-	35,679	-
-	-	8,935	1,286	37,907	-
<u>32,000</u>	<u>23,000</u>	<u>814,746</u>	<u>130,276</u>	<u>-</u>	<u>-</u>
-	-	58,750	-	-	-
-	-	-	-	-	-
<u>8,945</u>	<u>11,753</u>	<u>940,799</u>	<u>11,003</u>	<u>76,838</u>	<u>14,593</u>
<u>8,945</u>	<u>11,753</u>	<u>999,549</u>	<u>11,003</u>	<u>76,838</u>	<u>14,593</u>
<u>\$ 40,945</u>	<u>\$ 34,753</u>	<u>\$ 1,823,230</u>	<u>\$ 142,565</u>	<u>\$ 114,745</u>	<u>\$ 14,593</u>

CITY OF GLENDALE

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
As of December 31, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	DARE Fund	Hotel Room Tax	Environmental TIF #1	
ASSETS				
Cash and investments	\$ 62,970	\$ -	\$ 572,276	\$ 1,903,579
Receivables				
Taxes	-	-	-	1,994,823
Accounts	-	46,473	-	49,970
Due from other funds	-	-	-	114,745
Prepaid items	-	-	-	58,750
TOTAL ASSETS	<u>\$ 62,970</u>	<u>\$ 46,473</u>	<u>\$ 572,276</u>	<u>\$ 4,121,867</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 43,348	\$ -	\$ 74,034
Deposits	-	-	-	8,935
Due to other funds	-	3,125	-	38,804
Total Liabilities	-	46,473	-	121,773
Deferred Inflows of Resources				
Unearned revenues	-	-	-	1,994,823
Fund Balances				
Nonspendable	-	-	-	58,750
Restricted	-	-	572,276	572,276
Committed	62,970	-	-	1,374,245
Total Fund Balances	<u>62,970</u>	<u>-</u>	<u>572,276</u>	<u>2,005,271</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 62,970</u>	<u>\$ 46,473</u>	<u>\$ 572,276</u>	<u>\$ 4,121,867</u>

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CITY OF GLENDALE

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended December 31, 2015

	Special Revenue Funds			
	Special Assessments	Central Dispatch	Grant Funds	Library
REVENUES				
Taxes	\$ -	\$ 363,765	\$ 185,801	\$ 438,843
Intergovernmental	-	-	61,651	-
Public charges for services	-	-	-	-
Investment income	48	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	48	363,765	247,452	438,843
EXPENDITURES				
Current				
Public safety	-	355,023	-	-
Public works	-	-	253,112	-
Health and human services	-	-	-	-
Culture, recreation and education	-	-	-	438,843
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	355,023	253,112	438,843
Excess (deficiency) of revenues over expenditures	48	8,742	(5,660)	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(18,000)	-	-	-
Total Other Financing Sources (Uses)	(18,000)	-	-	-
Net Change in Fund Balances	(17,952)	8,742	(5,660)	-
FUND BALANCES -				
Beginning of Year	45,010	7,520	205,294	4,390
FUND BALANCES - END OF YEAR	\$ 27,058	\$ 16,262	\$ 199,634	\$ 4,390

Special Revenue Funds					
Humane Society	July 4th Celebration	Human Services	Public Safety Capital Improvements	Environmental Fund	Police Acquisition
\$ 30,000	\$ 23,000	\$ 723,000	\$ 142,299	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	480,950	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>30,000</u>	<u>23,000</u>	<u>723,000</u>	<u>142,299</u>	<u>480,950</u>	<u>-</u>
-	-	-	-	-	818
-	-	-	-	-	-
31,105	-	623,477	-	-	-
-	20,658	-	-	-	-
-	-	-	-	-	-
-	-	-	153,562	12,702	-
<u>31,105</u>	<u>20,658</u>	<u>623,477</u>	<u>153,562</u>	<u>12,702</u>	<u>818</u>
<u>(1,105)</u>	<u>2,342</u>	<u>99,523</u>	<u>(11,263)</u>	<u>468,248</u>	<u>(818)</u>
-	-	-	-	(450,765)	-
-	-	-	-	(450,765)	-
(1,105)	2,342	99,523	(11,263)	17,483	(818)
<u>10,050</u>	<u>9,411</u>	<u>900,026</u>	<u>22,266</u>	<u>59,355</u>	<u>15,411</u>
<u>\$ 8,945</u>	<u>\$ 11,753</u>	<u>\$ 999,549</u>	<u>\$ 11,003</u>	<u>\$ 76,838</u>	<u>\$ 14,593</u>

CITY OF GLENDALE

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 For the Year Ended December 31, 2015

	Special Revenue Funds			Total
	DARE Fund	Hotel Room Tax	Environmental TIF #1	Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 818,014	\$ 435,689	\$ 3,160,411
Intergovernmental	-	-	1,842	63,493
Public charges for services	-	-	-	480,950
Investment income	-	-	4,348	4,396
Miscellaneous	38,188	-	-	38,188
Total revenues	<u>38,188</u>	<u>818,014</u>	<u>441,879</u>	<u>3,747,438</u>
EXPENDITURES				
Current				
Public safety	32,283	-	-	388,124
Public works	-	-	-	253,112
Health and human services	-	-	-	654,582
Recreation and education	-	-	-	459,501
Conservation and development	-	174,519	374,894	549,413
Capital outlay	-	-	-	166,264
Total expenditures	<u>32,283</u>	<u>174,519</u>	<u>374,894</u>	<u>2,470,996</u>
Excess (deficiency) of revenues over expenditures	<u>5,905</u>	<u>643,495</u>	<u>66,985</u>	<u>1,276,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(643,495)	-	(1,112,260)
Total other financing sources (uses)	<u>-</u>	<u>(643,495)</u>	<u>-</u>	<u>(1,112,260)</u>
Net Changes in Fund Balances	5,905	-	66,985	164,182
FUND BALANCES - Beginning of Year	<u>57,065</u>	<u>-</u>	<u>505,291</u>	<u>1,841,089</u>
FUND BALANCES - END OF YEAR	<u>\$ 62,970</u>	<u>\$ -</u>	<u>\$ 572,276</u>	<u>\$ 2,005,271</u>

CITY OF GLENDALE

SCHEDULE OF REVENUES - ACTUAL AND BUDGET (NON-GAAP) GENERAL FUND For the Year Ended December 31, 2015

	Actual	Original and Final Budgets	Variance with Final Budget
TAXES			
General property taxes	\$ 7,409,770	\$ 7,425,746	\$ (15,976)
Omitted property taxes - prior years	4,788	-	4,788
Water Utility tax equivalent - current	410,992	400,000	10,992
Water Utility tax equivalent - past	45,000	45,000	-
Torah Academy tax equivalent	9,908	9,770	138
State property tax equivalent	22,853	22,932	(79)
Whitefish Bay tax equivalent	971	-	971
Ohr Ha Torah tax equivalent	-	3,464	(3,464)
Total taxes	<u>7,904,282</u>	<u>7,906,912</u>	<u>(2,630)</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues			
Per capita	254,367	205,465	48,902
Special utility	82,266	80,107	2,159
Expenditure restraint payment	287,732	339,628	(51,896)
Computer exemption payment	348,803	346,838	1,965
State grants			
Transportation aid - regular	777,701	1,038,945	(261,244)
Transportation aid - connecting streets	42,752	57,003	(14,251)
Total intergovernmental revenues	<u>1,793,621</u>	<u>2,067,986</u>	<u>(274,365)</u>
LICENSES AND PERMITS			
Licenses			
Beverage	15,135	16,000	(865)
Food	27,600	26,000	1,600
Cigarette	1,000	1,000	-
Tavern operators	4,725	6,000	(1,275)
Dance hall	300	300	-
Sale of Christmas trees	500	200	300
Coin operated machines	3,020	4,000	(980)
Used car dealers	4,500	4,500	-
Transient merchant permits	500	1,000	(500)
Cable television	209,446	210,000	(554)
Arcade	1,210	1,440	(230)
Permits			
Building	196,509	152,000	44,509
Electrical	73,664	67,000	6,664
Plumbing	44,628	45,000	(372)
Occupancy	5,292	4,000	1,292
Utility	5,030	5,000	30
Parking	743	2,700	(1,957)
Total licenses and permits	<u>593,802</u>	<u>546,140</u>	<u>47,662</u>

CITY OF GLENDALE

SCHEDULE OF REVENUES - ACTUAL AND BUDGET (NON-GAAP)
 GENERAL FUND
 For the Year Ended December 31, 2015

	Actual	Original and Final Budgets	Variance with Final Budget
FINES, FORFEITURES AND PENALTIES			
Court fines and costs	\$ 332,882	\$ 240,000	\$ 92,882
Parking fines	22,907	-	22,907
False alarms	27,100	30,000	(2,900)
Total fines, forfeitures and penalties	<u>382,889</u>	<u>270,000</u>	<u>112,889</u>
PUBLIC CHARGES FOR SERVICES			
General government			
Space rental and/or charges for administrative services			
Water Utility, Sewer Utility, Storm Water Utility	390,057	365,000	25,057
Water Utility insurance	18,502	17,500	1,002
Photocopies	135	150	(15)
Special assessment letters	15,047	5,000	10,047
TIF reimbursement	36,505	35,000	1,505
Public safety			
School liaison officer reimbursements	65,742	74,000	(8,258)
Auxiliary police reimbursements	6,318	1,300	5,018
Compliance code fees	26,969	30,000	(3,031)
Health and human services			
Dog and cat license fees	5,050	4,200	850
Public works			
Sale of materials and services	8,392	10,000	(1,608)
Planning			
Rezoning fees	-	1,500	(1,500)
Board of Appeals fees	13,400	3,000	10,400
Total public charges for service	<u>586,117</u>	<u>546,650</u>	<u>39,467</u>
INVESTMENT INCOME	<u>222,030</u>	<u>225,000</u>	<u>(2,970)</u>
MISCELLANEOUS			
Sale of land	-	24,050	(24,050)
Interest on delinquent personal property taxes	49,915	10,000	39,915
Insurance reimbursement	23,173	6,000	17,173
Rental income	1,901	2,000	(99)
CVMIC dividend	25,227	25,287	(60)
Miscellaneous	10,520	15,620	(5,100)
Total miscellaneous	<u>110,736</u>	<u>82,957</u>	<u>27,779</u>
TOTAL REVENUES	<u>\$ 11,593,477</u>	<u>\$ 11,645,645</u>	<u>\$ (52,168)</u>

CITY OF GLENDALE

SCHEDULE OF DEPARTMENTAL EXPENDITURES - ACTUAL AND BUDGET
 GENERAL FUND
 For the Year Ended December 31, 2015

	Actual	Original and Final Budgets	Variance with Final Budget
CURRENT			
General government			
Common council and mayor	\$ 31,759	\$ 35,650	\$ 3,891
City administrator	247,652	218,000	(29,652)
Finance	86,247	86,274	27
City clerk	79,644	23,100	(56,544)
Treasurer	95,740	107,921	12,181
Human resources	97,458	98,448	990
City assessor	62,714	78,479	15,765
Legal	140,250	160,000	19,750
Accounting	30,110	32,250	2,140
Municipal court	131,454	129,843	(1,611)
Building and grounds	137,067	131,300	(5,767)
Property and liability insurance	273,940	291,051	17,111
Employee benefits	1,990,226	1,873,772	(116,454)
Unclassified	44,055	61,100	17,045
Contingency	-	100,000	100,000
Total general government	<u>3,448,316</u>	<u>3,427,188</u>	<u>(21,128)</u>
Public safety			
Building	285,538	227,793	(57,745)
Police	3,950,963	3,915,793	(35,170)
Fire	3,337,820	3,337,820	-
Unclassified	5,600	6,300	700
Total public safety	<u>7,579,921</u>	<u>7,487,706</u>	<u>(92,215)</u>
Public works			
Engineering, administration and overhead	160,766	142,940	(17,826)
Machinery and equipment	229,382	259,473	30,091
Public works facility	62,307	56,276	(6,031)
Street lighting	215,850	288,230	72,380
Street and alley maintenance	86,859	106,121	19,262
Street signs	25,571	26,920	1,349
Snow removal and ice control	197,678	254,904	57,226
Roadside maintenance	167,087	156,312	(10,775)
Solid waste disposal	450,865	482,000	31,135
Total public works	<u>1,596,365</u>	<u>1,773,176</u>	<u>176,811</u>
Conservation and development	<u>92,013</u>	<u>89,575</u>	<u>(2,438)</u>
Total Current Expenditures	<u>\$ 12,716,615</u>	<u>\$ 12,777,645</u>	<u>\$ 61,030</u>

CITY OF GLENDALE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP) DEBT SERVICE FUND For the Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 2,865,624	\$ 2,865,624	\$ -
Other revenues	11,570	11,570	-
Total Revenues	<u>2,877,194</u>	<u>2,877,194</u>	<u>-</u>
EXPENDITURES			
Debt service			
Principal	10,840,312	43,055,312	(32,215,000)
Interest and fees	5,360,070	5,358,579	1,491
Total expenditures	<u>16,200,382</u>	<u>48,413,891</u>	<u>(32,213,509)</u>
Excess (deficiency) of revenues over expenditures	<u>(13,323,188)</u>	<u>(45,536,697)</u>	<u>(32,213,509)</u>
OTHER FINANCING SOURCES			
Transfers in	13,323,188	45,538,188	32,215,000
Total other financing sources	<u>13,323,188</u>	<u>45,538,188</u>	<u>32,215,000</u>
Net Changes in Fund Balance	<u>\$ -</u>	1,491	<u>\$ 1,491</u>
FUND BALANCE - Beginning of Year		<u>68,288</u>	
FUND BALANCE - END OF YEAR		<u>\$ 69,779</u>	

CITY OF GLENDALE

SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
ENTERPRISE FUND - WATER UTILITY
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
SOURCE OF SUPPLY EXPENSES		
Purchased water	\$ 634,950	\$ 694,941
TRANSMISSION AND DISTRIBUTION EXPENSES		
Storage facilities	64	1,521
Operation supervision and engineering	123,833	123,850
Meter expenses	376	1,753
Customer installations	11,316	15,434
Miscellaneous	182	199
Rents	11,000	11,000
Maintenance		
Distribution reservoirs and standpipes	6,375	406,539
Mains	825,739	1,229,858
Services	2,381	15,183
Meters	31,186	10,908
Hydrants	11,460	16,323
Total Transmission and Distribution Expenses	<u>1,023,912</u>	<u>1,832,568</u>
CUSTOMERS ACCOUNT EXPENSES		
Meter reading labor	7,752	6,385
Customer records and collection expenses	54,158	56,236
Total Customer Accounts Expenses	<u>61,910</u>	<u>62,621</u>
ADMINISTRATIVE AND GENERAL EXPENSES		
Administrative and general salaries	49,785	50,553
Office supplies and expense	3,046	1,703
Outside services	11,764	13,052
Property insurance	7,639	7,377
Injuries and damages	9,573	9,245
Employee pensions and benefits	104,762	104,124
Regulatory Commission	1,976	2,856
Miscellaneous general expenses	21,641	31,698
Rents	7,500	7,500
Total Administrative and General Expenses	<u>217,686</u>	<u>228,108</u>
TOTAL OPERATION AND MAINTENANCE EXPENSES	<u>\$ 1,938,458</u>	<u>\$ 2,818,238</u>

CITY OF GLENDALE

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2015

	<u>Balance 1-1-15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-15</u>
TAX COLLECTION FUND				
ASSETS				
Cash and investments	\$ 19,937,233	\$ 18,272,094	\$ (19,937,233)	\$ 18,272,094
Taxes receivable	<u>13,822,797</u>	<u>16,770,458</u>	<u>(13,822,797)</u>	<u>16,770,458</u>
Total Assets	<u>\$ 33,760,030</u>	<u>\$ 35,042,552</u>	<u>\$ (33,760,030)</u>	<u>\$ 35,042,552</u>
LIABILITIES				
Due to other governmental agencies	\$ 33,726,122	\$ 35,002,700	\$ (33,726,122)	\$ 35,002,700
Deposits	<u>33,908</u>	<u>39,852</u>	<u>(33,908)</u>	<u>39,852</u>
Total Liabilities	<u>\$ 33,760,030</u>	<u>\$ 35,042,552</u>	<u>\$ (33,760,030)</u>	<u>\$ 35,042,552</u>

APPENDIX C

SUMMARIES OF PRINCIPAL DOCUMENTS

SUMMARY OF CERTAIN PROVISIONS OF THE CDA RESOLUTION

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DEFINITIONS (Section 1)

"Act" means Section 66.1335, Wisconsin Statutes.

"Authority" means the Community Development Authority of the City of Glendale, Wisconsin, a Wisconsin municipal corporation created by Resolution No. 84-29 adopted by the Common Council of the Municipality on December 3, 1984.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contribution and Cooperation Agreement" means the Amended and Restated Contribution and Cooperation Agreement dated as of the date of issuance of the 2017 Bonds between the Authority and the Municipality.

"Debt Service Fund" means the "Debt Service Fund for Community Development Lease Revenue Bonds (Bayshore Facility)" provided for the 2017 Bonds and the 2015 Bonds pursuant to Section 6 of the Resolution.

"Lease" means the Amended and Restated Lease Agreement between the Authority and the Municipality to be dated as of the date of issuance of the 2017 Bonds.

"Leased Improvements" means certain of the improvements constructed and to be constructed as part of the Project which are leased to the Municipality pursuant to the Lease.

"Municipality" means the City of Glendale, Wisconsin, a municipal corporation and political subdivision.

"Owner" or "Owners" means, with respect to the 2017 Bonds, when in book-entry-only form, the beneficial owner or owners of the 2017 Bonds.

"Parity Bonds" means bonds payable from the revenues and income derived by the Authority pursuant to the terms of the Lease and the Contribution and Cooperation Agreement other than the 2017 Bonds and the 2015 Bonds but issued on a parity and equality with the outstanding 2017 Bonds and the 2015 Bonds pursuant to the restrictive provisions of the Resolution.

"Project" means the program of blight elimination and community development to be carried out by the Authority in the Redevelopment Project Area as described in the Redevelopment Plan, consisting of public improvements and project costs listed in the Project Plan for Tax Incremental District No. 8, and related costs.

"Property" means the property more particularly described in the Resolution.

"Purchaser" means Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin, its successors and assigns.

"Redevelopment Plan" means the redevelopment plan adopted in connection with the Redevelopment Project Area pursuant to Section 66.1333 of the Wisconsin Statutes.

"Redevelopment Project Area" means the redevelopment project area created by the Authority under Section 66.1333 of the Wisconsin Statutes which includes the area of Tax Incremental District No. 8 of the Municipality.

"Refunding" means the refunding of the outstanding 2007 Bonds.

"Reserve Account" means the reserve account provided for the 2017 Bonds and the 2015 Bonds pursuant to Section 6 of the Resolution.

"Reserve Requirement" means the least of (a) the Reserve Requirement applicable prior to the issuance of the 2017 Bonds, plus 10% of the principal amount of the 2017 Bonds, (b) maximum annual debt service on the 2015 Bonds and the 2017 Bonds, and (c) 125% of average annual debt service on the 2015 Bonds and the 2017 Bonds. If Parity Bonds are issued, "Reserve Requirement" means the least of (a) the Reserve Requirement applicable prior to the issuance of the Parity Bonds, plus 10% of the principal amount of the Parity Bonds, (b) maximum annual combined debt service on the 2017 Bonds, 2015 Bonds and the Parity Bonds and (c) 125% of average annual combined debt service on the 2017 Bonds, 2015 Bonds and the Parity Bonds. The Reserve Requirement will be determined after application of monies in the applicable subaccount of the Reserve Account to final debt service payments on the corresponding series of 2017 Bonds, 2015 Bonds and Parity Bonds. In order to assist the Municipality in complying with the applicable provisions of the Code and the Regulations, the Reserve Account shall be divided into subaccounts, one allocable to each series of the 2017 Bonds, 2015 Bonds and Parity Bonds, provided, however, that amounts on deposit in the Reserve Account shall at all times be available to pay all of the 2017 Bonds, 2015 Bonds and Parity Bonds, on a parity with each other. The Reserve Requirement shall be maintained in the Reserve Account established pursuant to the Resolution.

"2007 Bonds" means the Taxable Community Development Lease Revenue Bonds, Series 2007A (Bayshore Facility), dated June 26, 2007.

"2015A Bonds" means the Community Development Lease Revenue Refunding Bonds, Series 2015A (Bayshore Facility), dated August 3, 2015.

"2015B Bonds" means the Taxable Community Development Lease Revenue Refunding Bonds, Series 2015B (Bayshore Facility), dated August 3, 2015.

"2015 Bonds" means the 2015A Bonds and 2015B Bonds, collectively.

"2015A Resolution" means a resolution adopted by the Authority on June 22, 2015 authorizing the issuance of the 2015A Bonds, as supplemented by a Certificate of Officers Approving Details of Community Development Lease Revenue Refunding Bonds, Series 2015A (Bayshore Facility), dated June 23, 2015.

"2015B Resolution" means a resolution adopted by the Authority on June 22, 2015 authorizing the issuance of the 2015B Bonds, as supplemented by a Certificate of Officers Approving Details of Taxable Community Development Lease Revenue Refunding Bonds, Series 2015B (Bayshore Facility), dated June 23, 2015.

"2017 Bonds" means the Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility).

AUTHORIZATION AND TERMS OF THE 2017 BONDS (Sections 2 and 3)

For the purpose of paying the cost of the Refunding (including legal, fiscal and other expenses), the Authority is authorized to issue the 2017 Bonds pursuant to the Act to the Purchaser. The Chairperson and Executive Director/Secretary are authorized to execute a Bond Purchase Agreement with the Purchaser providing for the sale of the 2017 Bonds to the Purchaser.

The Authority delegates to the Chairperson and Executive Director/Secretary the authority to approve the final terms of the 2017 Bonds within the parameters set forth in the Resolution. The approval of the Chairperson and Executive Director/Secretary shall be evidenced by a certificate signed by said officers setting forth the definitive terms referenced therein and shall constitute approval by the Authority of the terms set forth therein.

FORM, EXECUTION AND PAYMENT OF THE 2017 BONDS (Section 5)

The 2017 Bonds shall be issued as fully-registered obligations, in substantially the form attached to the Resolution. The 2017 Bonds shall be executed in the name of the Authority by the manual or facsimile signatures of its Chairperson and Executive Director/Secretary and shall be sealed with its official or corporate seal, if any, or a facsimile thereof. Both the principal of and interest on the 2017 Bonds are payable in lawful money of the United States of America.

SECURITY FOR THE 2017 BONDS; PARITY WITH 2015 BONDS (Section 6)

The 2017 Bonds and interest thereon shall never be or be considered a general obligation of the Authority or the Municipality or an indebtedness of the Municipality within the meaning of any State constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Authority or the Municipality or a charge against their general credit or the Municipality's taxing powers, except to the extent that the 2017 Bonds are secured by the Lease and the Contribution and Cooperation Agreement.

The 2017 Bonds are limited obligations of the Authority payable by it solely from (a) the rental payments received by the Authority pursuant to the terms of the Lease, (b) any payments received by the Authority pursuant to the Contribution and Cooperation Agreement, and (c) amounts on deposit in the Debt Service Fund and Reserve Account, on a parity with the 2015 Bonds.

It is the express intent and determination of the Authority that the rental payments due to the Authority under the Lease shall be sufficient to pay the full extent of the principal of and

interest on the 2015 Bonds and the 2017 Bonds as the same becomes due, whether at maturity or upon mandatory redemption. Upon receipt, all revenues derived from the Lease shall be deposited in the Debt Service Fund provided by the 2015A Resolution and 2015B Resolution which is continued and now designated as the "Debt Service Fund for Community Development Lease Revenue Bonds (Bayshore Facility)" (the "Debt Service Fund") and used solely to pay the principal of and interest on the 2015 Bonds, the 2017 Bonds and any Parity Bonds. No money shall be withdrawn from the Debt Service Fund and appropriated for any purpose other than the payment of principal of and interest on the 2015 Bonds, the 2017 Bonds and any Parity Bonds, until such principal and interest has been paid in full.

To additionally secure the payment of principal of and interest on the 2015 Bonds and the 2017 Bonds, the Reserve Account "(the "Reserve Account") previously established for the 2007 Bonds and 2015 Bonds is hereby continued and pledged to payment of the 2017 Bonds on a parity with the 2015 Bonds. The Authority shall, upon the issuance of the 2017 Bonds, deposit into the Reserve Account any amount, if any, necessary to make the amount on deposit therein equal to the Reserve Requirement. If for any reason there shall be insufficient funds on hand in the Debt Service Fund to meet principal or interest becoming due on the 2015 Bonds, the 2017 Bonds and all Parity Bonds, then all sums then held in the Reserve Account shall be used to pay the portion of interest or principal on such 2015 Bonds, 2017 Bonds and Parity Bonds becoming due as to which there would otherwise be default. Any payments received by the Authority under the Contribution and Cooperation Agreement shall be deposited into the Reserve Account. Any investment earnings on funds held in the Reserve Account shall be transferred to the Debt Service Fund for the purposes thereof to the extent that the balance in the Reserve Account exceeds the Reserve Requirement. For the purpose of determining the balance in the Reserve Account, investments held therein shall be valued at cost plus interest accrued thereon.

APPROVAL OF THE LEASE AND THE CONTRIBUTION AND COOPERATION AGREEMENT (Section 7).

The terms of the Lease in substantially the form attached to the Resolution are approved. The Chairperson and Executive Director/Secretary of the Authority are authorized for and in the name of the Authority to execute and deliver the Lease with such insertions or corrections as shall be approved by them consistent with the terms of the Resolution, their execution thereof to constitute conclusive evidence of their approval of any such insertions or corrections. The Authority finds that the rental payments due under the Lease are at the fair market value for the Property and the Leased Improvements pursuant to the Act.

The terms of the Contribution and Cooperation Agreement in substantially the form attached to the Resolution are approved. The Chairperson and Executive Director/Secretary of the Authority are authorized for and in the name of the Authority to execute and deliver the Contribution and Cooperation Agreement with such insertions or corrections as shall be approved by them consistent with the terms of the Resolution, their execution thereof to constitute conclusive evidence of their approval of any such insertions or corrections.

COVENANTS OF THE AUTHORITY (Section 8).

The Authority covenants and agrees with the Owners of the 2017 Bonds as follows:

(a) The Authority will faithfully and punctually perform all duties with reference to the Leased Improvements, the Project and the Property required by the Act, Section 66.1333 of the Wisconsin Statutes, and the Resolution.

(b) The Authority will not sell the Leased Improvements or the Property while the 2017 Bonds remain outstanding, except that the Authority shall have the right to sell or otherwise dispose of any part of the Leased Improvements and Property which is public utility property and which is found by the Authority and the Common Council of the Municipality to be neither necessary nor useful in the operation of the system of which it is a part, provided that the sale or disposal of said property does not materially affect the security for the 2017 Bonds.

(c) The Authority shall establish rentals for the Leased Improvements and the Property such that the amount of rentals collected each year is equal to at least the amount of principal and interest due on the 2015 Bonds, 2017 Bonds and any Parity Bonds in that year whether at maturity or by mandatory redemption.

(d) The Authority will, on or before November 1 of each year, file with the City Clerk of the Municipality an estimate of the amount of the Municipality's obligation under the Contribution and Cooperation Agreement during the next succeeding fiscal year.

(e) At any time that the balance in the Reserve Account falls below the Reserve Requirement, the Authority will immediately file with the City Clerk of the Municipality, its written claim for the amount due to the Authority from the Municipality under the Contribution and Cooperation Agreement.

(f) The Authority will keep proper books and accounts relative to its operations separate from all other records of the Municipality and will cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants including a balance sheet and a profit and loss statement of the Authority as certified by such accountants. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein shall include the following: (1) a statement in detail of the income and expenditures of the Authority for the fiscal year; (2) a balance sheet as of the end of such fiscal year; (3) the accountants' comment regarding the manner in which the Authority has carried out the requirements of the Resolution and the accountants' recommendations for any changes or improvements in the operation of the Authority; and (4) a list of the insurance policies in force at the end of the fiscal year setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy. The Owners of any of the 2017 Bonds shall have at all reasonable times the right to inspect the records, accounts and data of the Authority.

The audit may be prepared in conjunction with the audit of the Municipality to the extent permissible under generally accepted accounting principles.

(g) In the event of non-appropriation by the Municipality under the Lease or termination of the Lease due to failure of quiet enjoyment, the Authority will take such action as is necessary to take possession of the Leased Improvements and the Property as provided under Section 4.7 of the Lease.

APPLICATION OF 2017 BOND PROCEEDS AND EXCESS RESERVE ACCOUNT FUNDS (Section 11).

Any accrued interest received by the Authority upon the delivery of the 2017 Bonds to the Purchaser shall be deposited in the Debt Service Fund. An amount of proceeds of the 2017 Bonds, if any, necessary to make the amount on deposit in the Reserve Account equal to the Reserve Requirement shall be deposited into the Reserve Account. The amount of proceeds of the 2017 Bonds necessary to pay the cost of the Refunding shall be deposited in an escrow account with the Escrow Agent (as defined in the Resolution) to be used for that purpose. Any balance remaining after paying said costs shall be transferred to the Debt Service Fund and used to pay the principal of or interest on the 2017 Bonds.

Any excess funds in the Reserve Account upon issuance of the 2017 Bonds shall be transferred to the escrow account established for the refunding of the 2007 Bonds to be used for that purpose.

PARITY BONDS (Section 12).

No bonds or obligations payable out of the rental payments received by the Authority under the Lease may be issued in such manner as to enjoy priority over the 2017 Bonds and the 2015 Bonds. Additional obligations payable out of the rental payments received by the Authority under the Lease may be issued if their lien and pledge, if any, and priority of payment is junior and subordinate to that of the 2017 Bonds and the 2015 Bonds. Additional obligations payable out of the rental payments received by the Authority under the Lease may be issued on a parity ("Parity Bonds") with the 2017 Bonds and the 2015 Bonds only if all of the following conditions are met:

(a) The Parity Bonds are to be issued for the purpose of completing the Project, undertaking additional projects in the Redevelopment Project Area or refunding obligations issued for that purpose;

(b) The Lease is amended to provide for the payment of rentals in amounts equal to at least the annual principal and interest requirements on all outstanding 2015 Bonds, 2017 Bonds, and Parity Bonds, if any, and the Parity Bonds to be issued;

(c) The Contribution and Cooperation Agreement provides that, if the balance in the Reserve Account falls below the Reserve Requirement (determined after the issuance of such Parity Bonds), the Municipality shall, subject to the provisions of Section 2.2 of the Contribution and Cooperation Agreement, pay to the Authority an amount sufficient to restore the Reserve Account to the Reserve Requirement;

(d) The Parity Bonds must have principal maturing on October 1 and interest falling due on April 1 and October 1 of each year; and

(e) Concurrently with the issuance of the Parity Bonds, the Authority shall deposit into the Reserve Account such amount as is required so that the balance in the Reserve Account is not less than the Reserve Requirement (determined after the issuance of such Parity Bonds).

DISCHARGE AND SATISFACTION OF THE 2017 BONDS (Section 13).

The covenants and pledges entered into, created or imposed pursuant to the Resolution may be fully discharged and satisfied with respect to the 2017 Bonds in any one or more of the following ways:

(a) By paying the 2017 Bonds when the same shall become due and payable at maturity or upon prior redemption in the manner provided in the Resolution;

(b) By depositing with any fiduciary designated by subsequent resolution of the Authority, or in trust for such purpose, at or before the date of maturity or redemption, money in the necessary amount to fully pay or redeem the 2017 Bonds, and to pay interest thereon to maturity or to the date of redemption; provided, that if the 2017 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been made or provided for; or,

(c) By depositing with any fiduciary designated by subsequent resolution of the Authority, or in trust for such purpose, at or before the date of maturity or redemption, money or direct obligations of, or obligations the principal and interest on which are fully guaranteed by the United States of America, in such amount as, together with the income or increment to accrue thereon, will be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness of the 2017 Bonds at or before their maturity dates; provided, that if the 2017 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been made or provided for.

Upon such payment or deposit of money, in the amount and manner provided, all liability of the Authority with respect to the 2017 Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall be entitled only to payment out of the money so deposited.

AMENDMENTS TO RESOLUTION (Section 14).

After the issuance of the 2017 Bonds, no change or alteration of any kind in the provisions of the Resolution may be made until the 2017 Bonds have been paid in full as to both principal and interest, or discharged as provided in the Resolution, except:

(a) The Authority may, from time to time, amend the Resolution without the consent of any Owner, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Resolution; and,

(b) The Resolution may be amended, in any respect, with the written consent of the Owners of not less than two-thirds (2/3) of the principal amount of the 2017 Bonds; provided, however, that no amendment shall permit any change in the pledge of revenues pledged to pay the 2017 Bonds, or in the maturity of or interest payment date of any 2017 Bond, or a reduction in the rate of interest on any 2017 Bond, or in the amount of the principal obligation thereof, or

change the terms upon which the 2017 Bonds may be redeemed, or make any other modification in the terms of the payment of such principal or interest without the written consent of the Owner of each such 2017 Bond to which the change is applicable.

**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION OF
THE COMMON COUNCIL OF THE CITY OF GLENDALE**

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Capitalized terms used in this "Summary of Certain Provisions of the Resolution of the Common Council of the City of Glendale" which are not defined herein shall have the meanings provided in the "Summary of Certain Provisions of the CDA Resolution".

APPROVAL OF THE LEASE (Section 1).

The Lease, in substantially the form attached to the City Resolution is approved, and the Mayor and City Clerk are authorized to execute and deliver the Lease for and on behalf of the Municipality. The rentals paid under the Lease shall be "financing costs" under Section 66.1105(2)(f)1.b., Wisconsin Statutes, to the extent they constitute the payment of principal or interest on the 2017 Bonds. The Common Council covenants for the benefit of the owners of the 2017 Bonds that, subject to annual appropriation of the Lease rental payments, funds in the special fund of the Municipality's Tax Incremental District No. 8 (the "District") will be used to make the rental payments due under the Lease and only after the rental payments under the Lease have been paid in full for any particular year shall funds in said special fund be used to pay any other project costs of the District. The Common Council further covenants for the benefit of the owners of the 2017 Bonds that the Municipality will not voluntarily dissolve or remove territory from the District or terminate or dissolve the Authority unless and until all of the 2017 Bonds and the 2015 Bonds have been paid or discharged within the meaning of the resolutions adopted by the Authority authorizing the issuance of the 2017 Bonds and the 2015 Bonds. The Common Council finds that the rental payments due under the Lease are at the fair market value for the Property and the improvements to be leased pursuant to the Lease.

STATEMENT OF INTENT TO APPROPRIATE (Section 2).

The Common Council acknowledges that the projected tax increment to be derived from the District may not be realized and that the increment may therefore be insufficient to make payments under the Lease sufficient to pay all debt service on the 2017 Bonds and the 2015 Bonds as it becomes due. The Municipality declares that it fully expects and anticipates that, if such a shortfall occurs, it will appropriate funds from other available revenues of the Municipality sufficient to fund such shortfall in order to meet its obligation to make rental payments under the Lease sufficient to pay when due all principal of and interest on the 2017 Bonds and the 2015 Bonds, provided however, that such payment shall be subject to annual appropriation by the Common Council and shall be subject to the Municipality's quiet enjoyment of the Property and improvements leased pursuant to the Lease.

APPROVAL OF THE CONTRIBUTION AND COOPERATION AGREEMENT (Section 3).

The Contribution and Cooperation Agreement in substantially the form attached to the City Resolution is approved and the Mayor and City Clerk are authorized to execute and deliver the Contribution and Cooperation Agreement for and on behalf of the Municipality.

APPROVAL OF THE 2017 BONDS; DELEGATION OF APPROVAL OF CERTAIN FINAL TERMS (Section 4)

The Municipality delegates to the Chairperson and Executive Director/Secretary the authority to approve the final terms of the 2017 Bonds within the parameters set forth in the City Resolution. The approval of the Chairperson and Executive Director/Secretary shall be evidenced by a certificate signed by said officers setting forth the definitive terms referenced therein and shall constitute approval by the Municipality of the terms set forth therein.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE (Section 5).

The Municipality, as the obligated person with respect to the 2017 Bonds within the meaning of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") covenants and agrees, for the benefit of the holders of the 2017 Bonds, to enter into a written undertaking (the "Undertaking") required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the holders of the 2017 Bonds or by the original purchaser of the 2017 Bonds on behalf of such holders (provided that the holders' and purchaser's right to enforce the provisions of the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the Municipality to comply with the provisions of the Undertaking shall not be an event of default with respect to the 2017 Bonds).

The Mayor and City Clerk of the Municipality shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the Municipality's Undertaking.

EXECUTION AND DELIVERY OF DOCUMENTS (Section 6).

The Mayor and City Clerk of the Municipality are authorized for and in the name of the Municipality to execute and deliver the Inducement Letter attached to the Bond Purchase Agreement for the 2017 Bonds, the Lease, and the Contribution and Cooperation Agreement and any and all additional documents as may be necessary or desirable to effectuate the sale of the 2017 Bonds and the completion of the transactions contemplated by the City Resolution.

**SUMMARY OF CERTAIN PROVISIONS OF THE
AMENDED AND RESTATED LEASE AGREEMENT**

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DEFINITIONS (Section 1.1).

"Annual Debt Service Requirement" means the amount of principal (whether at maturity or upon mandatory redemption) and interest payable on the Bonds in any year.

"Authority" means the Community Development Authority of the City of Glendale, Wisconsin, a Wisconsin municipal corporation.

"Bonds" means the 2015A Bonds, 2015B Bonds and 2017 Bonds issued by the Authority to finance or refinance the costs of the Project.

"Commencement Date" means the date of commencement of the Leasehold Term as provided in Section 3.1 of the Lease.

"Debt Service Fund" means the Debt Service Fund established by the Authority in connection with the Bonds.

"Lease" means the lease of the Leased Property from the Authority, as lessor, to the Municipality, as lessee, pursuant to the terms of the 2015 Lease Agreement, as amended and restated by the Amended and Restated Lease Agreement, entered into as of issuance date of the 2017 Bonds between the Authority and the Municipality.

"Leased Improvements" means the improvements described in Exhibit B to the Lease.

"Leased Property" means the Property and all fixtures thereto, and the Leased Improvements.

"Leasehold Term" means the term of the Lease as provided in Section 3.1.

"Municipality" means the City of Glendale, Wisconsin, a municipal corporation and political subdivision.

"Municipality Representative" means the Mayor, the City Clerk, the City Treasurer, the City Administrator or such other officer of the Municipality as is appointed by the Common Council to act on behalf of the Municipality under the Lease.

"Owner" or "Owners" means, with respect to the Bonds when in book-entry-only form, the beneficial owner or owners of the Bonds.

"Program" means the program of blight elimination and community development being carried out by the Authority on property in the Redevelopment Project Area as more fully described in the Redevelopment Plan adopted in connection therewith.

"Project" means a portion of the Program, consisting of public improvements and project costs listed in the Project Plan for Tax Incremental District No. 8 and related costs.

"Property" means the real estate described in Exhibit A to the Lease.

"Quiet Enjoyment" means the right of the Municipality to peaceably and quietly have, hold and enjoy the Leased Property and to use the Leased Property for the purposes intended or permitted by the Lease.

"Redevelopment Plan" means the redevelopment plan adopted in connection with the Redevelopment Project Area pursuant to Section 66.1333 of the Wisconsin Statutes, as amended.

"Redevelopment Project Area" means the redevelopment project area created by the Authority under Section 66.1333 of the Wisconsin Statutes which includes the area of Tax Incremental District No. 8 of the Municipality.

"Rentals" means the rentals payable by the Municipality pursuant to Section 3.2(a) of the Lease.

"Reserve Account" means the Reserve Account established for the Bonds pursuant to the Resolution.

"Reserve Requirement" means the Reserve Requirement as defined in the Resolution.

"Resolution" means the resolutions authorizing the issuance of the 2015A Bonds, 2015B Bonds and 2017 Bonds adopted by the Authority on June 22, 2015 and June 26, 2017, respectively.

"Tax-Exempt Bonds" means the 2015A Bonds issued by the Authority to provide financing to refund bonds issued to finance the cost of the Tax-Exempt Projects.

"Tax-Exempt Projects" means a portion of the Project consisting of costs related to design and construction of public streets, sidewalks and water, sewer and storm sewer improvements.

"Taxable Bonds" means the 2015B Bonds and the 2017 Bonds issued by the Authority to finance other costs of the Project.

"2015A Bonds" means the Community Development Lease Revenue Refunding Bonds, Series 2015A (Bayshore Facility), dated August 3, 2015.

"2015B Bonds" means the Taxable Community Development Lease Revenue Refunding Bonds, Series 2015B (Bayshore Facility), dated August 3, 2015.

"2017 Bonds" means the Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility), dated July 19, 2017.

"2015 Lease Agreement" means the Lease Agreement entered into on August 3, 2015 by and between the Authority and the Municipality which is amended and restated by the Lease.

COMPLETION OF THE PROJECT (Article II).

The Authority has made all contracts and done all things necessary to cause the Project to be constructed and equipped. Title to the Property and all equipment acquired with proceeds of the Bonds and all fixtures thereto shall be held by the Authority, subject to the Lease.

So long as the Lease is in full force and effect, the Authority shall have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under the Lease to the Authority, and is accepted by the Authority and shall not be terminated or restricted by act of the Authority or the Municipality, except as provided in this Section.

TERM (Section 3.1).

The term of the Lease pursuant to the Lease shall commence as of July 19, 2017. The Lease shall expire on October 1, 2029, unless the parties shall sooner terminate the Lease by mutual agreement; provided, however, that, except as provided in Section 4.7 of the Lease, the end of said term shall not be advanced nor shall the Lease expire or be terminated so long as the Bonds shall be outstanding; provided, further, that when the Authority shall have fully paid (or provided for the payment of) all of the principal and interest on the Bonds, the Lease shall automatically terminate.

RENTALS (Section 3.2).

During the Leasehold Term the Municipality agrees to pay the Authority, without deduction or offset (except as described below), rental payments ("Rentals") semi-annually on April 1 and October 1 of each year commencing on April 1, 2018. The rental payable on any date shall be an amount equal to the sum of the following:

- (1) The amount of principal payable on the Bonds on the payment date for the Bonds;
and
- (2) The amount of interest payable on the Bonds on the payment date for the Bonds.

The schedule of principal and interest payments on the Bonds is shown on an attachment to the Lease.

The amount of any Rental payable by the Municipality shall be reduced by the amount of investment earnings (including available investment earnings on monies in the Reserve Account which have been transferred to the general account of the Debt Service Fund), contributions by the Municipality (pursuant to the Amended and Restated Contribution and Cooperation Agreement dated as of July 19, 2017), and other monies on deposit in the Debt Service Fund for the Bonds (excluding monies on deposit in the Reserve Account, the principal balance of which shall only be applied to reduce the amount of the Rental payable in connection with the final debt service payments on the Bonds).

The obligation of the Municipality to pay Rentals is conditioned upon (a) the Municipality's continued "Quiet Enjoyment" of the Leased Property and (b) annual appropriation

of the rental payment by the Municipality. The parties acknowledge that the Leased Property is being leased at its fair market value.

DEBT SERVICE ON BONDS (Section 3.3).

The Authority covenants and agrees that the Rentals payable under the Lease shall be used only to pay the principal of and interest on the Bonds, as provided in the Resolution and that no Rentals shall be used to pay operating expenses of the Authority.

PAYMENT OF COSTS AND EXPENSES (Section 3.4).

If the Municipality defaults under any provisions of the Lease and the Authority employs attorneys or incurs other expenses for the collection of payments due or for the enforcement of performance or observance of any other obligation or agreement on the part of the Municipality contained in the Lease, the Municipality agrees that it will on demand therefor pay to the Authority the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Authority.

NOT DEBT (Section 3.5).

Notwithstanding anything to the contrary contained in the Lease by implication or otherwise, the obligations of the Municipality created by or arising out of the Lease shall not be general debt obligations of the Municipality and do not constitute or give rise to charges against its general credit or taxing powers.

REPAIRS AND MAINTENANCE (Section 3.6).

The Municipality covenants and agrees throughout the Leasehold Term to maintain the Leased Property and keep the same in as good order and condition as the same are in upon the effective date of the Lease.

UTILITIES (Section 3.7).

The Municipality agrees to pay or cause to be paid all charges for gas, electricity, light, heat or power, telephone or other communication service, or any other service used, rendered or supplied upon or in connection with the Leased Property during the Leasehold Term and to protect the Authority and save it harmless against any liability or damages on such account. The Municipality shall also procure any and all necessary permits, licenses or other authorizations thereafter required for the lawful and proper installation and maintenance upon the Leased Property of wires, pipes, conduits, tubes and other equipment and appliances for use in supplying any such services to and upon the Leased Property.

PREPAYMENT (Section 3.8).

The Authority authorizes the Municipality, in its stead, to call the Bonds for redemption prior to maturity, in whole or in part, pursuant to the terms and conditions of the applicable Resolution, provided that the Municipality shall prepay its Rentals under the Lease so that the Rentals suffice to pay the principal of, premium, if any, and interest on the Bonds due at the time of redemption. The Municipality agrees that it shall not make any prepayments of Rentals due under the Lease without calling the applicable Bonds for redemption.

RESTRICTION ON USE (Section 4.1).

The Municipality covenants that the Leased Property shall be used for public purposes. The Authority covenants and agrees that the Leased Property shall be and remain open to and available for public use to the same extent and in the same manner as if the Leased Property were owned by the Municipality. The Municipality and the Authority agree that, during the term of the Lease, no portion of the Leased Property shall be sold to, leased to or otherwise used by a private party in any manner which would cause the Tax-Exempt Bonds to become "private activity bonds" under the provisions of the Internal Revenue Code and the regulations promulgated thereunder.

PUBLIC LIABILITY INSURANCE (Section 4.2).

The Municipality shall maintain or cause to be maintained during the Leasehold Term general public liability insurance against all claims for personal injury, death or property damage for which any of the parties might be liable, occurring upon, in or about the Leased Property or any buildings, facilities, sidewalks, streets and passageways, therein or thereon; such insurance to afford protection to the parties to the limit of not less than \$1,000,000 per occurrence and \$1,000,000 in aggregate per year in respect of personal injury and death and property damage, or such other limits as may be mutually agreed upon.

HAZARD INSURANCE (Section 4.3).

(a) The Municipality shall cause any structures that are part of the Leased Property to be continually insured during the Leasehold Term against damage or destruction by fire, windstorm and any other loss or damage customarily insured in comparable structures in an amount equal to the replacement value of the property.

(b) In case of damage, loss or destruction of the Leased Property, or any part thereof, or any lost fixtures or equipment thereof during the Leasehold Term, the proceeds of any insurance which pertains to such premises, fixtures and equipment shall be used and applied by the Municipality as promptly as possible to repair, restore, rebuild or replace the same as nearly as possible to the condition existing prior to such damage, loss or destruction.

(c) In consideration of the provisions of the Lease giving and granting to the Municipality exclusive possession, custody and control of the Leased Property, the Municipality assumes all risks during the Leasehold Term in connection with any damage, loss or destruction of the Leased Property, or any part thereof, or any fixtures or equipment thereof from any and all causes whatsoever, and, in the event of any such damage, loss or destruction, the Municipality covenants and agrees to repair, restore, rebuild or replace the same as nearly as possible to the condition they were in immediately prior to such damage, loss or destruction either from the

proceeds of insurance as provided in Section 4.3 of the Lease, or, to the extent such proceeds of insurance are insufficient or unavailable therefor, from available appropriations of moneys derived from other sources.

COMPLIANCE WITH LAWS AND REGULATIONS (Section 4.4).

The Municipality agrees that throughout the Leasehold Term it will promptly comply with all laws and ordinances and the orders, rules, regulations and requirements of all federal, state and local governments and agencies and departments thereof which are applicable to the Municipality and the Leased Property, and whether or not the same requires structural repairs or alterations, which may be applicable to the Leased Property, the fixtures or equipment thereof, or the sidewalks, curbs and parking areas adjoining the demised premises, or the use or manner of use of the Leased Property. The Municipality will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force during the Leasehold Term of the Lease with respect to the Leased Property and the fixtures and equipment thereof.

ALTERATIONS AND ADDITIONS TO LEASED PROPERTY (Section 4.5).

The Municipality shall have the right at any time and from time to time during the Leasehold Term, without liability to the Authority, to make such changes, alterations and additions, structural or otherwise, to the Leased Property and any fixtures and equipment thereof, now or hereafter located on the Leased Property, as the Municipality shall deem necessary or desirable in connection with the use of the Leased Property. All such changes, alterations and additions when completed shall be of such a character as not to reduce or otherwise adversely affect the value of the Leased Property or the rental value thereof. The cost of any such change, alteration or addition shall be promptly paid and discharged so that the Leased Property shall at all times be free of liens for labor and materials supplied to the Leased Property, provided, however, that the Municipality may in good faith contest any lien if adequate security is provided during the pendency of proceedings so that the Leased Property is not in danger of being lost through lien foreclosure or otherwise. All alterations, additions and improvements to the Leased Property shall be and become a part of the realty covering the Leased Property.

COVENANTS AGAINST WASTE (Section 4.6).

The Municipality covenants during the term of the Lease not to do or suffer or permit any waste or damage, disfigurement or injury to the Leased Property or any building or improvement now or hereafter on the Leased Property or the fixtures or equipment thereof.

MUNICIPAL BUDGET; CONSEQUENCES OF NON-APPROPRIATION OR FAILURE TO PROVIDE QUIET ENJOYMENT (Section 4.7).

The Municipality covenants that its staff will include the Rentals to become due thereunder in its annual budget as submitted to the Common Council of the Municipality for approval during each year of the Leasehold Term, and further covenants that its staff will request the necessary appropriation from the Common Council and will exhaust all available administrative reviews and appeals in the event that portion of the budget is not approved. The

Municipality reasonably believes, expects and intends that funds will be budgeted and appropriated sufficient to make all payments of Rentals during the term of the Lease.

If the Common Council of the Municipality in any year does not budget and appropriate the Rentals to become due during the next succeeding year, the Municipality will provide written notice to that effect to the Authority and to Robert W. Baird & Co. Incorporated, the original purchaser of the Bonds (the "Purchaser"), no later than 15 days after adoption and approval of that annual budget. The Lease shall terminate on the next May 31 after notice of any non-appropriation has been given by the Municipality to the Authority unless, prior to such date, the Municipality adopts an amendment to its budget appropriating the Rentals becoming due or otherwise provides for the payment of such Rentals. If the Municipality fails to make a rental payment because the Municipality's Quiet Enjoyment of the Leased Property is impaired, the Lease shall terminate immediately.

The Municipality shall, upon such termination, peacefully quit, surrender and deliver up to the Authority, its successors or assigns, the Leased Property in good condition, ordinary wear and tear excepted. Upon such termination, in the event any of the Leased Property has become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, the Municipality shall repair or replace such Leased Property at the Municipality's sole cost prior to surrender of the Leased Property to the Authority, with said repair or replacement subject to the Authority's reasonable approval.

The Municipality will also, whether or not the Rentals due under the Lease are budgeted and appropriated, furnish the Authority and the Purchaser with a copy of its annual budget within 15 days of its adoption. All obligations of the Municipality arising under the Lease during the Municipality's occupancy of the Leased Property shall survive the Lease.

TAX COVENANT (Section 4.8).

The Municipality and the Authority covenant for the benefit of the Owners of the Tax-Exempt Bonds that they will not take any action or omit to take any action with respect to the Tax-Exempt Bonds, the proceeds thereof, any other funds of the Municipality or the Authority or any facilities financed with the proceeds of the Tax-Exempt Bonds if such action or omission (i) would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code and applicable Regulations, or (ii) would cause interest on the Tax-Exempt Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would subject the Municipality or the Authority to any penalties under Section 148 of the Code. The foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Tax-Exempt Bonds, until the date on which all obligations of the Municipality and the Authority in fulfilling the above covenant under the Code have been met.

ASSIGNMENT AND SUBLEASING BY THE MUNICIPALITY (Section 5.1).

The Lease may not be assigned by the Municipality for any reason. However, the Leased Property may be subleased, as a whole or in part, by the Municipality without the necessity of obtaining the consent of the Authority, subject, however, to each of the following conditions:

(a) The Lease, and the obligations of the Municipality under the Lease, shall at all times during the Leasehold Term remain obligations of the Municipality, and the Municipality shall maintain its direct relationship with the Authority notwithstanding any sublease;

(b) The Municipality shall furnish or cause to be furnished to the Authority a copy of any sublease agreement; and

(c) The Municipality shall provide an opinion of bond counsel to the effect that such sublease will not cause the interest on any Tax-Exempt Bond to lose its exemption from federal income tax purposes.

Except as permitted in Section 5.1, so long as the Bonds are outstanding, neither the Authority nor the Municipality shall mortgage, assign or pledge its interests in the Leased Property or any rentals payable with respect thereto.

PRIORITY OF LEASE (Section 5.2).

No sublessee of the Leased Property shall mortgage, assign or pledge its interest in the Leased Property or any rentals payable with respect thereto unless such mortgage, assignment or pledge shall be subordinate to the Lease.

MERGER OF INTEREST (Section 6.1).

It is mutually agreed by the parties to the Lease that so long as the Bonds are outstanding, the leasehold interest and estate created by the Lease shall not be merged or deemed to be merged with any reversionary interest and estate of the Municipality in the Leased Property.

RIGHT TO INSPECT (Section 6.2).

The Municipality covenants and agrees during the Leasehold Term to permit the Authority and the authorized agents and representatives of the Authority or the owners of the Bonds to enter the Leased Property at all times during usual business hours for the purpose of inspecting the same.

CHARACTER OF LEASE (Section 6.3).

It is mutually agreed that the Lease is an absolutely "net" lease and notwithstanding any language in the Lease to the contrary, it is intended and the Municipality expressly covenants and agrees that all rentals and other payments required under the Lease to be made by the Municipality to the Authority shall be made without notice or demand and without set-off, counterclaim, abatement, suspension, deduction or defense, and shall be net payments to the Authority, meaning that the Authority is not and shall not be required to expend any money or do

any acts or take any steps affecting or with respect to the maintenance, preservation, repair, restoration, reconstruction, insuring or protection of the Property or any part thereof, all such obligations being the responsibility of the Municipality.

CONDITION OF PREMISES (Section 6.4).

The Municipality shall at all times fully familiarize itself with the physical condition of the Property and any improvements, fixtures and equipment thereof. The Authority makes no representations whatever in connection with the condition of the Property or the improvements, fixtures or equipment thereof, and the Authority shall not be liable for any latent or patent defects therein.

CONSENT TO SUIT (Section 6.5).

The Municipality consents and agrees to the institution of any and all actions, including mandamus, against the Municipality or any of its officers which may arise out of the Lease and, to the extent permitted by law, the Municipality waives resort prior to the bringing of any such action by the Authority, as lessor under the Lease, or its assignees to any administrative claim procedure provided in the Wisconsin Statutes.

TRANSFER OF TITLE (Section 6.6).

Upon full and final payment of all Bonds (or if all Bonds shall, prior to maturity or redemption date thereof, have been discharged within the meaning of the applicable Resolution) and of all amounts due under the Lease,

(a) the Lease shall terminate and neither the Municipality nor the Authority nor any Owner of the Bonds shall thereafter have any rights under the Lease, saving and excepting those that shall have theretofore vested; and

(b) title to the Leased Property shall, without any further payment, be transferred to the Municipality, and the Authority shall execute any document of conveyance reasonably requested by the Municipality to evidence such transfer.

ENJOYMENT OF PROPERTY (Section 6.7).

The Authority covenants that the Municipality shall during the Leasehold Term peaceably and quietly have and hold and enjoy the Property without suit, trouble or hindrance from the Authority, except as expressly required or permitted by the Lease. The Authority shall not interfere with the quiet use and enjoyment of the Property by the Municipality during the Leasehold Term so long as no event of default shall have occurred under the Lease. The Authority shall, at the request of the Municipality and at the cost of the Municipality, join and cooperate fully in any legal action in which the Municipality asserts its right to such possession and enjoyment. In addition, the Municipality may at its own expense join in any legal action affecting its possession and enjoyment of the Property and shall be joined in any action affecting its liabilities under the Lease.

AMENDMENTS (Section 7.1).

No modification, alteration or amendment to the Lease shall be binding upon either party hereto until such modification, alteration or amendment is reduced to writing and executed by both parties to the Lease. The Lease may not be amended, modified or altered in any manner which affects the rights of the owners of the Bonds unless the prior written consent of the owners of not less than two-thirds (2/3) of the principal amount of the Bonds outstanding has been obtained; provided, however, that the payments required under Section 3.2 of the Lease may not be reduced, or the due dates of such payments altered unless the prior written consent of the owners of all of the Bonds outstanding has been obtained; and provided further, however that no such consents shall be required in connection with any amendment undertaken in connection with the issuance of additional Parity Bonds in compliance with the restrictive provisions of the Resolution.

GOVERNING LAW (Section 7.3).

The laws of the State of Wisconsin shall govern the Lease.

**SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED
CONTRIBUTION AND COOPERATION AGREEMENT**

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Capitalized terms used in this "Summary of Certain Provisions of the Amended and Restated Contribution and Cooperation Agreement" shall have the meanings provided in the "Summary of Certain Provisions of the Lease".

COVENANTS OF THE AUTHORITY (Article I)

The Authority will proceed with all possible diligence to finance the Project through the issuance of the Bonds.

The Authority will provide access to all of its books and records relating to the Bonds to the Municipality's financial officials, or their designees, during the normal business hours of the Authority. Upon request, said officials or designees shall be permitted to make copies of said books and records, or any portions thereof.

COVENANTS OF THE MUNICIPALITY (Article II)

The Authority at the time of the delivery of the 2017 Bonds will fund the Reserve Account for the Bonds in the amount such that, after giving effect thereto, the balance in the Reserve Account is equal to the Reserve Requirement as defined in the Authority's Resolutions authorizing the issuance of the Bonds (the "Reserve Requirement"). If, at any time, the balance in said Account falls below the Reserve Requirement, the Municipality covenants that it will pay to the Authority an amount sufficient to restore the Reserve Account to the Reserve Requirement. Any such payment, however, shall be subject to annual budgetary appropriation by the Common Council of the Municipality and any applicable levy limitations, pursuant to the procedure set forth in Section 2.2 of the Amended and Restated Contribution and Cooperation Agreement. For the purpose of determining the balance in the Reserve Account, investments held therein shall be valued at cost plus interest accrued thereon.

On or before November 1 of each year the Authority will file with the City Clerk and Robert W. Baird & Co. Incorporated, the original purchaser of the Bonds (the "Purchaser"), the Authority's estimate of the amount of the Municipality's obligation under Section 2.1 of the Contribution and Cooperation Agreement during the next succeeding fiscal year, and the staff of the Municipality will include such amount in the Municipality budget as submitted to the Common Council for the next succeeding fiscal year. If the Common Council in any year does not budget and appropriate the amount of the Municipality's obligation as estimated by the Authority, the Municipality will provide written notice to that effect to the Authority and to the Purchaser no later than 15 days after adoption and approval of the annual budget for that year.

At any time that the balance in the Reserve Account falls below the Reserve Requirement, the Authority will immediately file with the City Clerk its written claim for the amount due to the Authority under Section 2.1 of the Amended and Restated Contribution and Cooperation Agreement, which claim shall be processed pursuant to Section 62.12(8) of Wisconsin Statutes or any successor thereto then in effect.

Commencing within 30 days of receipt of a claim from the Authority, the Municipality will pay to the Authority monthly on the first day of each month, an amount equal to the initial amount of the deficit in the Reserve Account, divided by the number of months initially remaining to the next interest payment date on the Bonds, said amounts being payable out of any funds available and appropriated by the Common Council for that purpose, until the Reserve Requirement is again on deposit in the Reserve

Account.

Any payment by the City pursuant to Section 2.1 shall be a donation in assistance of the Authority, and the Authority shall not be liable for any repayment thereof.

OTHER PROVISIONS (Article III).

The Amended and Restated Contribution and Cooperation Agreement is made for the benefit of the Municipality, the Authority and the owner or owners of the Bonds, and any payments receivable under the Amended and Restated Contribution and Cooperation Agreement by the Authority from the Municipality may be pledged and assigned by the Authority as security for the payment of the principal of and interest on the Bonds. The Amended and Restated Contribution and Cooperation Agreement shall constitute a third party beneficiary contract for the benefit of the beneficial owner or owners of the Bonds.

The Amended and Restated Contribution and Cooperation Agreement shall not be abrogated, amended, modified or supplemented at any time when any Bonds are outstanding and unpaid, without the consent of the owners of all of the Bonds which are outstanding and have not been discharged, except that the Amended and Restated Contribution and Cooperation Agreement may be amended without the consent of the owners of any of the Bonds in order to meet the requirements set forth in the resolutions authorizing the issuance of the Bonds relating to the issuance of additional parity bonds.

The Amended and Restated Contribution and Cooperation Agreement shall not have any effect whatsoever, and shall be absolutely void, unless and until the Bonds have been issued, sold and delivered.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Glendale, Milwaukee County, Wisconsin (the "City") in connection with the issuance by the Community Development Authority of the City of Glendale of its \$17,985,000 Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility), dated July 19, 2017 (the "Securities"). The Securities are being issued pursuant to a Resolution adopted by the Community Development Authority of the City of Glendale, Wisconsin (the "Issuer") on June 26, 2017, as supplemented by the Certificate of Officers Approving Details of Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility), dated June 27, 2017 (collectively, the "Resolution") and delivered to Robert W. Baird & Co. Incorporated (the "Purchaser") on the date hereof. Pursuant to a Resolution adopted by the Governing Body of the City on June 26, 2017, the City, as the obligated person with respect to the Securities within the meaning of the Rule (defined herein), has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the City hereby specifically covenants and agrees as follows:

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

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the City's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the City intends to continue to prepare in substantially the same form.

"City" means the City of Glendale, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"City Contact" means the Deputy City Administrator/Director of Finance of the City who can be contacted at 5909 N. Milwaukee River Parkway, Glendale, WI 53209, phone (414) 228-1717, fax (414) 228-1724.

"Final Official Statement" means the Final Official Statement dated June 27, 2017 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the City.

"Governing Body" means the Common Council of the City or such other body as may hereafter be the chief legislative body of the City.

"Issuer" means the Community Development Authority of the City of Glendale, Wisconsin.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The City shall, not later than 270 days after the end of the Fiscal Year, commencing with the year ended December 31, 2016, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the City is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of Appendix A to the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. TAX LEVIES, RATES AND COLLECTIONS
2. ASSESSED AND EQUALIZED VALUATIONS
3. INDEBTEDNESS OF THE CITY — Direct Indebtedness

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which are available to

the public on the MSRB's Internet website or filed with the SEC. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(b) When a Listed Event occurs, the City shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the City shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The City's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. City Contact; Agent. Information may be obtained from the City Contact. Additionally, the City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the City delivers to the MSRB an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the holders of the Securities, but only upon the delivery by the City to the MSRB of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the City with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Official Statement, in the previous five years, the City has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the City to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure

Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 19th day of July, 2017.

Bryan Kennedy
Mayor

(SEAL)

Karen L. Couillard
City Clerk

APPENDIX E

FORM OF BOND COUNSEL OPINION

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

July 19, 2017

Re: Community Development Authority of the City of Glendale, Wisconsin ("Issuer")
\$17,985,000 Taxable Community Development Lease Revenue Refunding Bonds,
Series 2017A (Bayshore Facility), dated July 19, 2017 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Sections 66.1333 and 66.1335, Wisconsin Statutes (the "Act") and a resolution adopted by the Issuer on June 26, 2017 (the "Bond Resolution"), as supplemented by a Certificate of Officers Approving Details of Taxable Community Development Lease Revenue Refunding Bonds, Series 2017A (Bayshore Facility), dated June 27, 2017 (the "Certificate"). The Issuer will apply the proceeds of the Bonds to refund obligations issued to carry out a program of blight elimination and community development on property in a redevelopment project area of the Issuer as more fully described in the redevelopment plan adopted in connection therewith, including public improvements and project costs listed in the Project Plan for Tax Incremental District No. 8 and related costs. Certain of the improvements and a portion of the property on which they are located are to be leased to the City of Glendale, Wisconsin (the "Municipality") pursuant to an Amended and Restated Lease Agreement dated as of July 19, 2017 between the Issuer and the Municipality (the "Lease"). The Issuer and the Municipality have also entered into an Amended and Restated Contribution and Cooperation Agreement dated as of July 19, 2017 (the "Contribution and Cooperation Agreement").

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on October 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 820,000	1.70%
2019	950,000	2.05
2020	970,000	2.30
2021	1,000,000	2.55
2022	825,000	2.85
2023	540,000	3.05
2024	2,285,000	3.15
2025	400,000	3.30

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2029	\$10,195,000	3.65%

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2018.

The Bonds maturing on October 1, 2029 are subject to redemption prior to maturity at the option of the Issuer, on October 1, 2025 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

The Bonds maturing in the year 2029 are subject to mandatory redemption by lot as provided in the Bond Resolution, as supplemented by the Certificate, at the redemption price of par plus accrued interest.

The Bonds are also subject to mandatory redemption, in whole and not in part, upon the occurrence of certain events as described in the Bond Resolution.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon our examination, it is our opinion as of the date hereof under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer in accordance with its terms. The Lease and Contribution and Cooperation Agreement have been duly authorized, executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms.

3. The Lease and Contribution and Cooperation Agreement have been duly authorized, executed and delivered by the Municipality and are valid and binding obligations of the Municipality, enforceable against the Municipality in accordance with their respective terms.

4. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of said Issuer in accordance with their terms payable solely out of the revenues derived from the Lease and Contribution and Cooperation Agreement, on a parity with that of the Issuer's outstanding Community Development Lease Revenue Refunding Bonds, Series 2015A (Bayshore Facility), dated August 3, 2015 and Taxable Community Development Lease Revenue Refunding Bonds, Series 2015B (Bayshore Facility), dated August 3, 2015. The Bonds do not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit.

5. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds.

6. The interest on the Bonds is exempt from present Wisconsin income tax; except that interest on or income from the Bonds is includable in the measure of the tax for Wisconsin corporate franchise tax purposes.

Except as expressly set forth in paragraph 4 above regarding the priority of the Bonds with respect to certain other obligations of the Issuer under the Act, we express no opinion regarding the perfection or priority of the lien on revenues derived from the Lease, Contribution and Cooperation Agreement or other funds created under the Bond Resolution.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Issuer's obligations under the Bonds, the Bond Resolution, the Lease and Contribution and Cooperation Agreement and of the Municipality's obligations under the Lease and Contribution and Cooperation Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP