

CITY OF MARINETTE, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2014

CITY OF MARINETTE, WISCONSIN
December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Marinette, 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 Marinette, Wisconsin ("the City") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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 as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note D.7, the City recorded a prior period adjustment of \$194,414 in the government-wide and proprietary fund statements to reclassify capital assets and related depreciation expenses. 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 management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
May 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This discussion and analysis of the City of Marinette's financial performance provides an overview of the financial activities of the City and Utilities for the fiscal year ended December 31, 2014. It should be read in conjunction with the City's financial statements, beginning on page 9.

Financial Highlights

- At the close of the fiscal year 2014, the assets and deferred outflows of resources of the City of Marinette exceeded its liabilities and deferred inflows of resources by \$69,802,941 (net position) versus \$67,509,193 at the close of 2013, an increase of \$2,293,748.
- During 2014, the General Fund balance increased by \$477,055. At end of the fiscal year, the total general fund balance was \$6,391,491 and the portion that can be used for general operation (Unassigned Fund Balance) was \$4,460,423 which was approximately 41% of the total 2014 General Fund spending budget.

Overview of the Financial Statements

The basic financial statements include three (3) components:

- 1) government-wide financial statements,
- 2) fund financial statements,
- 3) notes to the financial statements.

1. Government-wide Financial Statements (Reporting the City as a Whole)

The government-wide financial statements (pages 9-11) provide readers with a broad overview of the finances of the City government (including Utilities) as a total enterprise. The Statement of Net Position and the Statement of Activities are used to accomplish this.

The **Statement of Net Position** presents information on all of the City's assets, liabilities and deferred outflow/inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial position. Table 1 on the next page shows the City's net position.

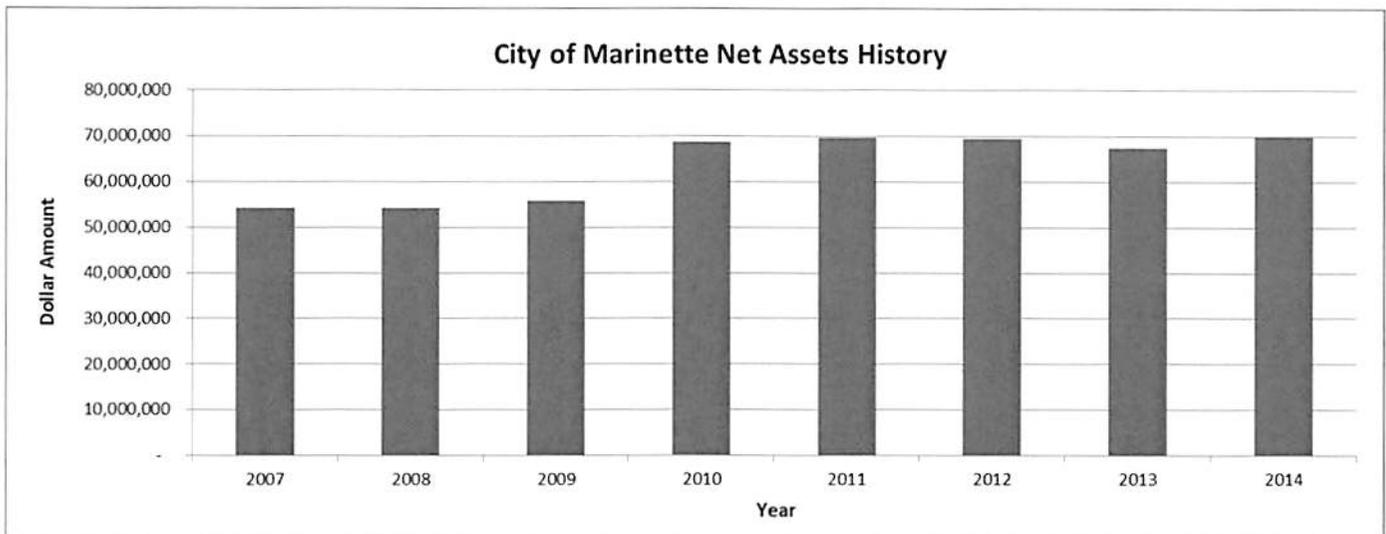
The total City assets and deferred outflows of resources exceeded total City liabilities and deferred inflows of resources by \$69,802,941 at the close of the fiscal year 2014 versus \$67,509,193 at the close of 2013, an increase of \$2,293,748. Chart 1 on the next page shows the City's net position history from 2008 to 2014.

(Table 1)

CITY OF MARINETTE, WISCONSIN
Statement of Net Position
December 31, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 29,289,909	\$ 30,409,264	\$ 6,180,626	\$ 5,113,539	\$ 35,470,535	\$ 35,522,803
Capital Assets	19,381,225	16,514,059	58,679,860	58,838,477	78,061,085	75,352,536
Total Assets	<u>48,671,134</u>	<u>46,923,323</u>	<u>64,860,486</u>	<u>63,952,016</u>	<u>113,531,620</u>	<u>110,875,339</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	131,612	153,547	131,612	153,547
LIABILITIES						
Current and other liabilities	11,288,777	10,620,510	395,715	540,426	11,684,492	11,160,936
Long-term debt o/s	10,246,704	11,100,431	16,015,796	15,509,138	26,262,500	26,609,569
Total Liabilities	<u>21,535,481</u>	<u>21,720,941</u>	<u>16,411,511</u>	<u>16,049,564</u>	<u>37,946,992</u>	<u>37,770,505</u>
DEFERRED INFLOWS OF RESOURCES						
	5,913,299	5,749,188	-	-	5,913,299	5,749,188
NET ASSETS						
Net Investment in capital assets	11,872,075	8,398,409	42,881,657	43,525,824	54,753,732	51,924,233
Restricted	3,098,270	6,145,948	5,013,316	4,130,596	8,111,586	10,276,544
Unrestricted (deficit)	6,252,009	4,908,837	685,614	399,579	6,937,623	5,308,416
Total Net Position	<u>\$ 21,222,354</u>	<u>\$ 19,453,194</u>	<u>\$ 48,580,587</u>	<u>\$ 48,055,999</u>	<u>\$ 69,802,941</u>	<u>\$ 67,509,193</u>

(Chart 1)



As you may see, there was a large increase (by \$12,889,000) in 2010; \$11,395,000 of that increase was from capital grants and contributions (mainly for the new water treatment facility project). The 2014 increase in net position is primarily from increased values in buildings and infrastructure capital assets.

The Statement of Net Position shows the restricted and unrestricted net position. Unrestricted assets can be spent under the City government's discretion. The restricted assets are not available for appropriation or are legally restricted by outside parties. Restricted assets are used for a specific purpose such as payments to creditors, grant contributors, and other legal requirements. They cannot be spent under the City government's discretion.

During 2014, the City's combined unrestricted net position (General Fund, Water, Wastewater, Storm Water, Cemetery, debt service fund, capital projects funds, special revenue funds, and equipment funds) increased by \$1,629,207, while restricted net position decreased. Road construction was completed in a Tax Incremental District, which caused a shift from restricted to unrestricted net position. The Governmental activities unrestricted net position increased by \$1,343,172 while the Business-type activities unrestricted net position increased by \$286,035. By far, the largest portion (nearly 80%) of the total net position reflects the investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

The Statement of Activities presents information showing how the City's net position changed during 2014. Table 2 on the next page shows the Statement of Activities for the City of Marinette for fiscal year 2014. The City's total net position increased by 3 percent, or \$2,293,748, in comparison to 2013 totals.

As you may see, in both the Statement of Net Position and the Statement of Activities, we divided the City into two kinds of activities: Governmental activities and Business-type activities.

Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works, park, recreation, and general administration. Property taxes, franchise fees, and state and federal grants and financial aids finance most of these activities. In addition, all the special revenue funds, capital project funds, debt service funds, TIF districts, and equipment funds (or internal service funds), totaling thirty individual funds are also included here.

Business-type activities - The City charges a fee to customers to help cover all or most of the costs of certain services provided. The City's water, sanitary sewer, storm water, and cemetery activities are reported here.

On the revenue side, in 2014, due to changes in Wisconsin state grants and aid, the City's revenues for Governmental activities from operating grants and contributions decreased by \$97,000. When comparing to 2013, the Business-type activities saw an increase in revenues for charges for services just over \$419,600 and the spending increased by \$133,000. We will take a look at this in more details under the Fund Financial Statements on Page 12.

2. Fund Financial Statements (Reporting the City's Most Significant Funds)

The Fund Financial Statements begin on page 12 and provide detailed information about the most significant funds - not the City as a whole. The City has two kinds of funds: Governmental and Proprietary.

(Table 2)

CITY OF MARINETTE, WISCONSIN
Statement of Activities
Year End December 31, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenue						
Charges for Services	\$ 698,868	\$ 700,846	\$ 6,425,389	\$ 6,005,771	\$ 7,124,257	\$ 6,706,617
Operating grants and contributions	1,002,065	1,098,853	-	-	1,002,065	1,098,853
Capital grants and contributions	7,729,555	27,304	1,433,040	315,603	9,162,595	342,907
General Revenues						
Property taxes for general purposes	5,749,190	5,354,535	-	-	5,749,190	5,354,535
Property taxes for debt service	-	-	-	-	-	-
Other taxes	521,906	431,317	-	-	521,906	431,317
State/federal aids/other contributions not restricted to specific functions	4,772,610	4,769,331	-	-	4,772,610	4,769,331
Interest and investment earnings	37,194	39,621	34,770	69,604	71,964	109,225
Miscellaneous	296,676	194,337	-	-	296,676	194,337
Gain on sale of asset	-	-	-	-	-	-
Total Revenues	20,808,064	12,616,144	7,893,199	6,390,978	28,701,263	19,007,122
Expenses						
General government	1,684,586	1,726,300	-	-	1,684,586	1,726,300
Public safety	4,792,409	5,065,654	-	-	4,792,409	5,065,654
Public works	5,774,329	4,220,659	-	-	5,774,329	4,220,659
Culture and recreation	1,105,288	999,083	-	-	1,105,288	999,083
Conservation & Development	6,172,322	2,075,057	-	-	6,172,322	2,075,057
Interest and fiscal charges on debt	271,137	289,733	-	-	271,137	289,733
Water utility	-	-	3,699,301	3,687,492	3,699,301	3,687,492
Wastewater treatment facility	-	-	1,940,031	2,251,073	1,940,031	2,251,073
Storm Water Utility	-	-	945,150	515,743	945,150	515,743
Cemetery	-	-	217,376	214,589	217,376	214,589
Total Expenses	19,800,071	14,376,486	6,801,858	6,668,897	26,601,929	21,045,383
Increase in net position before transfers	1,007,993	(1,760,342)	1,091,341	(277,919)	2,099,334	(2,038,261)
Transfers	761,167	731,165	(761,167)	(731,165)	-	-
Increase in net assets	1,769,160	(1,029,177)	330,174	(1,009,084)	2,099,334	(2,038,261)
Prior Period Adjustment	-	-	194,414	-	194,414	-
Net position - January 1,	19,453,194	20,482,371	48,055,999	49,065,083	67,509,193	69,547,454
Net position - December 31,	\$ 21,222,354	\$ 19,453,194	\$ 48,580,587	\$ 48,055,999	\$ 69,802,941	\$ 67,509,193

Governmental funds - include General Fund, Debt Service Funds, Special Revenue Funds, Capital Projects, and Equipment Revolving Funds. The financial statements for governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. The fund balances are classified as 1) Nonspendable, 2) Restricted – obligated for specific purposes by external parties, 3) Assigned - designated for specific purposes by action of City Council, and 4) Unassigned – available for any purposes. The last 2 categories are similar to unrestricted assets, and they can be spent under management's discretion, so they may serve as a useful measure of the City's net resources available for spending. At end of 2014, the total fund balances from these last 2 categories were \$8,241,105.

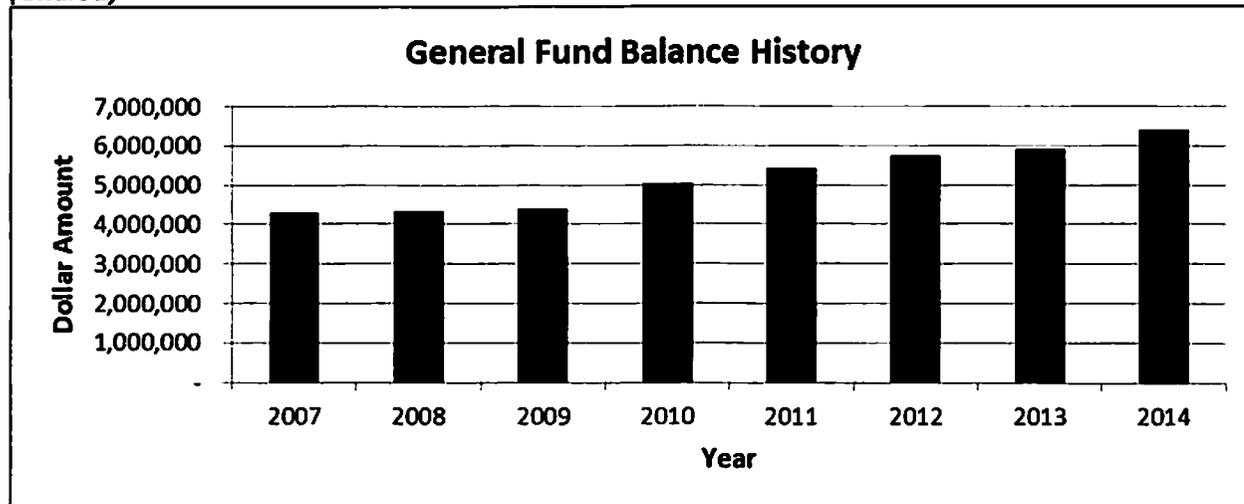
The General Fund is the chief operating fund of the City. Page 14 shows the summary of 2014 General Fund revenues, expenditures and changes of fund balances. As you may see, the general fund ended its year with an operating surplus of \$477,057.

Page 12 shows that at the end of 2014, the general fund had a fund balance of \$6,391,491. Of this amount, \$6,379,459 was assigned and unassigned so they can be spent at management's discretion. Further breakdown of these funds are as follows: the City assigned \$500,000 for vested employment benefit liabilities (the reported liabilities at end of 2014 were \$900,123), and \$1,419,036 for subsequent year's expenditures. The unassigned general fund balance was \$4,460,423, which was approximately 41% of total 2014 General Fund spending budget. Maintaining a higher unassigned fund balance is necessary because the payment received from the State Shared Revenues comes in late November of each year. The Shared Revenue is approximately 43% of total General

Fund revenue. A healthy fund balance prevents short-term borrowing for operating cash, helps to meet emergency needs, generates interest revenues through investments, and helps to maintain the City's bond rating.

Chart 2 below shows the General Fund balance history from 2007 to 2014.

(Chart 2)



Proprietary funds - The City's proprietary funds (pages 17-21) provide the same type of information found in the government-wide financial statements, but in more detail.

Page 19 shows the 2014 revenues, expenses and change in net position for proprietary funds. The Statement of Revenues and Expenses on Page 19 shows that for enterprise funds, the total revenues increased \$419,618 and total expenses decreased by \$24,804 in 2014 in comparison with 2013. On the revenue side, the Wastewater Utility revenues from fixed charges decreased by \$44,560 and the Water Utility's revenues from metered use increased by \$223,979. On the expense side, the Water Utility's new water treatment facility decreased maintenance and operations expenses by \$108,682, and decreased the depreciation expense by \$29,536. The PILOT payment is a property tax equivalent payable to the City of Marinette (recorded as a transfer out) which decreased \$11,860. The increased value of the new water treatment facility is one of the main factors in the PILOT's calculation. Wastewater spent \$312,706 less on operations and maintenance. Of that amount \$45,000 was due to changes in staffing and \$56,000 less on contracted services. The Storm Water Utility spending increased in 2014 compared to 2013 by \$435,000 due to larger scaled capital projects completed in 2014.

General Fund Budgetary Highlights

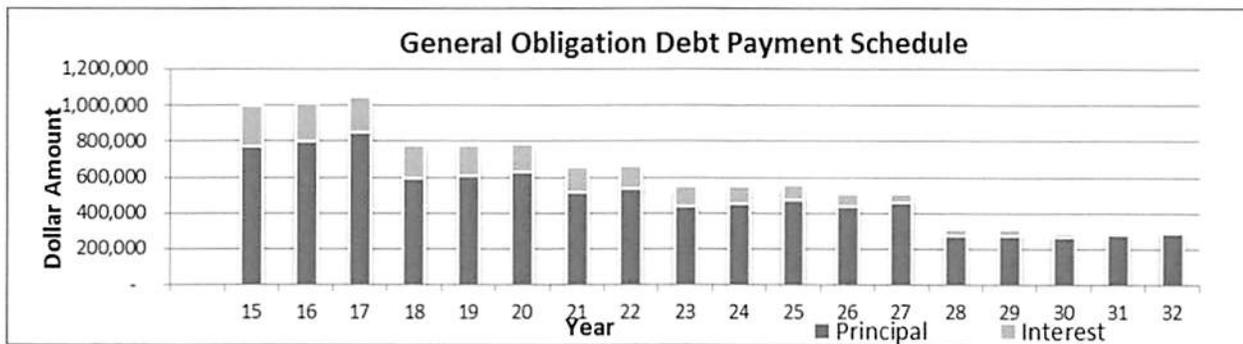
(See Page 16 for summary and Pages 43-45 for details). Compared with the final budget, the actual revenues were \$123,433 higher than budgetary estimates. On the expenditure side, the total actual expenditures were \$298,170 lower than the adjusted final budget amount. Major budget surpluses were: \$22,000 for special counsel fees, \$28,000 for property tax refunds, \$35,000 on salt purchases and \$145,000 on contracted services on street construction projects. All of which the expenses came in lower than anticipated. The larger budget changes during the year for the following purchases were: \$35,000 for utilities and \$11,500 for pool maintenance.

Debt Administration

Long-term Obligations: At the end of the 2014 fiscal year, the City of Marinette had total long-term obligations of \$26,262,500. Of this amount, \$8,883,426 is comprised of government bonds and notes, \$696,581 as promissory notes, \$15,564,777 represents bonds secured by specified revenue sources (i.e., revenue bonds), and \$1,015,581 as employees' compensated absences. The City also borrowed an additional \$375,537 short term loan for capital expenditures.

The City maintained its Moody's A1 bond rating for both its general obligation debt and for the revenue bonds of the Water Utility.

State statutes limit the amount of general obligation debt a governmental entity may issue to five (5) percent of its total equalized valuation. The current debt limitation for the City of Marinette is \$29,774,005, which is significantly higher than the City's outstanding general obligation debt of \$8,883,426. The chart below shows the payment schedule.



Requests for Information

This financial report is designed to provide a general overview of the City of Marinette's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Director, City Hall, 1905 Hall Ave., Marinette, Wisconsin 54143.

BASIC FINANCIAL STATEMENTS

CITY OF MARINETTE, WISCONSIN
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 11,265,206	\$ 2,107,201	\$ 13,372,407
Receivables			
Taxes	12,667,601	-	12,667,601
Special assessments	9,069	94,144	103,213
Accounts	1,406,926	814,857	2,221,783
Loans	2,000,161	-	2,000,161
Internal balances	1,938,047	(1,938,047)	-
Inventories and prepaid items	2,899	86,815	89,714
Other current assets	-	2,340	2,340
Restricted assets			
Cash and investments	-	5,013,316	5,013,316
Capital assets, nondepreciable			
Land	1,409,852	779,445	2,189,297
Capital assets, depreciable			
Land improvements	-	41,837,968	41,837,968
Buildings and improvements	4,830,951	18,233,748	23,064,699
Machinery and equipment	7,122,758	18,356,441	25,479,199
Infrastructure	26,779,185	12,491,005	39,270,190
Less: Accumulated depreciation	(20,761,521)	(33,018,747)	(53,780,268)
TOTAL ASSETS	48,671,134	64,860,486	113,531,620
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	131,612	131,612
LIABILITIES			
Accounts payable	1,510,389	44,982	1,555,371
Short-term notes payable	375,537	-	375,537
Accrued and other current liabilities	425,969	286,088	712,057
Accrued interest payable	32,793	64,645	97,438
Due to other governments	8,714,089	-	8,714,089
Unearned revenues	230,000	-	230,000
Long-term obligations			
Due within one year	827,442	947,134	1,774,576
Due in more than one year	9,419,262	15,068,662	24,487,924
TOTAL LIABILITIES	21,535,481	16,411,511	37,946,992
DEFERRED INFLOWS OF RESOURCES			
Property taxes	5,913,299	-	5,913,299
NET POSITION			
Net investment in capital assets	11,872,075	42,881,657	54,753,732
Restricted for			
Debt service	1,352	1,672,294	1,673,646
Community development	2,720,478	-	2,720,478
Tax incremental district	376,440	-	376,440
Capital projects	-	3,341,022	3,341,022
Unrestricted	6,252,009	685,614	6,937,623
TOTAL NET POSITION	\$ 21,222,354	\$ 48,580,587	\$ 69,802,941

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

CITY OF MARINETTE, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,684,586	\$ 108,537	\$ 64,067	\$ -
Public safety	4,792,409	349,120	36,424	42,178
Public works	5,774,329	72,395	852,203	2,928,659
Culture and recreation	1,105,288	168,816	288	-
Conservation and development	6,172,322	-	49,083	4,758,718
Interest on debt	271,137	-	-	-
Total Governmental Activities	19,800,071	698,868	1,002,065	7,729,555
Business-type Activities				
Water utility	3,699,301	3,858,063	-	581,500
Wastewater treatment facility	1,940,031	1,731,768	-	231,376
Storm water utility	945,150	697,298	-	620,164
Cemetery	217,376	138,260	-	-
Total Business-type Activities	6,801,858	6,425,389	-	1,433,040
Total	\$ 26,601,929	\$ 7,124,257	\$ 1,002,065	\$ 9,162,595

General revenues

Taxes

 Property taxes, levied for general purposes

 Other taxes and franchise fees

 Federal and state grants and other contributions
not restricted to specific functions

 Interest and investment earnings

 Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Prior period adjustment

Net position - January 1

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total

\$ (1,511,982)	\$ -	\$ (1,511,982)
(4,364,687)	-	(4,364,687)
(1,921,072)	-	(1,921,072)
(936,184)	-	(936,184)
(1,364,521)	-	(1,364,521)
(271,137)	-	(271,137)
<u>(10,369,583)</u>	-	<u>(10,369,583)</u>

-	740,262	740,262
-	23,113	23,113
-	372,312	372,312
-	(79,116)	(79,116)
-	<u>1,056,571</u>	<u>1,056,571</u>
<u>(10,369,583)</u>	<u>1,056,571</u>	<u>(9,313,012)</u>

5,749,190	-	5,749,190
521,906	-	521,906
4,772,610	-	4,772,610
37,194	34,770	71,964
296,676	-	296,676
761,167	(761,167)	-
<u>12,138,743</u>	<u>(726,397)</u>	<u>11,412,346</u>

1,769,160	330,174	2,099,334
-	194,414	194,414
<u>19,453,194</u>	<u>48,055,999</u>	<u>67,509,193</u>
<u>\$ 21,222,354</u>	<u>\$ 48,580,587</u>	<u>\$ 69,802,941</u>

CITY OF MARINETTE, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2014

	General	Debt Service	TIF #3	TIF #11	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 6,764,570	\$ 1,352	\$ 689,311	\$ 302	\$ 3,637,291	\$ 11,092,826
Receivables						
Taxes	10,634,964	867,659	210,480	361,878	592,620	12,667,601
Special assessments	9,069	-	-	-	-	9,069
Accounts	105,139	-	1,155,810	-	144,977	1,405,926
Loans	-	-	-	-	2,000,161	2,000,161
Due from other funds	2,074,615	-	-	-	-	2,074,615
Inventories and prepaid items	2,899	-	-	-	-	2,899
TOTAL ASSETS	\$ 19,591,256	\$ 869,011	\$ 2,055,601	\$ 362,180	\$ 6,375,049	\$ 29,253,097
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 159,645	\$ -	\$ 1,164,683	\$ 139,247	\$ 33,792	\$ 1,497,367
Short-term notes payable	-	-	-	-	375,537	375,537
Accrued and other current liabilities	421,600	-	-	-	2,076	423,676
Due to other funds	-	-	-	-	41,466	41,466
Due to other governments	8,712,038	-	-	-	2,051	8,714,089
Unearned revenues	-	-	-	-	230,000	230,000
Total Liabilities	9,293,283	-	1,164,683	139,247	684,922	11,282,135
Deferred Inflows of Resources						
Property taxes	3,880,664	867,659	210,480	361,878	592,618	5,913,299
Special assessments	25,818	-	-	-	-	25,818
Total Deferred Inflows of Resources	3,906,482	867,659	210,480	361,878	592,618	5,939,117
Fund Balances (Deficit)						
Nonspendable						
Inventories and prepaid items	2,899	-	-	-	-	2,899
Delinquent taxes	4,799	-	-	-	-	4,799
Special assessments	4,334	-	-	-	-	4,334
Restricted						
Tax incremental district	-	-	680,438	-	376,440	1,056,878
Loans	-	-	-	-	2,720,478	2,720,478
Debt service	-	1,352	-	-	-	1,352
Assigned						
Vacation and sick leave	500,000	-	-	-	-	500,000
Subsequent year's expenditures	1,419,036	-	-	-	2,040,923	3,459,959
Unassigned	4,460,423	-	-	(138,945)	(40,332)	4,281,146
Total Fund Balances (Deficit)	6,391,491	1,352	680,438	(138,945)	5,097,509	12,031,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 19,591,256	\$ 869,011	\$ 2,055,601	\$ 362,180	\$ 6,375,049	\$ 29,253,097

(Continued)

CITY OF MARINETTE, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2014

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page	\$ 12,031,845
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	17,389,454
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Special assessments	25,818
Internal service funds are used by management to allocate the costs of equipment acquisition and maintenance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.	2,054,734
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	\$ (9,346,581)
Compensated absences	(900,123)
Accrued interest on long-term obligations	(32,793)
	(10,279,497)
 Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 9)	 <u><u>\$ 21,222,354</u></u>

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

CITY OF MARINETTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Debt Service	TIF #3	TIF #11	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 3,954,949	\$ 867,659	\$ 254,040	\$ 337,841	\$ 858,071	\$ 6,272,560
Intergovernmental	5,438,501	-	4,759,957	2,981,476	370,025	13,549,959
Licenses and permits	237,952	-	-	-	-	237,952
Fines and forfeits	220,270	-	-	-	12,920	233,190
Public charges for services	258,912	-	-	-	15,954	274,866
Miscellaneous	83,170	13,177	1,201	1,633	118,509	217,690
Total Revenues	10,193,754	880,836	5,015,198	3,320,950	1,375,479	20,786,217
Expenditures						
Current						
General government	1,448,837	-	983,297	-	2,504	2,434,638
Public safety	4,581,572	-	-	-	45,885	4,627,457
Public works	3,321,146	-	-	-	499,829	3,820,975
Culture and recreation	879,332	-	-	-	140,303	1,019,635
Conservation and development	226,658	-	5,125,924	205,970	362,913	5,921,465
Debt service						
Principal	-	435,000	-	150,000	201,839	786,839
Interest and fiscal charges	-	53,967	-	101,598	117,347	272,912
Capital outlay	-	-	-	4,271,531	220,484	4,492,015
Total Expenditures	10,457,545	488,967	6,109,221	4,729,099	1,591,104	23,375,936
Excess of Revenues Over (Under)						
Expenditures	(263,791)	391,869	(1,094,023)	(1,408,149)	(215,625)	(2,589,719)
Other Financing Sources (Uses)						
Transfers in	902,108	-	-	-	515,038	1,417,146
Transfers out	(161,260)	(390,978)	-	-	(103,741)	(655,979)
Total Other Financing Sources (Uses)	740,848	(390,978)	-	-	411,297	761,167
Net Change in Fund Balances	477,057	891	(1,094,023)	(1,408,149)	195,672	(1,828,552)
Fund Balances - January 1	5,914,434	461	1,774,461	1,269,204	4,901,837	13,860,397
Fund Balances (Deficit) - December 31	\$ 6,391,491	\$ 1,352	\$ 680,438	\$ (138,945)	\$ 5,097,509	\$ 12,031,845

(Continued)

CITY OF MARINETTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2014

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page \$ (1,828,552)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets reported as capital outlay in governmental fund statements	\$ 3,865,563	
Depreciation expense reported in the statement of activities	<u>(868,295)</u>	
Amount by which capital outlays are greater than depreciation in current period		2,997,268

In governmental funds, the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the Statement of Activities only the gain (or loss) on the disposal is reported.

Book value of capital assets disposed of		(62,436)
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Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by:		66,888
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Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		(2,143)
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		786,839
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Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.		1,777
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The City's internal service fund is reported with governmental activities. Current year expenses exceeded revenues by:		<u>(190,481)</u>
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Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 10 - 11)		<u>\$ 1,769,160</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF MARINETTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,934,882	\$ 3,948,410	\$ 3,954,949	\$ 6,539
Intergovernmental	5,409,426	5,421,648	5,438,501	16,853
Licenses and permits	278,550	235,431	237,952	2,521
Fines and forfeits	234,340	185,500	220,270	34,770
Public charges for services	254,060	241,572	258,912	17,340
Miscellaneous	46,070	37,760	83,170	45,410
Total Revenues	10,157,328	10,070,321	10,193,754	123,433
Expenditures				
Current				
General government	1,604,894	1,491,554	1,448,837	42,717
Public safety	4,669,614	4,661,884	4,581,572	80,312
Public works	3,427,130	3,474,943	3,321,146	153,797
Culture and recreation	877,702	896,035	879,332	16,703
Conservation and development	256,424	231,299	226,658	4,641
Total Expenditures	10,835,764	10,755,715	10,457,545	298,170
Excess of Revenues Over (Under) Expenditures	(678,436)	(685,394)	(263,791)	421,603
Other Financing Sources (Uses)				
Transfers in	836,000	888,227	902,108	13,881
Transfers out	(157,564)	(188,246)	(161,260)	26,986
Total Other Financing Sources (Uses)	678,436	699,981	740,848	40,867
Net Change in Fund Balance	-	14,587	477,057	462,470
Fund Balance - January 1	5,914,434	5,914,434	5,914,434	-
Fund Balance - December 31	\$ 5,914,434	\$ 5,929,021	\$ 6,391,491	\$ 462,470

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

CITY OF MARINETTE, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2014

	Cemetery	Water Utility	Wastewater Utility	Storm Water Utility	Total Enterprise Funds	Governmental Activities - Internal Service Funds
ASSETS						
Current Assets						
Cash and investments	\$ 1,259,809	\$ -	\$ 847,392	\$ -	\$ 2,107,201	\$ 172,380
Accounts receivable	11,911	537,755	200,416	64,775	814,857	1,000
Due from other funds	-	-	254,377	838,688	1,093,065	-
Inventories and prepaid expenses	56,304	30,511	-	-	86,815	-
Other current assets	-	2,340	-	-	2,340	-
Total Current Assets	1,328,024	570,606	1,302,185	903,463	4,104,278	173,380
Noncurrent Assets						
Receivables						
Special assessments	-	94,144	-	-	94,144	-
Restricted assets						
Cash and investments	-	1,672,294	3,341,022	-	5,013,316	-
Capital assets, nondepreciable						
Land	139,939	619,406	20,100	-	779,445	-
Capital assets, depreciable						
Land improvements	-	23,861,792	17,976,176	-	41,837,968	-
Buildings	417,039	11,657,276	6,159,433	-	18,233,748	-
Machinery and equipment	278,734	9,510,765	8,566,942	-	18,356,441	5,634,282
Infrastructure	-	-	-	12,491,005	12,491,005	-
Less: Accumulated depreciation	(643,636)	(7,872,261)	(17,713,619)	(6,789,231)	(33,018,747)	(3,642,511)
Total Capital Assets, Net of Accumulated Depreciation	192,076	37,776,978	15,009,032	5,701,774	58,679,860	1,991,771
Total Noncurrent Assets	192,076	39,543,416	18,350,054	5,701,774	63,787,320	1,991,771
TOTAL ASSETS	1,520,100	40,114,022	19,652,239	6,605,237	67,891,598	2,165,151
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	131,612	-	-	131,612	-

(Continued)

CITY OF MARINETTE, WISCONSIN
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2014

	Cemetery	Water Utility	Wastewater Utility	Storm Water Utility	Total Enterprise Funds	Governmental Activities - Internal Service Funds
LIABILITIES						
Current Liabilities						
Accounts payable	1,872	19,373	20,953	2,784	44,982	13,022
Accrued and other current liabilities	2,753	271,868	11,467	-	286,088	2,293
Accrued interest	-	61,877	2,768	-	64,645	-
Due to other funds	-	2,726,721	107,729	196,662	3,031,112	95,102
Current portion of long-term debt	-	871,311	63,706	12,117	947,134	-
Total Current Liabilities	4,625	3,951,150	206,623	211,563	4,373,961	110,417
Noncurrent Liabilities						
General obligation debt	-	-	-	221,309	221,309	-
Revenue bonds payable	-	13,984,163	645,597	-	14,629,760	-
Unamortized debt premium	-	102,135	-	-	102,135	-
Compensated absences	9,175	38,630	67,653	-	115,458	-
Total Noncurrent Liabilities	9,175	14,124,928	713,250	221,309	15,068,662	-
TOTAL LIABILITIES	13,800	18,076,078	919,873	432,872	19,442,623	110,417
NET POSITION						
Net investment in capital assets	192,076	22,921,504	14,299,729	5,468,348	42,881,657	1,991,771
Restricted for						
Debt service	-	1,672,294	-	-	1,672,294	-
Capital projects	-	-	3,341,022	-	3,341,022	-
Unrestricted (deficit)	1,314,224	(2,424,242)	1,091,615	704,017	685,614	62,963
TOTAL NET POSITION	\$ 1,506,300	\$ 22,169,556	\$ 18,732,366	\$ 6,172,365	\$ 48,580,587	\$ 2,054,734

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

CITY OF MARINETTE, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Cemetery	Water Utility	Wastewater Utility	Storm Water Utility	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues						
Charges for services	\$ 62,710	\$ 3,783,915	\$ 1,668,878	\$ 697,298	\$ 6,212,801	\$ 589,348
Sale of lots and crypts	41,353	-	-	-	41,353	-
Other	34,197	74,148	62,890	-	171,235	-
Total Operating Revenues	138,260	3,858,063	1,731,768	697,298	6,425,389	589,348
Operating Expenses						
Operation and maintenance	206,072	1,804,896	1,087,244	625,040	3,723,252	567,786
Depreciation	11,304	1,273,596	835,519	294,532	2,414,951	222,967
Taxes	-	34,703	-	-	34,703	-
Total Operating Expenses	217,376	3,113,195	1,922,763	919,572	6,172,906	790,753
Operating Income (Loss)	(79,116)	744,868	(190,995)	(222,274)	252,483	(201,405)
Nonoperating Revenues (Expenses)						
Interest income	25,990	2,349	6,431	-	34,770	302
Gain (loss) on sale of capital assets	-	-	-	(17,256)	(17,256)	10,622
Interest and fiscal charges	-	(586,106)	(17,268)	(8,322)	(611,696)	-
Total Nonoperating Revenues (Expenses)	25,990	(583,757)	(10,837)	(25,578)	(594,182)	10,924
Income (Loss) Before Contributions and Transfers	(53,126)	161,111	(201,832)	(247,852)	(341,699)	(190,481)
Capital contributions	-	581,500	231,376	620,164	1,433,040	-
Transfers in	37,200	-	-	-	37,200	-
Transfers out	-	(798,367)	-	-	(798,367)	-
Change in Net Position	(15,926)	(55,756)	29,544	372,312	330,174	(190,481)
Prior Period Adjustment	-	194,414	-	-	194,414	-
Net Position - January 1	1,522,226	22,030,898	18,702,822	5,800,053	48,055,999	2,245,215
Net Position - December 31	\$ 1,506,300	\$ 22,169,556	\$ 18,732,366	\$ 6,172,365	\$ 48,580,587	\$ 2,054,734

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

CITY OF MARINETTE, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Cemetery	Water Utility	Wastewater Utility	Storm Water Utility	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities						
Cash received from customers	\$ 103,189	\$ 3,693,563	\$ 1,619,787	\$ 697,349	\$ 6,113,888	\$ -
Cash from quasi-external transactions	-	-	-	-	-	588,348
Cash payments to employees	(161,487)	(800,084)	(419,907)	(86,029)	(1,467,507)	-
Cash payments to suppliers	(46,032)	(1,255,789)	(658,386)	(543,781)	(2,503,988)	(576,017)
Other operating income	34,197	74,148	62,890	-	171,235	-
Net Cash Provided (Used) by Operating Activities	(70,133)	1,711,838	604,384	67,539	2,313,628	12,331
Cash Flows from Noncapital Financing Activities						
Transfers and advances	37,200	(569,164)	(88,583)	(47,508)	(668,055)	-
Due to other funds	-	-	-	-	-	46,761
Cash Flows Provided (Used) by Noncapital Financing Activities	37,200	(569,164)	(88,583)	(47,508)	(668,055)	46,761
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	-	(940,208)	(546,744)	(620,164)	(2,107,116)	(168,367)
Cost of removal of capital assets	-	-	-	-	-	23,688
Capital contributions	-	584,609	231,376	620,164	1,436,149	-
Proceeds from long-term debt	-	2,850,000	-	-	2,850,000	-
Premium received	-	109,992	-	-	109,992	-
Principal paid on G.O. notes	-	-	-	(11,709)	(11,709)	-
Principal paid on revenue bonds	-	(2,290,508)	(62,232)	-	(2,352,740)	-
Interest paid on G. O. notes	-	-	-	(8,322)	(8,322)	-
Interest paid on revenue bonds	-	(448,977)	(17,512)	-	(466,489)	-
Bond issuance costs paid	-	(132,240)	-	-	(132,240)	-
Net Cash Used by Capital and Related Financing Activities	-	(267,332)	(395,112)	(20,031)	(682,475)	(144,679)
Cash Flows Provided by Investing Activities						
Interest from investments	25,990	2,349	6,431	-	34,770	302
Change in Cash and Cash Equivalents	(6,943)	877,691	127,120	-	997,868	(85,285)
Cash and Cash Equivalents - January 1	1,266,752	794,603	4,061,294	-	6,122,649	257,665
Cash and Cash Equivalents - December 31	<u>\$1,259,809</u>	<u>\$ 1,672,294</u>	<u>\$ 4,188,414</u>	<u>\$ -</u>	<u>\$ 7,120,517</u>	<u>\$ 172,380</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position						
Cash and investments	\$1,259,809	\$ -	\$ 847,392	\$ -	\$ 2,107,201	\$ 172,380
Restricted assets	-	1,672,294	3,341,022	-	5,013,316	-
	<u>\$1,259,809</u>	<u>\$ 1,672,294</u>	<u>\$ 4,188,414</u>	<u>\$ -</u>	<u>\$ 7,120,517</u>	<u>\$ 172,380</u>

(Continued)

CITY OF MARINETTE, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2014

	Cemetery	Water Utility	Wastewater Utility	Storm Water Utility	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (79,116)	\$ 744,868	\$ (190,995)	\$ (222,274)	\$ 252,483	\$ (201,405)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	11,304	1,273,596	835,519	294,532	2,414,951	222,967
Depreciation charged to wastewater utility	-	27,940	-	-	27,940	-
Changes in assets and liabilities						
Accounts receivable	(874)	(118,292)	(49,091)	51	(168,206)	(1,000)
Inventories and prepaid items	2,094	672	-	-	2,766	-
Accounts payable	(2,142)	(132,452)	11,798	(4,404)	(127,200)	(8,325)
Accrued liabilities	(1,399)	(6,291)	(23)	(366)	(8,079)	94
Compensated absences	-	(78,203)	(2,824)	-	(81,027)	-
Net Cash Provided (Used) by Operating Activities	\$ (70,133)	\$ 1,711,838	\$ 604,384	\$ 67,539	\$ 2,313,628	\$ 12,331

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

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Marinette ("the City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

1. Reporting Entity

The City of Marinette is a municipal corporation governed by an elected nine member council. Included in the City's operations (the primary government) are the City's Water and Wastewater Utilities, managed by a separate commission appointed by the City Council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Related Organization

City officials are responsible for appointing the board members of the Housing Authority of the City of Marinette, but the City's accountability for this organization does not extend beyond making the appointments. The City is not financially accountable for the Housing Authority as defined by standards in GASB Statement No. 61. Therefore this organization is not included in the City's reporting entity. Additional information on the Housing Authority follows:

The Housing Authority was established by the City to administer the low and moderate income housing program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City of Marinette nor does the City have any significant influence over Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any of the Housing Authority assets, nor does it have any right to the Housing Authority's surpluses. The City has no legal obligation to fund Housing Authority programs should grant funding no longer be available.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. Major individual governmental funds and all enterprise funds are reported as separate columns in the fund financial statements.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

GENERAL FUND

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

TIF #3 CAPITAL PROJECTS FUND

This fund accounts for the resources accumulated and payments made for capital outlay and principal and interest on long-term general obligation debt of the District.

TIF #11 CAPITAL PROJECTS FUND

This fund accounts for the resources accumulated and payments made for capital outlay and principal and interest on long-term general obligation debt of the District.

The City reports the following major enterprise funds:

CEMETERY

This fund accounts for the operation of the City cemetery and mausoleum.

WATER UTILITY

This fund accounts for the City's provision of water service to city residents, business entities and public authorities.

WASTEWATER UTILITY

This fund accounts for the City's provision of wastewater treatment service to city residents, business entities and public authorities.

STORM WATER UTILITY

This fund accounts for the City's provision of storm water service to city residents, business entities and public authorities.

Additionally, the government reports the following funds:

Special revenue funds account for the proceeds and spending of specific revenue sources (other than capital projects) that are legally restricted or committed to expenditures for specific purposes.

Capital projects funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Internal service funds account for the acquisition and utilization of capital assets. City departments are charged for asset use on a cost reimbursement basis.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges and interest. Other revenues such as licenses and permits, other fines and forfeits, and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

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

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

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

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	-	25 - 100
Buildings and improvements	25	25 - 50
Machinery and equipment	5 - 20	3 - 10
Infrastructure	25	40 - 50

g. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The City also has additional type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance** - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance** - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** - Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- **Assigned fund balance** - Amounts that are constrained for specific purposes by action of City management. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance** - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. The policy states that that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets – Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that are subject to restrictions that are imposed 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.
- Unrestricted net position - net position that is neither classified as restricted nor as net investment in capital assets.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, certain special revenue, debt service funds and certain capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, certain special revenue funds, debt service funds and certain capital projects funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
- e. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violations of legal or contractual provisions for the fiscal year ended December 31, 2014.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

2. Deficit Fund Equity

The following funds had a deficit fund equity as of December 31, 2014:

Fund	Deficit Fund Equity
Special Revenue Fund	
Crime Prevention	\$ 7,143
Capital Projects Fund	
Tax Incremental District #11	138,945
Tax Incremental District #12	33,189

The City anticipates funding the above deficit from future revenues and tax levies of the fund.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled \$18,385,723 on December 31, 2014 as summarized below:

Petty cash and cash on hand	\$ 4,435
Deposits with financial institutions	11,047,399
Investments	7,333,889
	<u>\$ 18,385,723</u>

Reconciliation to the basic financial statements is as follows:

Government-wide Statement of Net Position	
Cash and investments	\$ 13,372,407
Restricted cash and investments	5,013,316
	<u>\$ 18,385,723</u>

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

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2014, \$10,112,017 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits of which \$3,670,720 was collateralized with securities held by the pledging financial institution's agent and the remainder of \$6,441,297 was uncollateralized.

On December 31, 2014, the City held repurchase agreement investments of \$784,950 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal Home Loan Bank	\$ 199,100	\$ -	\$ 199,100	\$ -	\$ -
Mutual funds	4,128,286	-	-	-	4,128,286
Wisconsin Local Government Investment Pool	2,221,553	-	-	-	2,221,553
Totals	\$ 6,548,939	\$ -	\$ 199,100	\$ -	\$ 6,349,839

Interest Rate Risk

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

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Repurchase agreements	\$ 784,950	\$ 784,950	\$ -	\$ -	\$ -
Federal Home Loan Bank	199,100	-	-	199,100	-
Mutual funds	4,128,286	4,128,286	-	-	-
Wisconsin Local Government Investment Pool	2,221,553	2,221,553	-	-	-
Totals	\$ 7,333,889	\$ 7,134,789	\$ -	\$ 199,100	\$ -

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 199,100</u>

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$2,221,553 at year-end. 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, 2014, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

Marinette County performs the function of billing and collecting the tax levy on behalf of the City. The County then deposits the daily collection into the City's bank account. The City then settles with the other taxing jurisdictions (Marinette School District, Marinette County, Northeast Wisconsin Technical College, and the State of Wisconsin) on January 15th and February 20th. Personal property taxes due after January 31st are the collection responsibility of the City. Collection responsibility for the real property taxes due after January 31st remains with the County. In August, the County will settle with each jurisdiction for the remaining property tax balance.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Restricted Assets

Restricted assets on December 31, 2014 consisted of cash and investments of \$5,013,316 held for the following purposes:

Enterprise Funds

Bond redemption account	\$ 1,387,314
Bond reserve account	284,980
Replacement account	<u>3,341,022</u>
Total Restricted Assets	<u>\$ 5,013,316</u>

Redemption: Used to segregate resources accumulated for debt service payments over the next 12 months.

Reserve: Used to report resources set aside to make up potential future deficiencies in the redemption account.

Replacement: Used for significant wastewater treatment mechanical equipment replacement.

4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,393,852	\$ 16,000	\$ -	\$ 1,409,852
Construction in progress	255,449	-	255,449	-
Total capital assets, not being depreciated	<u>1,649,301</u>	<u>16,000</u>	<u>255,449</u>	<u>1,409,852</u>
Capital assets, being depreciated:				
Buildings and improvements	3,989,401	841,550	-	4,830,951
Machinery and equipment	7,148,286	205,593	231,121	7,122,758
Infrastructure	23,927,573	3,226,235	374,623	26,779,185
Subtotals	<u>35,065,260</u>	<u>4,273,378</u>	<u>605,744</u>	<u>38,732,894</u>
Less accumulated depreciation	<u>20,200,501</u>	<u>1,091,262</u>	<u>530,242</u>	<u>20,761,521</u>
Total capital assets, being depreciated, net	<u>14,864,759</u>	<u>3,182,116</u>	<u>75,502</u>	<u>17,971,373</u>
Governmental activities capital assets, net	<u>\$ 16,514,060</u>	<u>\$ 3,198,116</u>	<u>\$ 330,951</u>	<u>19,381,225</u>
Less related long-term debt outstanding				<u>7,509,150</u>
Net investment in capital assets				<u>\$ 11,872,075</u>

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 779,445	\$ -	\$ -	\$ 779,445
Capital assets, being depreciated:				
Buildings and improvements	18,559,955	-	326,207	18,233,748
Land improvements	40,529,430	1,556,516	247,978	41,837,968
Machinery and equipment	18,099,798	256,643	-	18,356,441
Infrastructure	12,158,400	620,164	287,559	12,491,005
Subtotals	89,347,583	2,433,323	861,744	90,919,162
Less accumulated depreciation	31,288,551	2,442,891	712,695	33,018,747
Total capital assets, being depreciated, net	58,059,032	(9,568)	149,049	57,900,415
Business-type activities capital assets, net	<u>\$ 58,838,477</u>	<u>\$ (9,568)</u>	<u>\$ 149,049</u>	58,679,860
Less related long-term debt outstanding				<u>15,798,203</u>
Net investment in capital assets				<u>\$ 42,881,657</u>

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

Governmental activities	
General government	\$ 36,598
Public safety	144,589
Public works	812,135
Culture and recreation	97,940
Total depreciation expense - governmental activities	<u>\$ 1,091,262</u>
Business-type activities	
Water Utility	\$ 1,301,536
Wastewater Utility	835,519
Cemetery	11,304
Storm Water Utility	294,532
Total depreciation expense - business-type activities	<u>\$ 2,442,891</u>

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2014 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Advance for Deficit Cash Balance		
General Fund	\$ 333,230	\$ -
Nonmajor Governmental Funds		
Taxi Program Fund	-	1,134
Crime Prevention Fund	-	7,143
TIF #12 Capital Project Fund	-	33,189
Enterprise Fund		
Storm Water Utility	-	196,662
Internal Service Funds	-	95,102
Operating Accounts Between Funds		
General Fund	1,741,385	-
Enterprise Funds		
Water Utility	-	2,726,721
Wastewater Utility	254,377	107,729
Storm Water Utility	838,688	-
Totals	<u>\$ 3,167,680</u>	<u>\$ 3,167,680</u>

Interfund transfers for the year ended December 31, 2014 were as follows:

	Transfer to:			
	General Fund	Nonmajor Governmental Funds	Cemetery Fund	Totals
Transfers from:				
General Fund	\$ -	\$ 124,060	\$ 37,200	\$ 161,260
Debt Service Fund	-	390,978	-	390,978
Nonmajor Governmental Funds				
Special Revenue Funds	103,741	-	-	103,741
Proprietary Funds				
Water Utility	798,367	-	-	798,367
Totals	<u>\$ 902,108</u>	<u>\$ 515,038</u>	<u>\$ 37,200</u>	<u>\$ 1,454,346</u>

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2014:

	Outstanding 1/1/14	Issued	Retired	Outstanding 12/31/14	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 7,395,000	\$ -	\$ 345,000	\$ 7,050,000	\$ 380,000
Notes	1,955,000	-	355,000	1,600,000	375,000
Total General Obligation Debt	9,350,000	-	700,000	8,650,000	755,000
Promissory notes	783,420	-	86,839	696,581	72,442
Compensated absences	967,011	-	66,888	900,123	-
Governmental activities Long-term obligations	<u>\$ 11,100,431</u>	<u>\$ -</u>	<u>\$ 853,727</u>	<u>\$ 10,246,704</u>	<u>\$ 827,442</u>
Business-type activities:					
General Obligation Debt					
Notes	\$ 245,136	\$ -	\$ 11,710	\$ 233,426	\$ 12,117
Revenue bonds	15,067,517	2,850,000	2,352,740	15,564,777	935,017
Compensated absences	196,485	-	81,027	115,458	-
Premium on debt	-	109,992	7,857	102,135	-
Business-type activities Long-term obligations	<u>\$ 15,509,138</u>	<u>\$ 2,959,992</u>	<u>\$ 2,453,334</u>	<u>\$ 16,015,796</u>	<u>\$ 947,134</u>

Total interest paid during the year on long-term debt totaled \$745,069.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$1,475,000 issued 3/20/08; \$60,000 to \$160,000 due annually through 2027; interest at 3.30% to 4.40%	\$ 1,355,000
\$585,000 issued 1/19/12; \$40,000 to \$55,000 due annually through 2025; interest at 1.00% to 2.00%	505,000
\$935,000 issued 1/19/12; \$85,000 to \$120,000 due annually through 2022; interest at 1.00% to 2.00%	775,000
\$1,490,000 issued 12/20/12; \$75,000 to \$125,000 due annually 2014 through 2027; interest at 1.80% to 2.00%	1,415,000
\$3,100,000 issued 6/3/13; \$120,000 to \$285,000 due annually 2014 through 2032; interest at 2.00% to 3.20%	3,000,000

Notes

\$2,570,000 issued 11/16/10; \$285,000 to \$300,000 due annually through 2017; interest .70% - 2.0%	885,000
\$336,443 State of Wisconsin safe drinking water loan \$273,219 drawn; \$12,117 to \$15,248 due annually through 2029; interest 3.478%	233,426
\$1,090,000 issued 9/28/11; \$90,000 to \$145,000 due annually through 2020; interest 2.0% - 2.3%	715,000

Total Outstanding General Obligation Debt	\$ 8,883,426
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Annual principal and interest maturities of the outstanding general obligation debt of \$8,883,426 on December 31, 2014 are as detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 755,000	\$ 219,681	\$ 12,117	\$ 8,322	\$ 767,117	\$ 228,003
2016	785,000	206,177	12,538	7,908	797,538	214,085
2017	830,000	190,912	12,974	7,479	842,974	198,391
2018	575,000	177,128	13,426	7,035	588,426	184,163
2019	590,000	164,926	13,893	6,576	603,893	171,502
2020-2024	2,480,000	612,278	77,056	25,416	2,557,056	637,694
2025-2029	1,810,000	268,530	91,422	11,293	1,901,422	279,823
2030-2032	825,000	40,108	-	340	825,000	40,448
	\$ 8,650,000	\$ 1,879,739	\$ 233,426	\$ 74,369	\$ 8,883,426	\$ 1,954,108

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2014 was \$20,891,931 as follows:

Equalized valuation of the City		\$ 595,480,100
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		29,774,005
Total outstanding general obligation debt applicable to debt limitation	\$ 8,883,426	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>1,352</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>8,882,074</u>
Legal Margin for New Debt		<u>\$ 20,891,931</u>

Promissory Note

The City has entered into an agreement with Lake Park Trails, LLC (Developer) whereby the Developer agrees to loan the City all amounts necessary for completion of a project for Tax Incremental District No. 6 (TID No. 6), up to a total of \$1,732,000. Interest at 5% will accrue on the outstanding balance. The note and interest will be repaid with tax increments generated by TID No. 6. Should TID No. 6 not generate sufficient revenues over its life to repay the note, any remaining balance will be forgiven by the Developer. The balance of the note outstanding at December 31, 2014 is \$696,581.

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2014 totaled \$15,564,777 and were composed of the following issues:

Wastewater Treatment Plant

\$1,284,296 State of Wisconsin Clean Water Fund Loan \$1,151,786 drawn; \$62,233 to \$78,620 due annually through 2024; interest 2.365%		<u>\$ 709,303</u>
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Water Utility

\$3,875,190 issued during 2003 and 2004 on a State of Wisconsin safe drinking water loan; \$213,512 to \$258,163 due annually through 2022; interest 2.75%		1,881,856
\$1,151,786 State of Wisconsin safe drinking water loan issued 2005 and 2006; \$64,414 to \$77,659 due annually through 2023; interest 2.365%		637,707
\$11,107,582 State of Wisconsin safe drinking water loan \$10,871,073 drawn; \$523,386 to \$756,682 due annually through 2029; interest 2.668%		9,500,911
\$2,850,000 revenue bonds issued 1/7/14; \$70,000 to \$545,000 due annually through, 2027; interest 3.00% to 4.00%		<u>2,835,000</u>
		<u>14,855,474</u>

Total Revenue Bonds		<u>\$ 15,564,777</u>
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CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the above outstanding proprietary fund revenue bonds as of December 31, 2014 are shown below:

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2015	\$ 935,017	\$ 432,909	\$ 1,367,926
2016	957,882	407,641	1,365,523
2017	981,353	381,759	1,363,112
2018	1,005,445	355,247	1,360,692
2019	1,035,177	328,013	1,363,190
2020-2024	5,583,088	1,194,599	6,777,687
2025-2029	5,066,815	336,719	5,403,534
	<u>\$ 15,564,777</u>	<u>\$ 3,436,887</u>	<u>\$ 19,001,664</u>

The City has pledged future customer revenues, net of specified operating expenses, to repay the wastewater and water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the City. The bonds are payable solely from customer net revenues and are payable as detailed above. The total principal and interest remaining to be paid on the wastewater bonds is \$796,410 and the total principal and interest to be paid on the water bonds is \$18,205,254. Principal and interest paid for the current year and total customer net revenues for the Water Utility were \$1,484,491 and \$2,018,464, respectively. Principal and interest paid for the current year and total customer net revenues for the Wastewater Utility were \$79,744 and \$644,524, respectively.

7. Short-term Notes Payable

On November 17, 2014, the City borrowed \$375,537 from Nicolet National Bank for the purposes of financing building, equipment, equipment repairs and improvements. The loan is due on May 17, 2015, with interest at 2.65%.

8. Fund Equity

Fund Statements

In the fund financial statements, portions of governmental fund balances are not in a spendable form or are required to be maintained intact. At December 31, 2014, fund balance was nonspendable as follows:

General Fund

Inventories and prepaid items	\$ 2,899
Delinquent taxes	4,799
Special assessments	4,334
	<u>\$ 12,032</u>

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

In the fund financial statement, portions of governmental fund balances are restricted for specific purposes by constraints imposed by external parties. At December 31, 2014, fund balance was restricted as follows:

Debt Service Fund	
Debt Service	<u>\$ 1,352</u>
Special Revenue Funds	
Loans	<u>2,720,478</u>
Capital Projects Funds	
Tax incremental districts	<u>1,056,878</u>
Total Restricted Fund Balances	<u>\$ 3,778,708</u>

Also in the fund financial statements, portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2014, fund balance assigned was as follows:

General Fund	
Sick leave liability	\$ 500,000
Community development	712,583
Fire truck	500,000
Election supplies	6,453
Subsequent year's expenditures	<u>200,000</u>
	<u>1,919,036</u>
Special Revenue Funds	
Taxi program	22,643
Senior Center	5,401
Room tax	756,478
Downtown development	89,782
General economic development	447,359
Water front project	226,255
Fire education	57,179
Anti-drug abuse	30,600
Hazardous materials	13,894
Early retirement	115,598
	<u>1,765,189</u>
Capital Projects Funds	
Sidewalks	2,476
Capital projects	235,968
Hall Avenue	36,888
Water Street reconstruction	402
	<u>275,734</u>
Total Assigned Fund Balances	<u>\$ 3,959,959</u>

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 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. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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. Employees hired to work nine or ten months per year, but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees. 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.

Contribution rates are as follows:

	2014	
	<u>Employee</u>	<u>Employer</u>
General	7.0%	7.0%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.0%	10.56%
Protective without Social Security	7.0%	14.16%

The payroll for City employees covered by the WRS for the year ended December 31, 2014 was \$5,391,970; the employer's total payroll was \$5,785,546. The total required contribution for the year ended December 31, 2014 was \$883,079, which consisted of \$660,778 or 12.3% of covered payroll from the employer, and \$222,301, or 4.1% of covered payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$968,811 and \$868,812, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

2. Risk Management

The City has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the City. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

3. Tax Incremental Financing Districts

The City has established separate capital projects funds for the Tax Incremental Financing Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TID's were created, the property tax base within each TID was "frozen" and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the City to finance such improvements. State Statutes allow a tax incremental district to incur eligible project costs up to five years from the maximum termination date.

Since creation of the above TID's, the City has provided various financing sources to each TID and has also recorded eligible TID project costs in other funds of the City. The foregoing amounts are not recorded as liabilities in the TID capital project funds but can be recovered by the City from any future excess tax increment revenues. Detail of the amounts recoverable by the City as of December 31, 2014 from future excess tax increment revenues follows:

	Total	TID No. 6	TID No. 7	TID No. 8	TID No. 11	TID No. 12
Net Unreimbursed Project Costs	\$6,810,136	\$ 694,286	\$ 474,444	\$ 1,054,272	\$4,173,945	\$ 413,189

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective TID's. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID No. 3	2018
TID No. 6	2024
TID No. 7	2031
TID No. 8	2033
TID No. 9	2037
TID No. 10	2031
TID No. 11	2032
TID No. 12	2033

CITY OF MARINETTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

4. Contingent Liabilities

The City has identified the following items as potential liabilities not recorded on the basic financial statements:

- a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- b. From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast 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.

5. Major Customer

One water utility customer provided \$419,165 or 11% of total 2014 customer revenue.

6. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2014 and 2015 budget year, the increase in the maximum allowable tax levy is limited to the percentage change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2014 budget was 2.18%. The actual limit for the City for the 2015 budget was 1.65%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

7. Prior Period Adjustment

The City recorded a prior period adjustment of \$194,414 in the Water Utility Enterprise Fund due to a reclassification of capital assets and related depreciation expense as required by the Utility's regulatory agency.

8. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statements No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide proprietary fund statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GSAB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

SUPPLEMENTARY INFORMATION

CITY OF MARINETTE , WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property taxes	\$ 3,777,382	\$ 3,782,030	\$ 3,777,729	\$ (4,301)
Mobile home fees	73,000	80,800	91,677	10,877
Payments in lieu of taxes	82,000	84,080	84,079	(1)
Interest and penalties on taxes	2,500	1,500	1,464	(36)
Total Taxes	3,934,882	3,948,410	3,954,949	6,539
Intergovernmental				
State shared taxes	4,654,674	4,654,674	4,661,532	6,858
Exempt computer aid	55,254	56,196	56,196	-
Municipal services payment	64,044	57,014	57,014	-
Local highway aids	452,893	452,893	452,893	-
Connecting streets	66,064	66,064	66,064	-
Recycling	25,000	42,792	42,792	-
Federal and state grants	91,497	92,015	102,010	9,995
Total Intergovernmental	5,409,426	5,421,648	5,438,501	16,853
Licenses and Permits				
Licenses				
Liquor and malt beverages	33,000	33,261	33,261	-
Operators' licenses	12,800	11,000	10,553	(447)
Cigarette licenses	2,500	2,000	2,000	-
Bicycle licenses	250	150	144	(6)
Dog licenses	800	800	2,876	2,076
Other miscellaneous	8,950	6,795	7,560	765
Electrical contractor	1,800	-	-	-
Trailer park	1,000	1,000	1,500	500
Cable franchise fees	142,000	133,000	130,732	(2,268)
Permits				
Building permits	32,000	18,000	17,577	(423)
Electrical permits	15,000	8,000	7,583	(417)
Plumbing permits	5,000	2,500	2,612	112
Occupancy permits	5,500	5,325	5,925	600
Other permits	17,950	13,600	15,629	2,029
Total Licenses and Permits	278,550	235,431	237,952	2,521

(Continued)

CITY OF MARINETTE, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fines and Forfeits				
Municipal court fines and costs	225,000	175,000	207,937	32,937
Parking violations	8,440	10,000	11,843	1,843
Miscellaneous	900	500	490	(10)
Total Fines and Forfeits	234,340	185,500	220,270	34,770
Public Charges for Services				
Special assessment letters	9,000	8,200	23,153	14,953
Publication	2,000	1,620	1,650	30
Snow and ice removal	3,000	3,800	4,629	829
Municipal court	40	150	170	20
Police department	1,800	2,600	2,523	(77)
Fire department	3,200	5,550	5,548	(2)
Weed control	4,650	3,802	5,239	1,437
Garbage and refuse collection	66,900	63,345	62,507	(838)
Park and recreation	162,450	152,135	153,127	992
Other	1,020	370	366	(4)
Total Public Charges for Services	254,060	241,572	258,912	17,340
Miscellaneous				
Interest income	9,000	12,800	8,447	(4,353)
Interest on special assessments	150	450	436	(14)
Rent of City property	6,270	6,375	12,374	5,999
Sale of City property	100	1,760	1,159	(601)
Private donations	-	2,500	2,483	(17)
Miscellaneous	30,550	13,875	58,271	44,396
Total Miscellaneous	46,070	37,760	83,170	45,410
Total Revenues	\$ 10,157,328	\$ 10,070,321	\$ 10,193,754	\$ 123,433

CITY OF MARINETTE, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government				
City council	\$ 38,918	\$ 36,843	\$ 37,377	\$ (534)
Mayor	73,937	72,051	72,268	(217)
Municipal court	145,502	142,810	141,429	1,381
City Clerk	214,593	194,200	194,866	(666)
Finance	188,820	205,124	200,102	5,022
Assessment of property	223,830	226,500	196,291	30,209
Legal	223,976	205,390	183,108	22,282
Technology services	45,493	45,223	35,370	9,853
Audit	4,410	2,990	5,640	(2,650)
City hall	76,887	80,693	111,302	(30,609)
Other general government	368,528	279,730	271,084	8,646
Total General Government	1,604,894	1,491,554	1,448,837	42,717
Public Safety				
Police department	2,885,359	2,903,905	2,844,998	58,907
Fire department	1,772,875	1,746,599	1,725,194	21,405
Rescue squad	11,380	11,380	11,380	-
Total Public Safety	4,669,614	4,661,884	4,581,572	80,312
Public Works				
Roadways and streets	747,789	848,868	862,818	(13,950)
Engineering	103,483	96,524	149,400	(52,876)
Street construction	1,085,939	1,087,400	932,447	154,953
Administration	277,317	281,942	266,731	15,211
Street lighting	260,054	251,329	248,717	2,612
Garbage and refuse collection	801,748	761,880	719,131	42,749
Recycling	150,800	147,000	141,902	5,098
Total Public Works	3,427,130	3,474,943	3,321,146	153,797
Culture and Recreation				
Recreation program	613,993	667,164	662,816	4,348
Parks	263,709	228,871	216,516	12,355
Total Culture and Recreation	877,702	896,035	879,332	16,703
Conservation and Development				
Community development	33,507	29,896	30,589	(693)
Forestry	222,917	201,403	196,069	5,334
Total Conservation and Development	256,424	231,299	226,658	4,641
Total Expenditures	\$ 10,835,764	\$ 10,755,715	\$ 10,457,545	\$ 298,170

CITY OF MARINETTE, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 867,659	\$ 867,659	\$ 867,659	\$ -
Miscellaneous	13,175	13,175	13,177	2
Total Revenues	880,834	880,834	880,836	2
Expenditures				
Debt service				
Principal	825,978	825,978	435,000	390,978
Interest and fiscal charges	54,856	54,370	53,967	403
Total Expenditures	880,834	880,348	488,967	391,381
Excess of Revenues Over (Under) Expenditures	-	486	391,869	391,383
Other Financing Uses				
Transfers out	-	-	(390,978)	(390,978)
Net Change in Fund Balance	-	486	891	405
Fund Balance - January 1	461	461	461	-
Fund Balance - December 31	\$ 461	\$ 947	\$ 1,352	\$ 405

CITY OF MARINETTE, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Special Revenue Funds							
	HCRI Grant	Rehabilitation Loan	Business Development Loan	Taxi Program	Senior Center	Room Tax	Downtown Development	General Economic Development
ASSETS								
Cash and investments	\$ 10,741	\$ 39,957	\$ 675,974	\$ -	\$ 8,772	\$ 660,441	\$ 88,457	\$ 447,359
Receivables								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	1,519	45,083	-	97,050	1,325	-
Loans receivable	32,378	1,686,777	281,006	-	-	-	-	-
TOTAL ASSETS	\$ 43,119	\$ 1,726,734	\$ 958,499	\$ 45,083	\$ 8,772	\$ 757,491	\$ 89,782	\$ 447,359
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ 7,500	\$ -	\$ 19,255	\$ 1,988	\$ 694	\$ -	\$ -
Short-term notes payable	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	2,051	-	-	-	-
Accrued expenses	-	235	139	-	1,383	319	-	-
Due to other funds	-	-	-	1,134	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-
Total Liabilities	-	7,735	139	22,440	3,371	1,013	-	-
Deferred Inflows of Resources								
Property taxes	-	-	-	-	-	-	-	-
Fund Balances								
Restricted for								
Tax incremental district	-	-	-	-	-	-	-	-
Loans	43,119	1,718,999	958,360	-	-	-	-	-
Assigned	-	-	-	22,643	5,401	756,478	89,782	447,359
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	43,119	1,718,999	958,360	22,643	5,401	756,478	89,782	447,359
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 43,119	\$ 1,726,734	\$ 958,499	\$ 45,083	\$ 8,772	\$ 757,491	\$ 89,782	\$ 447,359

(Continued)

CITY OF MARINETTE, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

Special Revenue Funds (Continued)							
	Water Front Project	Fire Education	Anti-Drug Abuse Grant	Hazardous Materials Grant	Crime Prevention	Early Retirement	Totals
ASSETS							
Cash and investments	\$ 230,505	\$ 57,179	\$ 30,600	\$ 13,999	\$ -	\$ 115,598	\$ 2,379,582
Receivables							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	144,977
Loans receivable	-	-	-	-	-	-	2,000,161
TOTAL ASSETS	\$ 230,505	\$ 57,179	\$ 30,600	\$ 13,999	\$ -	\$ 115,598	\$ 4,524,720
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 4,250	\$ -	\$ -	\$ 105	\$ -	\$ -	\$ 33,792
Short-term notes payable	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	2,051
Accrued expenses	-	-	-	-	-	-	2,076
Due to other funds	-	-	-	-	7,143	-	8,277
Unearned revenues	-	-	-	-	-	-	-
Total Liabilities	4,250	-	-	105	7,143	-	46,196
Deferred Inflows of Resources							
Property taxes	-	-	-	-	-	-	-
Fund Balances							
Restricted for							
Tax incremental district	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	2,720,478
Assigned	226,255	57,179	30,600	13,894	-	115,598	1,765,189
Unassigned	-	-	-	-	(7,143)	-	(7,143)
Total Fund Balances (Deficits)	226,255	57,179	30,600	13,894	(7,143)	115,598	4,478,524
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 230,505	\$ 57,179	\$ 30,600	\$ 13,999	\$ -	\$ 115,598	\$ 4,524,720

(Continued)

CITY OF MARINETTE, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Capital Projects Funds						
	Sidewalk	General Capital Projects	TIF #6	TIF #7	Hall Avenue	TIF #8	TIF #9
ASSETS							
Cash and investments	\$ 2,476	\$ 611,505	\$ 2,296	\$ 30,556	\$ 36,888	\$ 300,726	\$ 5,512
Receivables							
Taxes	-	-	126,804	77,435	-	111,969	32,859
Accounts	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,476	\$ 611,505	\$ 129,100	\$ 107,991	\$ 36,888	\$ 412,695	\$ 38,371
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term notes payable	-	375,537	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Total Liabilities	-	375,537	-	-	-	-	-
Deferred Inflows of Resources							
Property taxes	-	-	126,804	77,435	-	111,967	32,859
Fund Balances							
Restricted for							
Tax incremental district	-	-	2,296	30,556	-	300,728	5,512
Loans	-	-	-	-	-	-	-
Assigned	2,476	235,968	-	-	36,888	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	2,476	235,968	2,296	30,556	36,888	300,728	5,512
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,476	\$ 611,505	\$ 129,100	\$ 107,991	\$ 36,888	\$ 412,695	\$ 38,371

(Continued)

CITY OF MARINETTE, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Capital Projects Funds (Continued)				Total Nonmajor Governmental Funds
	TIF #10	TIF #12	Water Street Reconstruction	Totals	
ASSETS					
Cash and investments	\$ 37,348	\$ -	\$ 230,402	\$ 1,257,709	\$ 3,637,291
Receivables					
Taxes	211,805	31,748	-	592,620	592,620
Accounts	-	-	-	-	144,977
Loans receivable	-	-	-	-	2,000,161
TOTAL ASSETS	\$ 249,153	\$ 31,748	\$ 230,402	\$ 1,850,329	\$ 6,375,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 33,792
Short-term notes payable	-	-	-	375,537	375,537
Due to other governments	-	-	-	-	2,051
Accrued expenses	-	-	-	-	2,076
Due to other funds	-	33,189	-	33,189	41,466
Unearned revenues	-	-	230,000	230,000	230,000
Total Liabilities	-	33,189	230,000	638,726	684,922
Deferred Inflows of Resources					
Property taxes	211,805	31,748	-	592,618	592,618
Fund Balances					
Restricted for					
Tax incremental district	37,348	-	-	376,440	376,440
Loans	-	-	-	-	2,720,478
Assigned	-	-	402	275,734	2,040,923
Unassigned	-	(33,189)	-	(33,189)	(40,332)
Total Fund Balances (Deficits)	37,348	(33,189)	402	618,985	5,097,509
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 249,153	\$ 31,748	\$ 230,402	\$ 1,850,329	\$ 6,375,049

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue Funds							
	HCRI Grant	Rehabilitation Loan	Business Development Loan	Taxi Program	Senior Center	Room Tax	Downtown Development	General Economic Development
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,803	\$ -	\$ -
Intergovernmental	-	-	-	290,454	4,709	31,858	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-
Public charges for services	-	-	-	-	7,610	-	-	-
Miscellaneous	19	68	18,670	-	288	19,991	17,071	780
Total Revenues	19	68	18,670	290,454	12,607	397,652	17,071	780
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	361,161	-	-	-	-
Culture and recreation	-	-	-	-	65,912	-	-	-
Conservation and development	133	16,728	47,248	-	-	128,196	10,143	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	133	16,728	47,248	361,161	65,912	128,196	10,143	-
Excess of Revenues Over (Under)								
Expenditures	(114)	(16,660)	(28,578)	(70,707)	(53,305)	269,456	6,928	780
Other Financing Sources (Uses)								
Transfers in	-	-	-	70,710	53,350	-	-	-
Transfers out	-	-	-	-	-	(103,741)	-	-
Total Other Financing Sources (Uses)	-	-	-	70,710	53,350	(103,741)	-	-
Net Change in Fund Balances	(114)	(16,660)	(28,578)	3	45	165,715	6,928	780
Fund Balances (Deficits) - January 1	43,233	1,735,659	986,938	22,640	5,356	590,763	82,854	446,579
Fund Balances (Deficits) - December 31	\$ 43,119	\$ 1,718,999	\$ 958,360	\$ 22,643	\$ 5,401	\$ 756,478	\$ 89,782	\$ 447,359

(Continued)

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue Funds (Continued)						
	Water Front Project	Fire Education	Anti-Drug Abuse Grant	Hazardous Materials Grant	Crime Prevention	Early Retirement	Totals
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,803
Intergovernmental	-	25,553	-	16,625	-	-	369,199
Fines, forfeitures and penalties	-	-	12,900	-	20	-	12,920
Public charges for services	8,344	-	-	-	-	-	15,954
Miscellaneous	47,804	2,790	53	25	-	201	107,760
Total Revenues	56,148	28,343	12,953	16,650	20	201	851,636
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	9,506	13,966	13,383	9,030	-	45,885
Public works	-	-	-	-	-	-	361,161
Culture and recreation	74,391	-	-	-	-	-	140,303
Conservation and development	-	-	-	-	-	-	202,448
Debt service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	190	-	-	190
Total Expenditures	74,391	9,506	13,966	13,573	9,030	-	749,987
Excess of Revenues Over (Under)							
Expenditures	(18,243)	18,837	(1,013)	3,077	(9,010)	201	101,649
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	124,060
Transfers out	-	-	-	-	-	-	(103,741)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	20,319
Net Change in Fund Balances	(18,243)	18,837	(1,013)	3,077	(9,010)	201	121,968
Fund Balances (Deficits) - January 1	244,498	38,342	31,613	10,817	1,867	115,397	4,356,556
Fund Balances (Deficits) - December 31	\$ 226,255	\$ 57,179	\$ 30,600	\$ 13,894	\$ (7,143)	\$ 115,598	\$ 4,478,524

(Continued)

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Capital Projects Funds						
	Sidewalk	General Capital Projects	TIF #6	TIF #7	Hall Avenue	TIF #8	TIF #9
Revenues							
Taxes	\$ -	\$ -	\$ 126,010	\$ 77,314	\$ -	\$ 107,532	\$ 27,393
Intergovernmental	-	-	-	2	-	824	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	-	-
Miscellaneous	4	801	4	53	32	266	10
Total Revenues	4	801	126,014	77,369	32	108,622	27,403
Expenditures							
Current							
General government	-	-	150	150	-	150	-
Public safety	-	-	-	-	-	-	-
Public works	-	138,668	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	24,804
Debt service							
Principal	-	-	86,839	40,000	-	50,000	-
Interest and fiscal charges	-	-	39,171	13,307	-	57,474	-
Capital outlay	-	217,850	-	-	-	-	-
Total Expenditures	-	356,518	126,160	53,457	-	107,624	24,804
Excess of Revenues Over (Under)							
Expenditures	4	(355,717)	(146)	23,912	32	998	2,599
Other Financing Sources (Uses)							
Transfers in	-	390,978	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	390,978	-	-	-	-	-
Net Change in Fund Balances	4	35,261	(146)	23,912	32	998	2,599
Fund Balances (Deficits) - January 1	2,472	200,707	2,442	6,644	36,856	299,730	2,913
Fund Balances (Deficits) - December 31	\$ 2,476	\$ 235,968	\$ 2,296	\$ 30,556	\$ 36,888	\$ 300,728	\$ 5,512

(Continued)

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Capital Projects Funds (Continued)				Total Nonmajor Governmental Funds
	TIF #10	TIF #12	Water Street Reconstruction	Totals	
Revenues					
Taxes	\$ 150,734	\$ 23,285	\$ -	\$ 512,268	\$ 858,071
Intergovernmental	-	-	-	826	370,025
Fines, forfeitures and penalties	-	-	-	-	12,920
Public charges for services	-	-	-	-	15,954
Miscellaneous	66	9,111	402	10,749	118,509
Total Revenues	150,800	32,396	402	523,843	1,375,479
Expenditures					
Current					
General government	2,054	-	-	2,504	2,504
Public safety	-	-	-	-	45,885
Public works	-	-	-	138,668	499,829
Culture and recreation	-	-	-	-	140,303
Conservation and development	135,661	-	-	160,465	362,913
Debt service					
Principal	-	25,000	-	201,839	201,839
Interest and fiscal charges	-	7,395	-	117,347	117,347
Capital outlay	-	2,444	-	220,294	220,484
Total Expenditures	137,715	34,839	-	841,117	1,591,104
Excess of Revenues Over (Under)					
Expenditures	13,085	(2,443)	402	(317,274)	(215,625)
Other Financing Sources (Uses)					
Transfers in	-	-	-	390,978	515,038
Transfers out	-	-	-	-	(103,741)
Total Other Financing Sources (Uses)	-	-	-	390,978	411,297
Net Change in Fund Balances	13,085	(2,443)	402	73,704	195,672
Fund Balances (Deficits) - January 1	24,263	(30,746)	-	545,281	4,901,837
Fund Balances (Deficits) - December 31	\$ 37,348	\$ (33,189)	\$ 402	\$ 618,985	\$ 5,097,509

CITY OF MARINETTE, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2014

	D.P.W. Garage	Police Equipment	Recreation Equipment	Assessor Equipment	Fire Equipment	Total
ASSETS						
Cash and investments	\$ 93,963	\$ -	\$ 15,818	\$ 10,767	\$ 51,832	\$ 172,380
Receivables						
Accounts	-	1,000	-	-	-	1,000
Capital assets						
Machinery and equipment	3,638,938	278,816	92,586	21,246	1,602,696	5,634,282
Less: Accumulated depreciation	(2,948,933)	(150,390)	(53,528)	(21,246)	(468,414)	(3,642,511)
TOTAL ASSETS	783,968	129,426	54,876	10,767	1,186,114	2,165,151
LIABILITIES						
Accounts payable	3,988	4,431	-	-	4,603	13,022
Accrued and other current liabilities	2,293	-	-	-	-	2,293
Due to other funds	-	95,102	-	-	-	95,102
TOTAL LIABILITIES	6,281	99,533	-	-	4,603	110,417
NET POSITION						
Net investment in capital assets	690,005	128,426	39,058	-	1,134,282	1,991,771
Unrestricted	87,682	(98,533)	15,818	10,767	47,229	62,963
TOTAL NET POSITION	\$ 777,687	\$ 29,893	\$ 54,876	\$ 10,767	\$ 1,181,511	\$ 2,054,734

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2014

	D.P.W. Garage	Police Equipment	Recreation Equipment	Assessor Equipment	Fire Equipment	Total
Operating Revenues						
Charges for services	\$ 406,367	\$ 120,431	\$ 11,335	\$ 601	\$ 50,614	\$ 589,348
Operating Expenses						
Operation and maintenance	411,644	115,537	11,013	429	29,163	567,786
Depreciation	128,080	31,774	4,537	-	58,576	222,967
Total Operating Expenses	539,724	147,311	15,550	429	87,739	790,753
Operating Income (Loss)	(133,357)	(26,880)	(4,215)	172	(37,125)	(201,405)
Nonoperating Revenues (Expenses)						
Interest income	162	2	28	18	92	302
Net gain (loss) on sale of capital assets	10,495	2,538	(2,411)	-	-	10,622
Total Nonoperating Revenues	10,657	2,540	(2,383)	18	92	10,924
Change in Net Position	(122,700)	(24,340)	(6,598)	190	(37,033)	(190,481)
Net Position - January 1	900,387	54,233	61,474	10,577	1,218,544	2,245,215
Net Position - December 31	\$ 777,687	\$ 29,893	\$ 54,876	\$ 10,767	\$ 1,181,511	\$ 2,054,734

CITY OF MARINETTE, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014

	D.P.W. Garage	Police Equipment	Recreation Equipment	Assessor Equipment	Fire Equipment	Total
Cash Flows from Operating Activities						
Cash received from quasi-external transactions	\$ 406,367	\$ 119,431	\$ 11,335	\$ 601	\$ 50,614	\$ 588,348
Cash payments to suppliers	(422,088)	(116,665)	(11,331)	(907)	(25,026)	(576,017)
Net Cash Provided (Used) by Operating Activities	(15,721)	2,766	4	(306)	25,588	12,331
Cash Flows from Noncapital Financing Activities						
Temporary advance from other funds	-	46,761	-	-	-	46,761
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	(113,788)	(54,579)	-	-	-	(168,367)
Sale of capital asset	18,049	5,050	589	-	-	23,688
Net Cash Provided (Used) by Capital and Related Financing Activities	(95,739)	(49,529)	589	-	-	(144,679)
Cash Flows from Investing Activities						
Investment income	162	2	28	18	92	302
Change in Cash and Cash Equivalents	(111,298)	-	621	(288)	25,680	(85,285)
Cash and Cash Equivalents - January 1	205,261	-	15,197	11,055	26,152	257,665
Cash and Cash Equivalents - December 31	\$ 93,963	\$ -	\$ 15,818	\$ 10,767	\$ 51,832	\$ 172,380
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating loss	\$ (133,357)	\$ (26,880)	\$ (4,215)	\$ 172	\$ (37,125)	\$ (201,405)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	128,080	31,774	4,537	-	58,576	222,967
Changes in current liabilities						
Accounts receivable	-	(1,000)	-	-	-	(1,000)
Accounts payable	(10,538)	(1,128)	(318)	(478)	4,137	(8,325)
Accrued liabilities	94	-	-	-	-	94
Net Cash Provided (Used) by Operating Activities	\$ (15,721)	\$ 2,766	\$ 4	\$ (306)	\$ 25,588	\$ 12,331
Noncash Investing, Capital and Financing Activities						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -