

CITY OF MARINETTE, WISCONSIN

Annual Financial Report

December 31, 2017

CITY OF MARINETTE, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the City Council
City of Marinette
Marinette, Wisconsin

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 (City), as of and for the year ended December 31, 2017, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 of Marinette, Wisconsin, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Marinette, Wisconsin

Other Matters

Required Supplementary Information

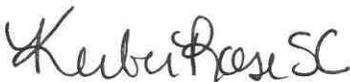
Accounting principles generally accepted in the United States of America requires the management's discussion and analysis, schedules of proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, and budgetary comparison information on pages 3 to 8 and 51 to 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements themselves, 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 of Marinette, Wisconsin's basic financial statements. The combining financial statements and budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate 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 combining financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The detailed budgetary comparison schedule and schedule of budgetary comparison schedule – debt service fund are the responsibility of management. They have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



KerberRose SC
Certified Public Accountants
August 3, 2018

MANAGEMENT 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, 2017. 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 2017, the assets and deferred outflows of resources of the City of Marinette exceeded its liabilities and deferred inflows of resources by \$81,721,908 (net position) versus \$78,501,769 at the close of 2016, an increase of \$3,220,139.
- During 2017, the General Fund balance increased by \$508,992. At end of the fiscal year, the total general fund balance was \$6,918,869 and the portion that can be used for general operation (Unassigned Fund Balance) was \$6,372,557 which was approximately 52% of the total 2017 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 and deferred outflows of resources, and its liabilities and deferred inflows of resources, with the difference between the two 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.

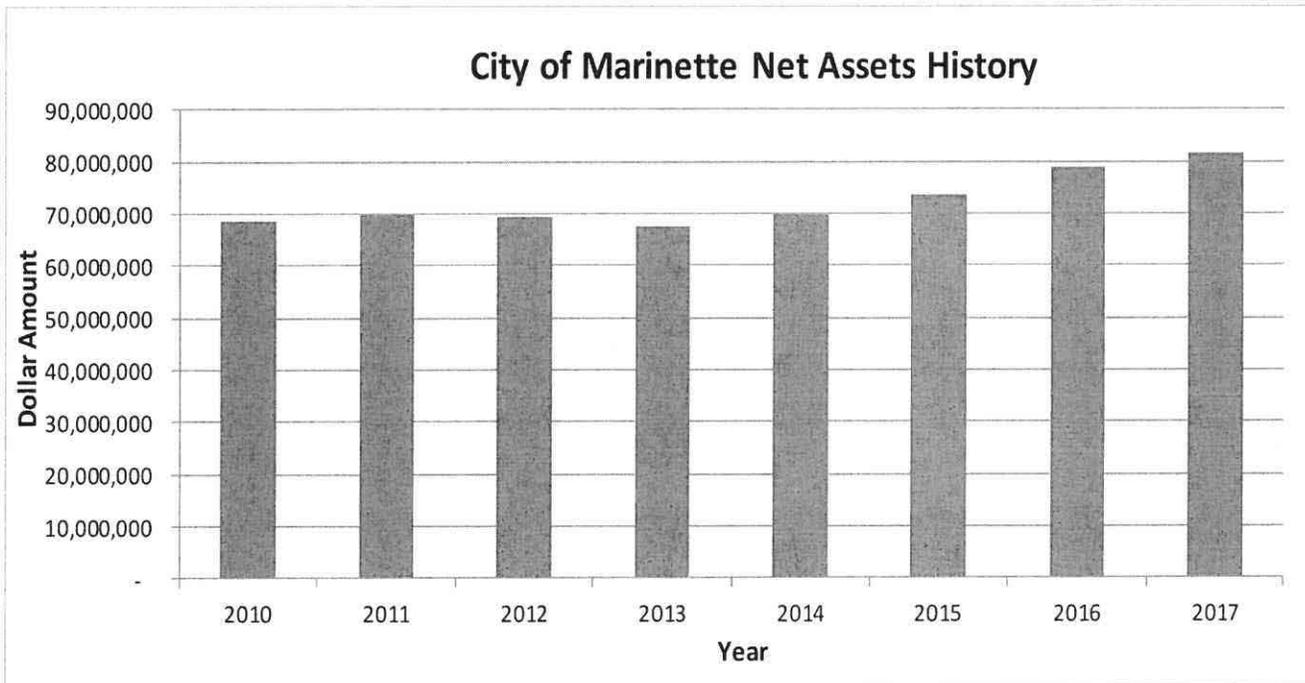
The total City assets and deferred outflows of resources exceeded total City liabilities and deferred inflows of resources by \$81,721,908 at the close of the fiscal year 2017 versus \$78,501,769 at the close of 2016, an increase of \$3,220,139. Chart 1 on the next page shows the City's net position history from 2010 to 2017.

(Table 1)

CITY OF MARINETTE, WISCONSIN
Statement of Net Position
December 31, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 29,345,425	\$ 21,712,465	\$ 4,845,329	\$ 4,291,692	\$ 34,190,754	\$ 26,004,157
Capital Assets	33,196,808	21,454,202	61,745,755	62,877,616	94,942,563	84,331,818
Total Assets	62,542,233	43,166,667	66,591,084	67,169,308	129,133,317	110,335,975
DEFERRED OUTFLOWS OF RESOURCES	3,240,106	4,162,593	402,190	513,544	3,642,296	4,676,137
LIABILITIES						
Current and other liabilities	4,444,364	3,272,216	1,661,699	1,533,489	6,106,063	4,805,705
Long-term debt	22,380,714	7,999,587	13,961,812	15,324,789	36,342,526	23,324,376
Total Liabilities	26,825,078	11,271,803	15,623,511	16,858,278	42,448,589	28,130,081
DEFERRED INFLOWS OF RESOURCES	8,443,861	7,881,451	161,255	159,933	8,605,116	8,041,384
NET POSITION						
Net investment in capital assets	17,735,434	15,281,303	40,510,411	40,792,641	58,245,845	56,609,623
Restricted	13,635,640	7,992,652	6,102,363	5,711,549	19,738,003	13,704,201
Unrestricted (deficit)	(857,674)	4,902,051	4,595,734	4,160,451	3,738,060	8,526,823
Total Net Position	\$ 30,513,400	\$ 28,176,006	\$ 51,208,508	\$ 50,664,641	\$ 81,721,908	\$ 78,840,647

(Chart 1)



CITY OF MARINETTE, WISCONSIN
Notes to Management's Discussion and Analysis
December 31, 2017

The 2017 increase in net position is primarily from the increased values in capital assets.

The Statement of Net Position shows the restricted and unrestricted net assets. 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 2017, the City's combined unrestricted net position decreased by \$5,315,460. The Governmental activities unrestricted net positions decreased by \$5,750,743 while the Business-type activities unrestricted net position increased by \$435,283. By far, the largest portion (nearly 71%) 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 2017. Table 2 on the next page shows the Statement of Activities for the City of Marinette for fiscal years 2017 and 2016. The City of Marinette's total net position increased in value by 4 percent or \$3,220,139 from 2016.

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, and TIF districts totaling forty 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.

Looking at the revenues, in 2017, in the Governmental activities section, a reduction in grants and charges for services created decreases in the City's revenues of \$787,013. When comparing to 2016, the Business-type activities saw a decrease in revenues for grants and miscellaneous income of \$1,057,485 due large capital contributions in the prior year and the spending increased by \$83,556. 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 three kinds of funds: Governmental, Proprietary and Fiduciary.

(Table 2)

CITY OF MARINETTE, WISCONSIN
Statement of Activities
Year Ended December 31, 2017 and 2016

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2017	2016
Revenues						
Program Revenue						
Charges for Services	\$ 832,841	\$ 1,035,437	\$ 7,614,477	\$ 7,596,912	\$ 8,447,318	\$ 8,632,349
Operating grants and contributions	1,996,218	2,400,752	-	-	1,996,218	2,400,752
Capital grants and contributions	772,919	1,390,678	-	1,255,006	772,919	2,645,684
General Revenues						
Property taxes for general purposes	6,323,244	6,014,115	-	-	6,323,244	6,014,115
Property taxes for debt services	-	-	-	-	-	-
Other taxes	472,155	469,652	-	-	472,155	469,652
State/federal aids/other contributions not restricted to specific functions	4,850,450	4,863,330	-	-	4,850,450	4,863,330
Interests and investment earnings	167,291	56,627	146,182	87,432	313,473	144,059
Miscellaneous	230,570	185,721	4,831	512	235,401	186,233
Gain on sale of asset	56,637	74,208	-	-	56,637	74,208
Total Revenues	15,702,325	16,490,520	7,765,490	8,939,862	23,467,815	25,430,382
Expenses						
General government	1,597,363	1,784,178	-	-	1,597,363	1,784,178
Public safety	5,112,734	5,189,279	-	-	5,112,734	5,189,279
Public works	4,508,849	4,021,272	-	-	4,508,849	4,021,272
Culture and recreation	495,363	1,852,846	-	-	495,363	1,852,846
Conservation & Development	1,630,486	805,463	-	-	1,630,486	805,463
Interest and fiscal charges on debt	432,064	235,080	-	-	432,064	235,080
Water utility	-	-	3,498,213	3,577,006	3,498,213	3,577,006
Wastewater treatment facility	-	-	2,235,602	2,075,540	2,235,602	2,075,540
Storm Water Utility	-	-	531,716	505,018	531,716	505,018
Cemetery	-	-	205,286	229,697	205,286	229,697
Total Expenses	13,776,859	13,888,118	6,470,817	6,387,261	20,247,676	20,275,379
Increase in net position before transfers	1,925,466	2,602,402	1,294,673	2,552,601	3,220,139	5,155,003
Transfers	750,806	677,091	(750,806)	(677,091)	-	-
Increase in net assets	2,676,272	3,279,493	543,867	1,875,510	3,220,139	5,155,003
Net position as restated - January 1,	27,837,128	24,896,513	50,664,641	48,789,131	78,501,769	73,685,644
Net position - December 31,	\$ 30,513,400	\$ 28,176,006	\$ 51,208,508	\$ 50,664,641	\$ 81,721,908	\$ 78,840,647

Governmental funds - include General Fund, Debt Service Funds, Special Revenue Funds, and Capital Projects 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.

CITY OF MARINETTE, WISCONSIN
Notes to Management's Discussion and Analysis
December 31, 2017

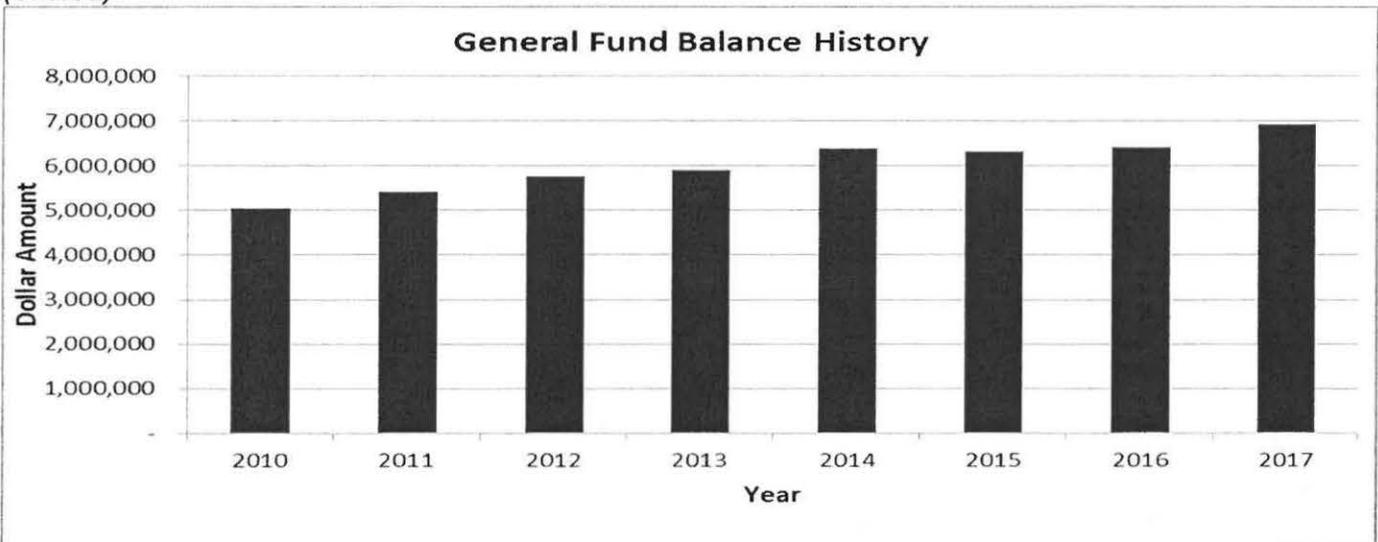
The last 2 categories are similar to unrestricted assets, and they can be spent under management's discretion, so they may serve as a useful measure of the City's net resources available for spending. At end of 2017, the total fund balances from these last 2 categories were \$7,879,060.

The General Fund is the chief operating fund of the City. Page 15 shows the summary of 2017 General Fund revenues, expenditures and changes of fund balances. As you may see, the general fund ended its year increasing the fund balance by \$508,992.

Page 15 shows that at the end of 2017, the general fund had a fund balance of \$6,918,869. Of this amount, \$6,372,557 was unassigned so it 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 2017 were \$1,063,199). The unassigned general fund balance is approximately 52% of total 2017 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 40% 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 2010 to 2017.

(Chart 2)



Proprietary funds - The City's proprietary funds (pages 18-21) provide the same type of information found in the government-wide financial statements, but in more detail.

Page 20 shows the 2017 revenues, expenses and change in net position for proprietary funds. The Statement of Revenues and Expenses on Pages 20 and 21 shows that for enterprise funds, the total revenues increased \$17,565 and total expenses increased by \$133,768 in 2017. On the revenue side, the Wastewater Utility revenues from fixed charges increased by \$50,149 and the Water Utility's revenues from metered use decreased by \$84,913. On the expense side, the Water Utility's new water treatment facility decreased maintenance and operations expenses by \$43,106, and increased the depreciation expense by \$4,686. The PILOT payment is a property tax equivalent payable to the City of Marinette (recorded as a transfer out) which increased \$50,914. The increased value of the new water treatment facility is one of the main factors in the PILOT's calculation. Wastewater spent \$155,973 more on operations and maintenance. The Storm Water Utility spending increased in 2017 by \$36,085 due to larger scaled capital projects completed in 2017.

CITY OF MARINETTE, WISCONSIN
Notes to Management's Discussion and Analysis
December 31, 2017

General Fund Budgetary Highlights

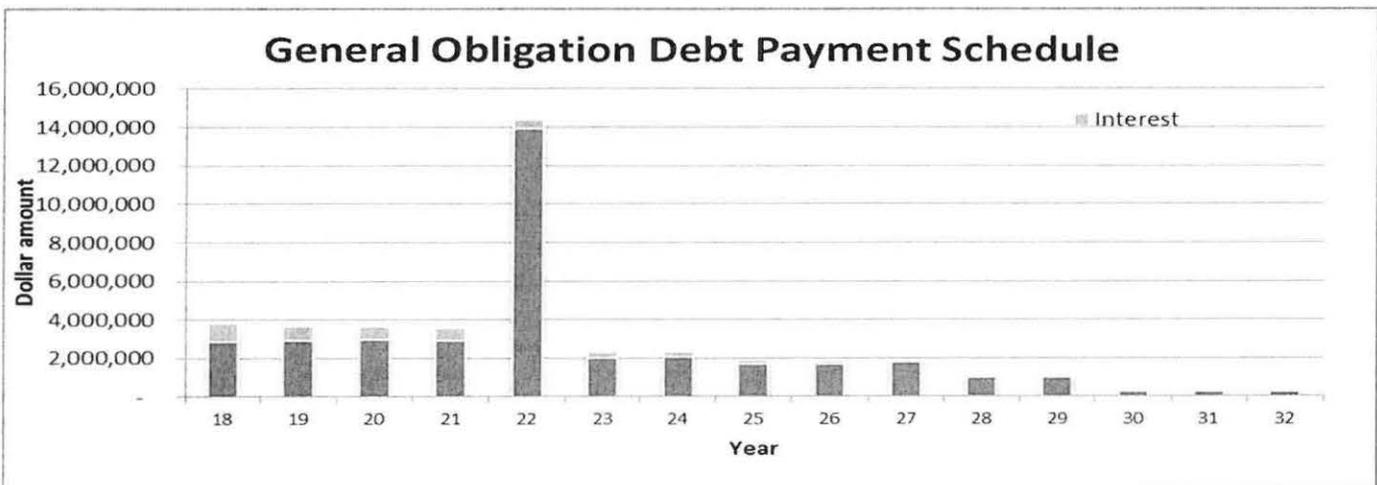
(See Page 52 for summary and Page 62-63 for details). Compared with the final budget, the actual revenues were \$115,830 higher than budgetary estimates. On the expenditure side, the total actual expenditures were \$434,578 lower than the adjusted final budget amount. Major budget deficits were: \$456,689 for capital outlay for street construction, \$21,133 for contracted inspection services, 16,842 on street lighting. All of which the expenses were associated with the construction of a new community/recreation facility.

Debt Administration

Long-term Obligations: At the end of the 2017 fiscal year, the City of Marinette had total long-term obligations of \$39,399,087. Of this amount, \$14,760,000 is comprised of government bonds and notes, \$422,777 as promissory notes, \$7,890,000 as Note Anticipation Note, \$15,170,529 represents bonds secured by specified revenue sources (i.e., revenue bonds), and \$1,184,195 as employees' compensated absences.

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 of \$693,618,200. The current debt limitation for the City of Marinette is \$34,680,910, which is considerably higher than the City's outstanding general obligation debt of \$22,845,797. The chart below shows the payment schedule.



Economic Factors

The unemployment rate for the City is currently 4.4%. This is higher than the State of Wisconsin's average unemployment rate of 3.2%. The economic condition and outlook of the City has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry and retail based activities, which support out tax base. The City is working on several projects including street and utility projects as well as the construction of a new recreation center. All of these factors were considered in preparing the City's budget for the 2018 fiscal year.

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.

FINANCIAL STATEMENTS

CITY OF MARINETTE, WISCONSIN
Statement of Net Position
As of December 31, 2017

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 19,515,290	\$ 3,870,833	\$ 23,386,123
Receivables:			
Taxes	5,756,811	-	5,756,811
Accounts	370,607	878,162	1,248,769
Special Assessments	11,924	-	11,924
Delinquent Personal Property Taxes	31,283	-	31,283
Loans	1,936,082	-	1,936,082
Grants	438,025	-	438,025
Restricted Cash and Investments	1,196,578	-	1,196,578
Inventories and Prepaid Items	88,825	93,994	182,819
Other Current Assets	-	2,340	2,340
Total Current Assets	29,345,425	4,845,329	34,190,754
Noncurrent Assets			
Special Assessments	-	17,401	17,401
Restricted Cash	-	5,969,149	5,969,149
Capital Assets, Nondepreciable:			
Land	1,814,852	724,651	2,539,503
Construction in Progress	10,593,492	24,337	10,617,829
Capital Assets, Depreciable:			
Land Improvements	1,560,853	44,745,898	46,306,751
Buildings and Improvements	4,908,273	18,402,465	23,310,738
Machinery and Equipment	8,077,110	18,764,067	26,841,177
Infrastructure	29,475,266	12,960,712	42,435,978
Less: Accumulated Depreciation	(23,233,038)	(39,862,925)	(63,095,963)
Total Noncurrent Assets	33,196,808	61,745,755	94,942,563
TOTAL ASSETS	62,542,233	66,591,084	129,133,317
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	65,807	65,807
Deferred Outflows Related to Pension	3,240,106	336,383	3,576,489
Total Deferred Outflows of Resources	3,240,106	402,190	3,642,296
LIABILITIES			
Current Liabilities			
Accounts Payable	1,691,812	138,053	1,829,865
Accrued and Other Current Liabilities	345,685	3,023	348,708
Special Deposits	71,898	-	71,898
Accrued Interest Payable	194,802	70,731	265,533
Accrued Compensated Absences	-	120,996	120,996
Due to Other Governments	1,574	-	1,574
Current Portion of Long-Term Obligations	2,138,593	1,328,896	3,467,489
Total Current Liabilities	4,444,364	1,661,699	6,106,063
Noncurrent Liabilities			
Net Pension Liability	369,014	41,914	410,928
Noncurrent Portion of Long-Term Obligations	22,011,700	13,919,898	35,931,598
Total Noncurrent Liabilities	22,380,714	13,961,812	36,342,526
Total Liabilities	26,825,078	15,623,511	42,448,589
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	6,907,620	-	6,907,620
Deferred Inflows Related to Pension	1,536,241	161,255	1,697,496
Total Deferred Inflows of Resources	8,443,861	161,255	8,605,116
NET POSITION			
Net Investment in Capital Assets	17,735,434	40,510,411	58,245,845
Restricted for:			
Community Development	2,704,318	-	2,704,318
Tax Incremental District	1,397,588	-	1,397,588
Debt Service	20,540	1,978,149	1,998,689
Capital Projects	8,178,343	-	8,178,343
Plant Replacement	-	3,991,000	3,991,000
Pension Benefits	1,334,851	133,214	1,468,065
Unrestricted (Deficit)	(857,674)	4,595,734	3,738,060
TOTAL NET POSITION	\$ 30,513,400	\$ 51,208,508	\$ 81,721,908

See Accompanying Notes

CITY OF MARINETTE, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,597,363	\$ 208,775	\$ 2,331	\$ -
Public Safety	5,112,734	461,959	86,383	-
Public Works	4,508,849	80,617	1,152,705	4,000
Culture and Recreation	495,363	81,490	754,799	-
Conservation and Development	1,630,486	-	-	768,919
Interest on Debt	432,064	-	-	-
Total Governmental Activities	<u>13,776,859</u>	<u>832,841</u>	<u>1,996,218</u>	<u>772,919</u>
BUSINESS-TYPE ACTIVITIES				
Cemetery	205,286	100,526	-	-
Water Utility	3,498,213	4,879,146	-	-
Wastewater Utility	2,235,602	1,987,581	-	-
Storm Water Utility	531,716	647,224	-	-
Total Business-Type Activities	<u>6,470,817</u>	<u>7,614,477</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,247,676</u>	<u>\$ 8,447,318</u>	<u>\$ 1,996,218</u>	<u>\$ 772,919</u>

GENERAL REVENUES

Taxes:

General Property Taxes

Tax Increments

Other Taxes

Federal and State Grants and Other Contributions

Not Restricted to Specific Functions

Interest and Investment Earnings

Insurance Dividends and Recoveries

Rental Income

Sale of Assets

Miscellaneous

Total General Revenues

TRANSFER

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR - RESTATED

NET POSITION - END OF YEAR

See Accompanying Notes

**Net (Expense) Revenue
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (1,386,257)	\$ -	\$ (1,386,257)
(4,564,392)	-	(4,564,392)
(3,271,527)	-	(3,271,527)
340,926	-	340,926
(861,567)	-	(861,567)
(432,064)	-	(432,064)
<u>(10,174,881)</u>	<u>-</u>	<u>(10,174,881)</u>
-	(104,760)	(104,760)
-	1,380,933	1,380,933
-	(248,021)	(248,021)
-	115,508	115,508
<u>-</u>	<u>1,143,660</u>	<u>1,143,660</u>
(10,174,881)	1,143,660	(9,031,221)
4,818,156	-	4,818,156
1,505,088	-	1,505,088
472,155	-	472,155
4,850,450	-	4,850,450
167,291	146,182	313,473
57,584	-	57,584
132,997	-	132,997
56,637	-	56,637
39,989	4,831	44,820
<u>12,100,347</u>	<u>151,013</u>	<u>12,251,360</u>
750,806	(750,806)	-
2,676,272	543,867	3,220,139
<u>27,837,128</u>	<u>50,664,641</u>	<u>78,501,769</u>
<u>\$ 30,513,400</u>	<u>\$ 51,208,508</u>	<u>\$ 81,721,908</u>

See Accompanying Notes

CITY OF MARINETTE, WISCONSIN

Balance Sheet

Governmental Funds

As of December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>TID No. 3</u>
ASSETS			
Cash and Investments	\$ 7,190,762	\$ 20,540	\$ 55,459
Receivables:			
Taxes	4,419,597	-	202,241
Accounts	63,859	-	-
Special Assessments	11,924	-	-
Delinquent Personal Property Taxes	31,283	-	-
Loans	-	-	-
Grants	-	-	438,025
Restricted Cash and Investments	919,303	-	41,851
Due from Other Funds	368,350	-	-
Inventories and Prepaid Items	3,105	-	-
TOTAL ASSETS	<u>\$ 13,008,183</u>	<u>\$ 20,540</u>	<u>\$ 737,576</u>
LIABILITIES			
Accounts Payable	\$ 377,275	\$ -	\$ 51,690
Accrued and Other Current Liabilities	345,589	-	-
Special Deposits	41,079	-	-
Due to Other Fund	-	-	-
Due to Other Governments	(477)	-	-
Deferred Revenue	-	-	-
Total Liabilities	<u>763,466</u>	<u>-</u>	<u>51,690</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	5,293,031	-	244,192
Unavailable - Special Assessments	32,817	-	-
Total Deferred Inflows of Resources	<u>5,325,848</u>	<u>-</u>	<u>244,192</u>
FUND BALANCES			
Nonspendable:			
Inventories and Prepaid Items	3,105	-	-
Delinquent Personal Property Taxes	31,283	-	-
Delinquent Special Assessments	11,924	-	-
Restricted:			
Tax Incremental Districts	-	-	441,694
Loans	-	-	-
Debt Service	-	20,540	-
Capital Projects	-	-	-
Assigned:			
Vacation and Sick Leave	500,000	-	-
Special Revenue Funds	-	-	-
Unassigned (Deficit)	6,372,557	-	-
Total Fund Balances	<u>6,918,869</u>	<u>20,540</u>	<u>441,694</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 13,008,183</u>	<u>\$ 20,540</u>	<u>\$ 737,576</u>

See Accompanying Notes

<u>Recreation Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,413,240	\$ 3,835,289	\$ 19,515,290
-	1,134,973	5,756,811
-	306,748	370,607
-	-	11,924
-	-	31,283
-	1,936,082	1,936,082
-	-	438,025
-	235,424	1,196,578
-	-	368,350
-	85,720	88,825
<u>\$ 8,413,240</u>	<u>\$ 7,534,236</u>	<u>\$ 29,713,775</u>
\$ 1,192,249	\$ 70,598	\$ 1,691,812
-	96	345,685
-	30,819	71,898
-	368,350	368,350
-	2,051	1,574
-	-	-
<u>1,192,249</u>	<u>471,914</u>	<u>2,479,319</u>
-	1,370,397	6,907,620
-	-	32,817
-	<u>1,370,397</u>	<u>6,940,437</u>
-	85,720	88,825
-	-	31,283
-	-	11,924
-	955,894	1,397,588
-	2,704,318	2,704,318
-	-	20,540
7,220,991	957,352	8,178,343
-	-	500,000
-	1,390,836	1,390,836
-	(402,195)	5,970,362
<u>7,220,991</u>	<u>5,691,925</u>	<u>20,294,019</u>
<u>\$ 8,413,240</u>	<u>\$ 7,534,236</u>	<u>\$ 29,713,775</u>

See Accompanying Notes

CITY OF MARINETTE, WISCONSIN

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
As of December 31, 2017

Total Fund Balances - Governmental Funds \$ 20,294,019

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. Amounts reported for governmental activities in the statement of net position:

Capital Assets	56,429,846	
Accumulated Depreciation	<u>(23,233,038)</u>	33,196,808

Some receivables that are not currently available are reported as deferred inflows of resources in the fund statements but are recognized as revenue when earned in the government-wide statements.

Special Assessments		32,817
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The City's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements

Net Pension Liability		(369,013)
Deferred Outflows Related to Pension		3,240,106
Deferred Inflows Related to Pension		<u>(1,536,241)</u>

Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:

General Obligation Debt	(23,087,093)	
Compensated Absences	(1,063,199)	
Accrued Interest	<u>(194,804)</u>	<u>(24,345,096)</u>

Total Net Position - Governmental Activities \$ 30,513,400

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CITY OF MARINETTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>TID No. 3</u>
REVENUES			
Taxes	\$ 4,985,404	\$ -	\$ 200,614
Intergovernmental	5,642,165	-	47,497
Licenses and Permits	307,459	-	-
Fines and Forfeits	229,572	-	-
Public Charges for Services	177,821	-	-
Intergovernmental Charges for Services	-	14,676	-
Miscellaneous	212,471	-	440,916
Total Revenues	<u>11,554,892</u>	<u>14,676</u>	<u>689,027</u>
EXPENDITURES			
Current:			
General Government	1,600,825	193	-
Public Safety	4,705,923	-	-
Public Works	2,151,944	-	-
Culture and Recreation	891,258	-	-
Conservation and Development	200,699	-	913,036
Debt Service:			
Principal	-	500,000	-
Interest and Fiscal Charges	-	29,798	-
Capital Outlay	1,236,597	-	169,193
Total Expenditures	<u>10,787,246</u>	<u>529,991</u>	<u>1,082,229</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>767,646</u>	<u>(515,315)</u>	<u>(393,202)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Long-Term Debt	620,000	-	-
Bond Premium	22,583	-	-
Bond Discount	(5,511)	-	-
Transfers In	897,898	865,843	-
Transfers Out	(1,793,624)	(354,965)	-
Total Other Financing Sources (Uses)	<u>(258,654)</u>	<u>510,878</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	508,992	(4,437)	(393,202)
FUND BALANCES - BEGINNING	<u>6,409,877</u>	<u>24,977</u>	<u>834,896</u>
FUND BALANCES - ENDING	<u>\$ 6,918,869</u>	<u>\$ 20,540</u>	<u>\$ 441,694</u>

See Accompanying Notes

<u>Recreation Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,610,636	\$ 6,796,654
-	692,756	6,382,418
-	-	307,459
-	14,725	244,297
-	144,433	322,254
-	-	14,676
780,264	213,279	1,646,930
780,264	2,675,829	15,714,688
400	2,200	1,603,618
-	104,980	4,810,903
-	451,672	2,603,616
-	178,552	1,069,810
-	554,806	1,668,541
-	1,415,000	1,915,000
-	365,143	394,941
9,994,814	1,619,656	13,020,260
9,995,214	4,692,009	27,086,689
(9,214,950)	(2,016,180)	(11,372,001)
15,390,000	1,445,000	17,455,000
-	30,819	53,402
(27,615)	(6,659)	(39,785)
125,000	1,324,141	3,212,882
-	(314,670)	(2,463,259)
15,487,385	2,478,631	18,218,240
6,272,435	462,451	6,846,239
948,556	5,229,474	13,447,780
\$ 7,220,991	\$ 5,691,925	\$ 20,294,019

CITY OF MARINETTE, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 6,846,239

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

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

Capital outlay reported in governmental fund statements	13,407,585	
Depreciation expense reported in the statement of activities	<u>(1,278,310)</u>	
Amount by which capital outlays are more than depreciation in current period		12,129,275

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, developer credits for land purchases, and donations) is to decrease net position. (47,791)

Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements. (521,331)

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: 2,027,902

Debt incurred in the governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.

The amount of debt incurred in the current year is (17,455,000)

Vested 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.

Amounts earned in current year are more than amounts paid by (122,176)

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.

The amount of interest paid during the current period	394,941	
The amount of interest accrued during the current period	<u>(561,470)</u>	
Interest paid is less than interest accrued by		(166,529)

Debt premium, discount and amortization are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The amortization for the current year is

Debt Discount	39,785	
Issuance Premium	(53,402)	
Less: Amortization	<u>(700)</u>	<u>(14,317)</u>

Change in Net Position - Governmental Activities \$ 2,676,272

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CITY OF MARINETTE, WISCONSIN

Statement of Net Position

Proprietary Funds

As of December 31, 2017

	<u>Cemetery</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
CURRENT ASSETS			
Cash and Investments	\$ 1,249,235	\$ 668,111	\$ 1,188,103
Accounts Receivable	7,661	581,823	221,890
Inventories and Prepaid Expenses	50,422	43,572	-
Other Current Assets	-	2,340	-
Total Current Assets	<u>1,307,318</u>	<u>1,295,846</u>	<u>1,409,993</u>
NON-CURRENT ASSETS			
Special Assessments	-	17,401	-
Restricted Cash	-	1,978,149	3,991,000
Capital Assets:			
Land	85,145	619,406	20,100
Construction in Progress	-	24,337	-
Land Improvements	-	25,675,231	19,070,667
Buildings	496,112	11,707,820	6,198,533
Machinery and Equipment	390,486	9,545,306	8,580,947
Infrastructure	-	-	-
Less: Accumulated Depreciation	(685,203)	(11,409,636)	(20,198,433)
Total Noncurrent Assets	<u>286,540</u>	<u>38,158,014</u>	<u>17,662,814</u>
Total Assets	<u>1,593,858</u>	<u>39,453,860</u>	<u>19,072,807</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	65,807	-
Deferred Outflows Related to Pension	-	214,749	121,634
Total Deferred Outflows of Resources	<u>-</u>	<u>280,556</u>	<u>121,634</u>
CURRENT LIABILITIES			
Accounts Payable	2,630	61,567	38,579
Accrued and Other Current Liabilities	2,148	640	235
Accrued Interest Payable	-	68,727	2,004
Accrued Compensated Absences	-	73,097	47,899
Current Portion of Long-Term Obligations	-	1,247,138	68,332
Total Current Liabilities	<u>4,778</u>	<u>1,451,169</u>	<u>157,049</u>
NON-CURRENT LIABILITIES			
Net Pension Liability	-	28,436	13,478
Long-Term Obligations	-	13,292,226	445,301
Total Noncurrent Liabilities	<u>-</u>	<u>13,320,662</u>	<u>458,779</u>
Total Liabilities	<u>4,778</u>	<u>14,771,831</u>	<u>615,828</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pension	-	103,768	57,487
NET POSITION			
Net Investment in Capital Assets	286,540	21,623,100	13,158,181
Restricted for:			
Debt Service	-	1,978,149	-
Plant Replacement	-	-	3,991,000
Pension Benefits	-	82,545	50,669
Unrestricted	1,302,540	1,175,023	1,321,276
TOTAL NET POSITION	<u>\$ 1,589,080</u>	<u>\$ 24,858,817</u>	<u>\$ 18,521,126</u>

See Accompanying Notes

<u>Storm Water Utility</u>	<u>Total</u>
\$ 765,384	\$ 3,870,833
66,788	878,162
-	93,994
-	2,340
<u>832,172</u>	<u>4,845,329</u>
-	17,401
-	5,969,149
-	724,651
-	24,337
-	44,745,898
-	18,402,465
247,328	18,764,067
12,960,712	12,960,712
(7,569,653)	(39,862,925)
<u>5,638,387</u>	<u>61,745,755</u>
<u>6,470,559</u>	<u>66,591,084</u>
-	65,807
-	336,383
-	<u>402,190</u>
35,277	138,053
-	3,023
-	70,731
-	120,996
13,426	1,328,896
<u>48,703</u>	<u>1,661,699</u>
-	41,914
182,371	13,919,898
<u>182,371</u>	<u>13,961,812</u>
<u>231,074</u>	<u>15,623,511</u>
-	<u>161,255</u>
5,442,590	40,510,411
-	1,978,149
-	3,991,000
-	133,214
796,895	4,595,734
<u>\$ 6,239,485</u>	<u>\$ 51,208,508</u>

See Accompanying Notes

CITY OF MARINETTE, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Cemetery</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
OPERATING REVENUES			
Charges for Services	\$ 34,264	\$ 4,774,684	\$ 1,953,205
Sale of Lots and Crypts	30,652	-	-
Other	35,610	104,462	34,376
Total Operating Revenues	<u>100,526</u>	<u>4,879,146</u>	<u>1,987,581</u>
OPERATING EXPENSES			
Operation and Maintenance	190,168	1,770,515	1,345,937
Depreciation	15,118	1,240,175	876,989
Taxes	-	48,655	-
Total Operating Expenses	<u>205,286</u>	<u>3,059,345</u>	<u>2,222,926</u>
OPERATING INCOME (LOSS)	<u>(104,760)</u>	<u>1,819,801</u>	<u>(235,345)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	63,356	28,727	49,358
Miscellaneous Revenues	-	4,831	-
Interest and Fiscal Charges	-	(438,868)	(12,676)
Total Non-Operating Revenues (Expenses)	<u>63,356</u>	<u>(405,310)</u>	<u>36,682</u>
INCOME (LOSS) BEFORE TRANSFERS	(41,404)	1,414,491	(198,663)
TRANSFERS	<u>104,321</u>	<u>(797,257)</u>	<u>(8,792)</u>
CHANGE IN NET POSITION	62,917	617,234	(207,455)
NET POSITION - BEGINNING	<u>1,526,163</u>	<u>24,241,583</u>	<u>18,728,581</u>
NET POSITION - ENDING	<u>\$ 1,589,080</u>	<u>\$ 24,858,817</u>	<u>\$ 18,521,126</u>

See Accompanying Notes

<u>Storm Water Utility</u>	<u>Total</u>
\$ 647,224	\$ 7,409,377
-	30,652
-	174,448
<u>647,224</u>	<u>7,614,477</u>
205,940	3,512,560
318,741	2,451,023
-	48,655
<u>524,681</u>	<u>6,012,238</u>
<u>122,543</u>	<u>1,602,239</u>
4,741	146,182
-	4,831
<u>(7,035)</u>	<u>(458,579)</u>
<u>(2,294)</u>	<u>(307,566)</u>
120,249	1,294,673
<u>(49,078)</u>	<u>(750,806)</u>
71,171	543,867
<u>6,168,314</u>	<u>50,664,641</u>
<u>\$ 6,239,485</u>	<u>\$ 51,208,508</u>

CITY OF MARINETTE, WISCONSIN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2017

	<u>Cemetery</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from User Charges	\$ 108,327	\$ 4,829,600	\$ 1,985,390
Other Receipts	-	27,526	-
Cash Payments to Suppliers	(76,558)	(1,235,081)	(1,024,066)
Cash Payments to Employees and for Benefits	(111,192)	(512,045)	(305,256)
Net Cash Flows From Operating Activities	<u>(79,423)</u>	<u>3,110,000</u>	<u>656,068</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from (to) Municipality	<u>104,321</u>	<u>(797,257)</u>	<u>(8,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	<u>63,356</u>	<u>28,727</u>	<u>49,358</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(73,048)	(511,128)	(114,190)
Special Assessment Collections from Customers	-	7,584	-
Principal Payments on Long-Term Debt	-	(1,204,598)	(66,754)
Interest Payments on Long-term Debt	-	(432,097)	(12,937)
Net Cash Flows From Capital and Related Financing Activities	<u>(73,048)</u>	<u>(2,140,239)</u>	<u>(193,881)</u>
NET CHANGE IN CASH AND INVESTMENTS	15,206	201,231	502,753
CASH AND INVESTMENTS - BEGINNING	<u>1,234,029</u>	<u>2,445,029</u>	<u>4,676,350</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 1,249,235</u>	<u>\$ 2,646,260</u>	<u>\$ 5,179,103</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (104,760)	\$ 1,819,801	\$ (235,345)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities:			
Depreciation	15,118	1,240,175	876,989
Meter Depreciation Charged to Sewer	-	27,526	(27,526)
(Increase) Decrease in Operating Assets and Deferred Outflows of Resources:			
Accounts Receivable	7,801	(49,546)	(2,191)
Inventories and Prepaid Expense	-	(3,260)	-
Deferred Outflows Related to Pension	-	54,130	35,289
(Decrease) Increase in Operating Liabilities:			
Accounts Payable	1,142	50,212	25,474
Accrued and Other Liabilities	1,276	640	235
Net Pension Liability	-	(19,553)	(14,529)
Compensated Absences	-	(12,901)	(874)
Deferred Inflows Related to Pension	-	2,776	(1,454)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (79,423)</u>	<u>\$ 3,110,000</u>	<u>\$ 656,068</u>
RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF NET POSITION TO STATEMENT OF CASH FLOWS			
Cash and Investments	\$ 1,249,235	\$ 668,111	\$ 1,188,103
Restricted Cash	-	1,978,149	3,991,000
TOTAL CASH PER STATEMENT OF CASH FLOWS	<u>\$ 1,249,235</u>	<u>\$ 2,646,260</u>	<u>\$ 5,179,103</u>

See Accompanying Notes

Storm Water			
Utility		Total	
\$ 642,413	\$ 7,565,730		
-	27,526		
(153,801)	(2,489,506)		
(18,277)	(946,770)		
<u>470,335</u>	<u>4,156,980</u>		
(49,078)	(750,806)		
<u>4,741</u>	<u>146,182</u>		
(176,076)	(874,442)		
-	7,584		
(12,974)	(1,284,326)		
(7,035)	(452,069)		
<u>(196,085)</u>	<u>(2,603,253)</u>		
229,913	949,103		
<u>535,471</u>	<u>8,890,879</u>		
<u>\$ 765,384</u>	<u>\$ 9,839,982</u>		
\$ 122,543	\$ 1,602,239		
318,741	2,451,023		
-	-		
(4,811)	(48,747)		
-	(3,260)		
-	89,419		
33,862	110,690		
-	2,151		
-	(34,082)		
-	(13,775)		
-	1,322		
<u>\$ 470,335</u>	<u>\$ 4,156,980</u>		
\$ 765,384	\$ 3,870,833		
-	5,969,149		
<u>\$ 765,384</u>	<u>\$ 9,839,982</u>		

CITY OF MARINETTE, WISCONSIN

Statement of Net Position

Fiduciary Fund

As of December 31, 2017

	<u>Agency</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Restricted Cash and Investments	\$ 1,553,690
Taxes Receivable	7,490,298
Total Assets	<u>9,043,988</u>
LIABILITIES	
Due to Other Governments	<u>\$ 9,043,988</u>

See Accompanying Notes

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the City of Marinette, Wisconsin (City) is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City is a municipal corporation governed by an elected nine member council. In accordance with generally accepted accounting principles (GAAP), the financial statements are required to include the City (the primary government) 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 is required to be included in the basic financial statements.

City officials are responsible for appointing the board members of the Housing Authority of the City of Marinette, but the City's accountability of 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 administrator low and moderate income housing programs 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 nor does the City have any significant influence over the Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any 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.

Government-Wide and Fund Financial Statements

Government-Wide 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 activities of the City. Governmental activities, which normally are 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, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's enterprise funds 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.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

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

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

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

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.

Governmental Funds

Governmental funds are identified as either general, debt service, special revenue or capital projects based upon the following guidelines:

General Fund

The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be 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, except debt issued to finance project plan expenditures of the City's tax incremental financing Districts.

Tax Incremental Financing District No. 3 Capital Projects Fund (TID #3)

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt issued to finance project plan expenditures of the City's tax incremental financing district No. 3.

Recreation Center

This fund accounts for the resources accumulated and payments made for the construction and operation of the City recreation center.

Proprietary Funds

The City reports the following major proprietary funds:

Cemetery

This is the City's fund to account for operations of the City cemetery and mausoleum.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Proprietary Funds (Continued)

Water Utility

This is the City's fund to account for the operations of the City-owned water facilities.

Wastewater Utility

This is the City's fund to account for the operations of the City-owned sewage facilities.

Storm Water Utility

This is the City's fund to account for the operations of the City-owned storm water services to City residents, business entities and public authorities.

Fiduciary Funds

Agency Funds

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and/or other governmental units. The City's agency funds account for tax collection on behalf of other taxing units.

The City reports the following agency fund:

Tax Collection Fund

This fund accounts for taxes and deposits collected by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Measurement Focus And Basis 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. The fiduciary fund has no measurement focus and utilizes the accrual basis of accounting. 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.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity

Cash and Investments

Cash and investments are combined. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purpose of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash.

The City categories the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

Restricted Cash

Governmental Funds - Cash has been set aside to provide for advance tax collections.

Enterprise Funds - Cash has been set aside to provide for debt service of water utility and replacement of certain wastewater utility plant equipment.

Accounts Receivable

Accounts receivable are recorded at their gross amount with uncollectible amounts being 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 financial statements.

Delinquent personal property taxes remain the collection responsibility of the City. The City is able to recover a portion of these delinquent personal property taxes from other taxing jurisdictions.

The City has received federal and state grants for HCRI, rehabilitation, and business development loan programs provided to area businesses and homeowners. A loan receivable is recorded when loan funds are disbursed to area businesses or homeowners.

Inventories

Inventories of governmental fund types are offset by a nonspendable fund balance to indicate they do not represent spendable available financial resources.

Inventories of governmental and proprietary fund types are recorded at cost, which approximates market, using the first-in, first-out method of valuation. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed rather than when purchased.

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 fund types in the fund financial statements are offset by a nonspendable fund balance to indicate that they do not represent spendable available financial resources.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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 more 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 acquisition cost at the date of donation.

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

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

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land Improvements	–	25 – 100
Buildings and Improvements	25	25 – 50
Machinery and Equipment	5 – 20	3 – 10
Infrastructure	25	40 – 50

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave, and other benefits at various rates depending on classification and length of service. Terminated employees are paid their unused balances based on their current salary rates. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, accrued vacation and sick pay are recognized as expenditures when liquidated with expendable available financial resources.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the balance sheet and/or 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 has six items that qualify for reporting in this category. Accordingly, differences between expected and actual experiences, changes in assumptions, net differences between projected and actual earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, employer contributions subsequent to the measurement date, and deferred charge on refunding are reported in the statement of net position.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

In addition to liabilities, the balance sheet and/or statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has four types of deferred inflows of resources, one which arises under both modified accrual and the full accrual basis of accounting, one that only arises under the modified accrual basis of accounting on the governmental funds balance sheet and two that arise under the full accrual basis of accounting. Taxes levied for the subsequent period have not met the time requirement to be recognized as an acquisition of resources and is therefore reported as deferred inflows of resources on both the governmental funds balance sheet and the governmental activities statement of net position. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The differences between projected and actual experiences and the net difference between projected and actual earning on pension plan investments are reported on the statement of net position.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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" on the balance sheet.

Interfund Transactions

During the course of normal operations, the City has various transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental funds generally record such transactions as operating transfers if within governmental funds. Transactions between governmental and proprietary funds are usually recorded as revenues and either expenditures or expenses of the respective funds.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Equity Classifications

Government-Wide 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, less outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted net position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, 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.

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

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The City Council is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the City Council for a specific intended purpose. The City has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance, represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The City, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The City has not adopted a minimum fund balance policy.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments expected to be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not expected to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund financial statements. Claims and judgments in the government-wide financial statements and proprietary funds are recorded as expenses when the related liabilities are incurred. There were no significant claims or judgments at the end of the year.

Use of Estimates

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

Note 2 - Cash and Investments

The City is required to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

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

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 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 policy.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 2 - Cash and Investments (Continued)

At December 31, 2017, the City's deposits had a bank balance of \$28,418,969. The City maintains its cash accounts at several financial institutions. Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts); up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2017, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2017:

Fully Insured Deposits	\$ 750,000
Collateralized	<u>27,668,969</u>
Total	<u>\$ 28,418,969</u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2017.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

- Level 1 – Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources for market transactions involving identical assets.
- Level 2 – Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.
- Level 3 – Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements
December 31, 2017

Note 2 - Cash and Investments (Continued)

Investments

As of December 31, 2017 the City had the following investments:

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Local Government Investment Pool (LGIP)	\$ -	\$ 2,252,658	\$ 2,252,658
M&M Community Foundation	-	230,039	230,039
Mutual Funds	200,586	-	200,586
Money Market Funds	5,594	-	5,594
	<u>\$ 206,180</u>	<u>\$ 2,482,697</u>	<u>\$ 2,688,877</u>

Interest Rate Risk – The City's 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. State Statutes limit the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices.

Concentration of Credit Risk – The City does not have an additional custodial credit policy.

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. Investments in the local government investment pool are not insured.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 3 - Restricted Assets

Restricted assets on December 31, 2017 totaled \$8,719,417 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Governmental Funds:		
General Fund	\$ 919,303	Advance tax collections to finance 2018 operations
TID No. 3	41,851	Advance tax increment collections
TID No. 6	24,296	Advance tax increment collections
TID No. 7	9,235	Advance tax increment collections
TID No. 8	18,121	Advance tax increment collections
TID No. 9	4,448	Advance tax increment collections
TID No. 10	103,571	Advance tax increment collections
TID No. 11	60,170	Advance tax increment collections
TID No. 12	5,468	Advance tax increment collections
TID No. 13	10,115	Advance tax collections to finance 2018 operations
Total Governmental Funds	<u>1,196,578</u>	
Fiduciary Funds:		
Tax Collection Fund	<u>1,553,690</u>	Advance tax collections for other taxing jurisdictions
Enterprise Funds:		
Water Utility	1,406,078	To accumulate for debt service payments over next 12 months
Water Utility	<u>572,071</u>	To make up potential future deficiencies in redemption account
	1,978,149	
Wastewater Utility	<u>3,991,000</u>	To provide funds for equipment to maintain plant capacity
Total Enterprise Funds	<u>5,969,149</u>	
Total Restricted Assets	<u>\$ 8,719,417</u>	

Note 4 - Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December 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 January 31 are assumed by the County as part of the February 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 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 15 and February 20. Personal property taxes due after January 31 remains with the County. In August, the County will settle with each jurisdiction for the remaining property tax balance.

Under 2011 Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,409,852	\$ 405,000	\$ -	\$ 1,814,852
Construction in Progress	374,972	10,239,352	20,832	10,593,492
Total Capital Assets Not Being Depreciated	<u>1,784,824</u>	<u>10,644,352</u>	<u>20,832</u>	<u>12,408,344</u>
Capital Assets Being Depreciated				
Land Improvements	769,874	790,979	-	1,560,853
Buildings and Improvements	4,493,090	415,183	-	4,908,273
Machinery and Equipment	7,877,961	439,495	240,346	8,077,110
Infrastructure	28,527,966	1,117,576	170,276	29,475,266
Less Accumulated Depreciation	(22,338,391)	(1,278,310)	(383,663)	(23,233,038)
Total Capital Assets Being Depreciated, Net of Depreciation	<u>19,330,500</u>	<u>1,484,923</u>	<u>26,959</u>	<u>20,788,464</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,115,324</u>	<u>\$ 12,129,275</u>	<u>\$ 47,791</u>	<u>\$ 33,196,808</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	\$ 724,651	\$ -	\$ -	\$ 724,651
Construction in Progress	-	24,337	-	24,337
Total Capital Assets Not Being Depreciated	<u>724,651</u>	<u>24,337</u>	<u>-</u>	<u>748,988</u>
Capital Assets Being Depreciated				
Land Improvements	44,301,033	570,841	125,976	44,745,898
Buildings and Improvements	18,402,465			18,402,465
Machinery and Equipment	18,660,878	103,189		18,764,067
Infrastructure	12,815,240	176,075	30,603	12,960,712
Less Accumulated Depreciation	(37,568,481)	(2,451,023)	(156,579)	(39,862,925)
Total Capital Assets Being Depreciated, Net of Depreciation	<u>56,611,135</u>	<u>(1,600,918)</u>	<u>-</u>	<u>55,010,217</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 57,335,786</u>	<u>\$ (1,576,581)</u>	<u>\$ -</u>	<u>\$ 55,759,205</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 5 - Capital Assets (Continued)

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

Governmental Activities:		
General Government		\$ 41,119
Public Safety		199,870
Public Works		895,258
Culture and Recreation		<u>142,063</u>
Total Depreciation Expense - Governmental Activities		<u><u>\$ 1,278,310</u></u>
Business-Type Activities:		
Cemetery		<u>\$ 15,118</u>
Storm Water Utility		<u>318,741</u>
Water Utility Depreciation Charged to Accumulated Depreciation		1,267,701
Less: Share of Meter Depreciation		<u>(27,526)</u>
Water Utility Depreciation Expense		<u>1,240,175</u>
Wastewater Utility Depreciation Charged to Accumulated Depreciation		849,463
Plus: Share of Meter Depreciation		<u>27,526</u>
Wastewater Utility Depreciation Expense		<u>876,989</u>
Total Depreciation Expense - Business-Type Activities		<u><u>\$ 2,451,023</u></u>

Note 6 - Interfund Receivable, Payables and Transfers

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Crime Prevention	\$ 5,143	Year End Cash Flow Timing
General Fund	TID No. 12	17,862	Year End Cash Flow Timing
General Fund	TID No. 13	2,901	Year End Cash Flow Timing
General Fund	Rec Center	74	Year End Cash Flow Timing
General Fund	DPW Garage	<u>342,370</u>	Year End Cash Flow Timing
		<u><u>\$ 368,350</u></u>	

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 6 - Interfund Receivable, Payables and Transfers (Continued)

Interfund transfers for the year ended December 31, 2017 were as follows:

	General Fund	Debt Service	Recreation Center	Nonmajor Governmental Funds	Cemetery	Purpose
Transfer From:						
General Fund	\$ -	\$ 865,843	\$ 125,000	\$ 737,781	\$ 65,000	Reimburse Expenditures and Capital Projects
Debt Service Fund	-	-	-	354,965	-	Transfer for Short-Term Debt Payment
Nonmajor Governmental Funds						
Special Revenue Funds	91,849	-	-	240,000	-	Reimburse Expenditures
Capital Projects Funds	-	-	-	-	39,321	Capital Projects
Storm Water Utility	-	-	-	49,078	-	Capital Projects
Water Utility	797,257	-	-	-	-	Property Tax Equivalent
Wastewater Utility	8,792	-	-	-	-	Property Tax Equivalent
Total Transfers	\$ 897,898	\$ 865,843	\$ 125,000	\$ 1,381,824	\$ 104,321	

Note 7 - Long-Term Debt

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2017:

	Balance 1/1/17	Increase	Decrease	Balance 12/31/17	Due Within One Year
Governmental Activities					
General Obligation Debt:					
G.O. Refunding Bonds	\$ 1,030,000	\$ -	\$ 135,000	\$ 895,000	\$ 135,000
G.O. Community Development	5,255,000	-	1,375,000	3,880,000	305,000
G.O. Promissory Notes	825,000	9,565,000	405,000	9,985,000	375,000
Note Anticipation Notes	-	7,890,000	-	7,890,000	755,000
Total General Obligation Debt	7,110,000	17,455,000	1,915,000	22,650,000	1,570,000
Promissory Note	535,679	-	112,902	422,777	89,666
Adjustments For					
Premium on Debt	-	53,402	2,672	50,730	5,340
Debt Discount	-	(39,785)	(3,372)	(36,413)	(6,740)
Compensated Absences	941,023	513,862	391,686	1,063,199	480,327
Net Pension Liability (Asset)	742,929	590,915	964,831	369,013	-
Total Governmental Activity					
Long-Term Liabilities	\$ 9,329,631	\$ 18,573,394	\$ 3,383,719	\$ 24,519,306	\$ 2,138,593

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 7 - Long-Term Debt (Continued)

	<u>Balance</u> <u>1/1/17</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities					
General Obligation Debt:					
G.O. Refunding Bonds	\$ 208,771	\$ -	\$ 12,974	\$ 195,797	\$ 13,426
Revenue Bonds	5,255,000	-	360,000	4,895,000	370,000
Adjustments For					
Premium on Debt	102,496	-	10,025	92,471	10,025
Clean Water Fund Loans	580,387	-	66,754	513,633	68,332
Safe Drinking Water Loans	10,396,491	-	844,599	9,551,892	867,113
Compensated Absences	134,771	28,127	41,902	120,996	-
Net Pension Liability	75,996	75,510	109,591	41,915	-
Total Business Activity					
Long-Term Liabilities	<u>\$ 16,753,912</u>	<u>\$ 103,637</u>	<u>\$ 1,445,845</u>	<u>\$ 15,411,704</u>	<u>\$ 1,328,896</u>

	<u>Date of</u> <u>Issuance</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>12/31/17</u>
Governmental Activities					
Long-Term Obligations					
G.O. Community Development	03/20/08	08/01/27	3.60-4.40%	\$ 1,475,000	\$ 75,000
G.O. Community Development	12/20/12	06/01/27	0.75-2.00%	1,490,000	1,165,000
G.O. Community Development	06/06/13	06/01/32	2.00-3.20%	3,100,000	2,640,000
G.O. Refunding Bonds	01/19/12	02/01/25	1.50-3.50%	1,520,000	895,000
G.O. Promissory Notes	09/28/11	09/01/20	2.00-2.30%	1,090,000	420,000
G.O. Promissory Notes	06/01/17	05/01/22	1.52%	7,500,000	7,500,000
G.O. Promissory Notes	06/28/17	04/01/27	1.00-2.50%	2,065,000	2,065,000
Promissory Note	03/08/02	02/28/22	5.00%	1,290,216	422,777
Note Anticipation Notes	06/28/17	05/01/22	1.15-1.80%	7,890,000	7,890,000
Total Governmental Activities Long-Term Obligations					<u>\$ 23,072,777</u>

	<u>Date of</u> <u>Issuance</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>12/31/17</u>
Business Type Activities					
Long-Term Obligations					
Clean Water Fund Loan	03/09/05	05/01/24	2.365%	\$ 1,151,786	\$ 513,633
G.O. Promissory Notes - Storm	12/23/09	05/01/29	3.478%	336,443	195,797
Safe Drinking Water Loan	12/23/09	05/01/29	2.668%	10,871,073	7,888,489
Safe Drinking Water Loan	02/13/03	05/01/22	2.750%	3,875,190	1,223,545
Safe Drinking Water Loan	04/28/04	05/01/23	2.365%	1,151,786	439,858
Revenue Bonds	01/07/14	05/01/27	3.00-4.00%	2,850,000	2,625,000
Revenue Bonds	08/26/15	05/01/24	2.25-3.125%	2,830,000	2,270,000
Total Business Type Activities Long-Term Obligations					<u>\$ 15,156,322</u>

Total interest paid in 2017 was \$394,941.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 7 - Long-Term Debt (Continued)

The annual principal and interest maturities are as follows:

	Governmental Funds		Enterprise Funds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,659,666	\$ 539,979	\$ 1,318,871	\$ 418,461	\$ 2,978,537	\$ 958,440
2019	1,651,048	406,252	1,354,070	383,946	3,005,118	790,197
2020	1,677,777	375,357	1,389,940	348,427	3,067,717	723,785
2021	1,609,871	340,714	1,426,499	311,407	3,036,370	652,121
2022	12,494,415	216,671	1,468,765	272,043	13,963,181	488,714
2023-2027	2,650,000	383,973	6,666,023	714,341	9,316,023	1,098,313
2028-2032	1,330,000	107,986	1,532,154	41,463	2,862,154	149,449
	<u>\$ 23,072,777</u>	<u>\$ 2,370,930</u>	<u>\$ 15,156,322</u>	<u>\$ 2,490,088</u>	<u>\$ 38,229,099</u>	<u>\$ 4,861,018</u>

Legal Margin For Debt

The 2017 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$693,618,200. The legal debt limit and margin of indebtedness as of December 31, 2017, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$693,618,200)		\$ 34,680,910
Deduct Long-Term Debt Applicable to Debt Margin	22,845,797	
Less: Amounts available for financing general obligation debt	<u>20,540</u>	<u>22,825,257</u>
Margin of Indebtedness		<u>\$ 11,855,653</u>

Utility Revenues Pledged

The Utility has pledged future revenue derived from the Water and Sewer Utilities, net of specified operating expenses, to repay the Clean Water Fund, Safe Drinking Water Loans, and Revenue Bonds. Proceeds from the debt provided financing for the construction or acquisition of capital assets used within the utilities.

The Clean Water Fund Loan is payable from Sewerage System net revenues and payable through 2024. The total principal and interest remaining to be paid on the loans is \$557,283. Principal and interest paid for the current year and total Sewerage System net revenues were \$79,691 and \$678,326, respectively. The Sewerage System did meet the Clean Water Fund Loan revenue requirements in 2017.

The Safe Drinking Water Loans and Revenues Bonds are payable from Water System net revenues and is payable through 2029 and 2027. The total principal and interest remaining to be paid on the loans is \$16,849,702. Principal and interest paid for the current year and total water system net revenues were \$1,636,696 and \$1,839,386, respectively. The Water System did meet the Safe Drinking Water Loans and Revenue Bonds revenue requirements in 2017.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 7 - Long-Term Debt (Continued)

Promissory Note

The City has entered into an agreement with Lake Park Trails, LLC (Developer) whereby the Developer agreed 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 the TID 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, 2017 is \$422,777.

Note 8 - Fund Equity

Fund Financial Statements

At December 31, 2017 the assigned and restricted fund balances are as follows:

Assigned	
General Fund:	
Vacation and Sick Leave	\$ 500,000
Special Revenue Funds:	
Taxi Program	22,349
Senior Center	3,804
Room Tax	259,456
Downtown Development	227,404
General Economic Development	448,236
Water Front Project	222,330
Fire Education	50,302
Hazardous Materials	22,017
Anti-Drug Abuse	15,933
Tri-County Drug Enforcement	53,998
Canine Unit	56,682
Police Rifle Range	8,186
Welcome Center	8
Historical Society	131
	<u>1,390,836</u>
Restricted	
Capital Projects:	
Sidwalks	14,409
General Capital Projects	646,033
Recreation Center	7,220,991
Riverside Project	42,042
Hall Avenue	37,404
Water Street Construction	429
Police Equipment	55,389
Recreation Equipment	19,248
Assessor Equipment	11,155
Fire Department Equipment	131,243
	<u>8,178,343</u>
Taxes Incremental Districts:	
TID # 3	441,694
TID # 6	235
TID # 7	21,291
TID # 8	224,532
TID # 9	11,926
TID # 10	150,510
TID # 11	547,400
	<u>1,397,588</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 8 - Fund Equity (Continued)

Loans:		
HCRI Grant		40,973
Rehabilitation Loan		1,691,106
Business Developemtn Loan		972,239
		<u>2,704,318</u>
 Debt Service		 <u>20,540</u>
		 <u>\$ 14,191,625</u>

Government-Wide Financial Statements

At December 31, 2017 net position was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Investment in Capital Assets			
Net Capital Assets	\$ 33,196,808	\$ 55,759,204	\$ 88,956,012
Less: Related Long-Term Debt	(22,502,094)	(15,248,793)	(37,750,887)
Deduct: Unspent Debt Proceeds	7,040,720	-	7,040,720
Total Net Investment in Capital Assets	<u>17,735,434</u>	<u>40,510,411</u>	<u>58,245,845</u>
 Restricted			
Community Development Loans	2,704,318	-	2,704,318
Tax Incremental Districts	1,397,588	-	1,397,588
Debt Service	20,540	1,978,149	1,998,689
Capital Projects	8,178,343	-	8,178,343
Plant Replacement	-	3,991,000	3,991,000
Pension Benefits	1,334,851	133,214	1,468,065
Total Restricted	<u>13,635,640</u>	<u>6,102,363</u>	<u>19,738,003</u>
 Unrestricted (Deficit)	 <u>(857,674)</u>	 <u>4,595,734</u>	 <u>3,738,060</u>
 Total Government-Wide Activities Net Position	 <u>\$ 30,513,400</u>	 <u>\$ 51,208,508</u>	 <u>\$ 81,721,908</u>

The portion of the 2012 G.O. Refunding Bonds were used to refinance the Wisconsin Retirement System unfunded liability and not for acquisition of capital assets. In addition a portion of the 2008 G.O. Community Development Bonds are not for acquisition of capital assets. These issues therefore are excluded from the net investment in capital assets calculation.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 9 - Individual Fund Balance Disclosures

The following governmental funds have a deficit fund balance as of December 31, 2017.

Crime Prevention	\$ 5,143
TID No. 12	\$ 17,862
TID No. 13	\$ 2,901
DPW Garage	\$ 362,811
Rec Center	\$ 13,478

These deficit fund balances will be corrected with subsequent years' revenues.

Note 10 - Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer prior to July 1, 2011, and 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 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

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

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 10 - Defined Benefit Pension Plan (Continued)

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

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

During the reporting period, the WRS recognized \$487,412 in contributions from the City.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Protective with Social Security	6.8%	10.6%

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 10 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pension

At December 31, 2017, the City reported a liability of \$410,928 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.04985542%, which was a decrease of 0.00054058% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$1,074,422.

At December 31, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 156,687	\$ 1,292,333
Changes in assumptions	429,641	-
Net differences between projected and actual earnings on pension plan investments	2,450,632	405,163
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,117	-
Employer contributions subsequent to the measurement date	487,412	-
Total	<u>\$ 3,576,489</u>	<u>\$ 1,697,496</u>

The \$487,412 reported as deferred outflows related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 1,075,855	\$ 513,887
2019	1,075,855	513,887
2020	898,825	513,887
2021	37,650	155,835
2022	892	-

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements
December 31, 2017

Note 10 - Defined Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.0%	45.0%	8.3%	5.4%
Fixed Income	24.5	37.0	4.2	1.4
Inflation Sensitive Assets	15.5	20.0	4.3	1.5
Real Estate	8.0	7.0	6.5	3.6
Private Equity/Debt	8.0	7.0	9.4	6.5
Multi-Asset	4.0	4.0	6.6	3.7
Total Core Fund	110.0%	120.0%	7.4%	4.5%
Variable Fund Asset Class				
U.S. Equities	70.0%	70.0%	7.6%	4.7%
International Equities	30.0	30.0	8.5	5.6
Total Variable Fund	100.0%	100.0%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 10 - Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 5,406,017	\$ 410,928	\$ (3,435,518)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/afr.htm> and reference report number 15-11.

Payables to the Pension Plan

The City is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. The amount due to WRS as of December 31, 2017 is \$77,921.

Note 11 - 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.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 11 - Tax Incremental Financing Districts (Continued)

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, 2017 from future excess tax increment revenues follows:

	<u>Total</u>	<u>TID No.6</u>	<u>TID No.7</u>	<u>TID No.8</u>	<u>TID No.11</u>	<u>TID No. 12</u>	<u>TID No. 13</u>
Net Unreimbursed Project Costs	<u>\$6,084,442</u>	<u>\$422,542</u>	<u>\$361,801</u>	<u>\$2,021,735</u>	<u>\$2,952,601</u>	<u>\$322,862</u>	<u>\$ 2,901</u>

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:

	<u>Termination Date</u>
TID No.3	07/02/18
TID No.6	11/06/28
TID No.7	02/01/32
TID No.8	07/23/27
TID No.9	04/08/36
TID No.10	03/25/30
TID No.11	09/06/31
TID No.12	04/04/39
TID No.13	01/01/38

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the City purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in past year.

Note 13 - Commitments and Contingencies

The City has services agreements for the construction of the Recreation Community Sports and Events Center totaling approximately \$15,383,000. As of December 31, 2017, the remaining balance of the contract was approximately \$5,268,000.

The City has a shared ride tax operating contract for years 2017-2020 for a total approximate amount of \$1,800,000.

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

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2017

Note 13 - Commitments and Contingencies (Continued)

The City has entered into a contract for reconstruction of Riverside Avenue totaling approximately \$3,900,000. The City has been awarded approximately \$2,400,000 in federal funds towards the cost of the project. As of December 31, 2017 the balance on the construction contract was \$3,600,000.

From time to time the City is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at December 31, 2017, are not likely to have a material adverse impact on the District's financial position.

Note 14 - Basis For Utility Existing Rates

Water

Current water rates were approved by the PSCW effective date of April 21, 2015.

Sewer

Current sewer rates were approved by the Utility commission with an effective date of February 1, 2016.

Note 15 - Restatement of Capital Assets

The restatement of net position in the governmental fund financial statements is due to capitalization of a road in the pervious year that is County owned. This road was still under construction and therefore included in construction in progress at December 31, 2016. The City was not made aware of ownership until this fiscal year.

Total Governmental Funds

Fund Balance - December 31, 2016 (as previously reported)	\$	28,176,006
Restatement of Infrastructure		<u>338,878</u>
Fund Balance - As Restated December 31, 2016	\$	<u>27,837,128</u>

The effect on the change in net position for the year ended December 31, 2016 would have been a decrease of \$338,878.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARINETTE, WISCONSIN
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
For the Year Ended December 31, 2017

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Asset/Liability	City's Proportionate Share of the Net Pension (Asset)/Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset/Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2016	0.04985542%	\$ 410,928	\$ 5,452,525	7.54%	99.12%
12/31/2015	0.05039600%	818,925	5,364,873	15.26%	98.20%
12/31/2014	0.05163872%	(1,268,388)	5,391,970	-23.52%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System
For the Year Ended December 31, 2017

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2017	\$ 487,412	\$ 487,412	\$ -	\$ 5,535,805	8.80%
12/31/2016	481,919	481,919	-	5,452,525	8.77%
12/31/2015	473,911	473,911	-	5,364,873	8.83%

CITY OF MARINETTE, WISCONSIN
Schedule of Budgetary Comparison
General Fund
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 4,985,648	\$ 4,985,648	\$ 4,985,404	\$ (244)
Intergovernmental	5,627,854	5,627,854	5,642,165	14,311
Licenses and Permits	252,010	252,010	307,459	55,449
Fines and Forfeits	266,500	266,500	229,572	(36,928)
Public Charges for Services	167,450	167,450	177,821	10,371
Miscellaneous	139,600	139,600	212,471	72,871
Total Revenues	<u>11,439,062</u>	<u>11,439,062</u>	<u>11,554,892</u>	<u>115,830</u>
EXPENDITURES				
General Government	1,668,164	1,668,164	1,583,753	84,411
Public Safety	5,017,824	5,017,824	4,705,923	311,901
Public Works	2,576,256	2,583,077	2,151,944	431,133
Culture and Recreation	917,069	914,929	891,258	23,671
Conservation and Development	240,850	240,850	200,699	40,151
Capital Outlay	779,908	779,908	1,236,597	(456,689)
Total Expenditures	<u>11,200,071</u>	<u>11,204,752</u>	<u>10,770,174</u>	<u>434,578</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>238,991</u>	<u>234,310</u>	<u>784,718</u>	<u>550,408</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	620,000	620,000
Transfers In	855,000	855,000	897,898	42,898
Transfers Out	(1,082,793)	(1,382,302)	(1,793,624)	(411,322)
Total Other Financing Sources (Uses)	<u>(227,793)</u>	<u>(527,302)</u>	<u>(275,726)</u>	<u>251,576</u>
NET CHANGE IN FUND BALANCE	11,198	(292,992)	508,992	801,984
FUND BALANCE - BEGINNING	<u>6,409,877</u>	<u>6,409,877</u>	<u>6,409,877</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 6,421,075</u>	<u>\$ 6,116,885</u>	<u>\$ 6,918,869</u>	<u>\$ 801,984</u>

CITY OF MARINETTE, WISCONSIN
Notes to Required Supplementary Information
For the Year Ended December 31, 2017

Defined Benefit Pension Plan

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

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

Budgetary Process

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

- During November, City management submits to the Common 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.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, certain special revenue, debt service funds, and certain capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. 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.
- 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.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Common Council.

Excess Of Actual Expenditures Over Budget

The following fund had an excess of actual expenditures over budget for the year ended December 31, 2017:

<u>General Fund</u>	<u>Excess Expenditures</u>
Capital Outlay	\$ 456,689

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SUPPLEMENTARY INFORMATION

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CITY OF MARINETTE, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2017

	Special Revenue Funds									
	HCRI Grant	Rehabilitation Loan	Business Development Loan	Taxi Program	Senior Center	Welcome Center	Room Tax	Downtown Development	General Economic Development	Water Front Project
ASSETS										
Cash and Investments	\$ 8,595	\$ 158,965	\$ 600,676	\$ 3,961	\$ 6,068	\$ 580	\$ 187,439	\$ 55,100	\$ 448,236	\$ 222,723
Receivables:										
Taxes	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	44,621	-	-	72,143	173,128	-	-
Loans	32,378	1,532,141	371,563	-	-	-	-	-	-	-
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 40,973</u>	<u>\$ 1,691,106</u>	<u>\$ 972,239</u>	<u>\$ 48,582</u>	<u>\$ 6,068</u>	<u>\$ 580</u>	<u>\$ 259,582</u>	<u>\$ 228,228</u>	<u>\$ 448,236</u>	<u>\$ 222,723</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ -	\$ -	\$ -	\$ 24,182	\$ 2,168	572	\$ 126	\$ 824	\$ -	\$ 393
Accrued and Other Current Liabilities	-	-	-	-	96	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	2,051	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,233</u>	<u>2,264</u>	<u>572</u>	<u>126</u>	<u>824</u>	<u>-</u>	<u>393</u>
DEFERRED INFLOWS OF RESOURCES										
Taxes Leived for Subsequent Periods	-	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)										
Nonspendable										
Inventories and Prepaid Items	-	-	-	-	-	-	-	-	-	-
Restricted:										
Tax Incremental District	-	-	-	-	-	-	-	-	-	-
Loans	40,973	1,691,106	972,239	-	-	-	-	-	-	-
Assigned	-	-	-	22,349	3,804	8	259,456	227,404	448,236	222,330
Unassigned (Deficits)	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>40,973</u>	<u>1,691,106</u>	<u>972,239</u>	<u>22,349</u>	<u>3,804</u>	<u>8</u>	<u>259,456</u>	<u>227,404</u>	<u>448,236</u>	<u>222,330</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 40,973</u>	<u>\$ 1,691,106</u>	<u>\$ 972,239</u>	<u>\$ 48,582</u>	<u>\$ 6,068</u>	<u>\$ 580</u>	<u>259,582</u>	<u>\$ 228,228</u>	<u>\$ 448,236</u>	<u>\$ 222,723</u>

CITY OF MARINETTE, WISCONSIN

Combining Balance Sheet - Continued

Nonmajor Governmental Funds

As of December 31, 2017

	Special Revenue Funds									Totals
	Rec Center	Historical Society	Fire Education	Hazardous Materials Grant	Anti-Drug Abuse Grant	Tri-County Drug Enforcement	Canine Unit	Crime Prevention	Police Rifle Range	
ASSETS										
Cash and Investments	\$ -	\$ 131	\$ 50,337	\$ 22,017	\$ 15,933	\$ 46,608	\$ 57,943	\$ -	\$ 8,186	\$ 1,893,498
Receivables:										
Taxes	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	7,390	-	-	-	297,283
Loans	-	-	-	-	-	-	-	-	-	1,936,082
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 50,337</u>	<u>\$ 22,017</u>	<u>\$ 15,933</u>	<u>\$ 53,998</u>	<u>\$ 57,943</u>	<u>\$ -</u>	<u>\$ 8,186</u>	<u>\$ 4,126,862</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ 13,404	\$ -	\$ 35	\$ -	\$ -	\$ -	\$ 1,261	\$ -	\$ -	\$ 42,965
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-	96
Due to Other Funds	74	-	-	-	-	-	-	5,143	-	5,217
Due to Other Governments	-	-	-	-	-	-	-	-	-	2,051
Total Liabilities	<u>13,478</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,261</u>	<u>5,143</u>	<u>-</u>	<u>50,329</u>
DEFERRED INFLOWS OF RESOURCES										
Taxes Leived for Subsequent Periods	-	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)										
Nonspendable										
Inventories and Prepaid Items	-	-	-	-	-	-	-	-	-	-
Restricted:										
Tax Incremental District	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	2,704,318
Assigned	-	131	50,302	22,017	15,933	53,998	56,682	-	8,186	1,390,836
Unassigned (Deficits)	(13,478)	-	-	-	-	-	-	(5,143)	-	(18,621)
Total Fund Balances	<u>(13,478)</u>	<u>131</u>	<u>50,302</u>	<u>22,017</u>	<u>15,933</u>	<u>53,998</u>	<u>56,682</u>	<u>(5,143)</u>	<u>8,186</u>	<u>4,076,533</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 50,337</u>	<u>\$ 22,017</u>	<u>\$ 15,933</u>	<u>\$ 53,998</u>	<u>\$ 57,943</u>	<u>\$ -</u>	<u>\$ 8,186</u>	<u>\$ 4,126,862</u>

CITY OF MARINETTE, WISCONSIN

Combining Balance Sheet - Continued

Nonmajor Governmental Funds

As of December 31, 2017

	Capital Projects Funds									
	Sidewalk	General Capital Projects	Riverside Project	TID No. 6	TID No. 7	TID No. 8	TID No. 9	TID No. 10	TID No. 11	TID No. 12
ASSETS										
Cash and Investments	\$ 14,409	\$ 646,067	\$ 41,577	\$ 236	\$ 21,291	\$ 255,351	\$ 11,926	\$ 150,510	\$ 547,399	\$ -
Receivables:										
Taxes	-	-	-	117,130	44,520	87,362	21,445	499,315	290,076	26,363
Accounts	-	-	465	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	85,720	-	-	-	-	-	-	-	-
Restricted Cash and Investments	-	-	-	24,296	9,235	18,121	4,448	103,571	60,170	5,468
TOTAL ASSETS	\$ 14,409	\$ 731,787	\$ 42,042	\$ 141,662	\$ 75,046	\$ 360,834	\$ 37,819	\$ 753,396	\$ 897,645	\$ 31,831
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ -	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Special Deposits	-	-	-	-	-	30,819	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	17,862
Due to Other Governments	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	34	-	-	-	30,819	-	-	-	17,862
DEFERRED INFLOWS OF RESOURCES										
Taxes Leived for Subsequent Periods	-	-	-	141,427	53,755	105,483	25,893	602,886	350,245	31,831
FUND BALANCES (DEFICITS)										
Nonspendable										
Inventories and Prepaid Items	-	85,720	-	-	-	-	-	-	-	-
Restricted:										
Tax Incremental District	-	-	-	235	21,291	224,532	11,926	150,510	547,400	-
Loans	-	-	-	-	-	-	-	-	-	-
Assigned	14,409	646,033	42,042	-	-	-	-	-	-	-
Unassigned (Deficits)	-	-	-	-	-	-	-	-	-	(17,862)
Total Fund Balances	14,409	731,753	42,042	235	21,291	224,532	11,926	150,510	547,400	(17,862)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,409	\$ 731,787	\$ 42,042	\$ 141,662	\$ 75,046	\$ 360,834	\$ 37,819	\$ 753,396	\$ 897,645	\$ 31,831

CITY OF MARINETTE, WISCONSIN

Combining Balance Sheet - Continued

Nonmajor Governmental Funds

As of December 31, 2017

	Capital Projects Funds								Total Nonmajor Governmental Funds	
	TID No. 13	Hall Avenue	Water Street Reconstruction	DPW Garage	Police Equipment	Recreation Equipment	Assessor Equipment	Fire Department Equipment		Totals
ASSETS										
Cash and Investments	\$ -	\$ 37,404	\$ 429	\$ -	\$ 51,613	\$ 20,040	\$ 11,155	\$ 132,384	\$ 1,941,791	\$ 3,835,289
Receivables:										
Taxes	48,762	-	-	-	-	-	-	-	1,134,973	1,134,973
Accounts	-	-	-	-	9,000	-	-	-	9,465	306,748
Loans	-	-	-	-	-	-	-	-	-	1,936,082
Prepaid Expenses	-	-	-	-	-	-	-	-	85,720	85,720
Restricted Cash and Investments	10,115	-	-	-	-	-	-	-	235,424	235,424
TOTAL ASSETS	\$ 58,877	\$ 37,404	\$ 429	\$ -	\$ 60,613	\$ 20,040	\$ 11,155	\$ 132,384	\$ 3,407,373	\$ 7,534,236
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ -	\$ -	\$ -	\$ 20,441	\$ 5,224	\$ 792	\$ -	\$ 1,141	\$ 27,632	\$ 70,598
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-	96
Special Deposits	-	-	-	-	-	-	-	-	30,819	30,819
Due to Other Funds	2,901	-	-	342,370	-	-	-	-	363,133	368,350
Due to Other Governments	-	-	-	-	-	-	-	-	-	2,051
Deferred Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	2,901	-	-	362,811	5,224	792	-	1,141	421,584	471,914
DEFERRED INFLOWS OF RESOURCES										
Taxes Leived for Subsequent Periods	58,877	-	-	-	-	-	-	-	1,370,397	1,370,397
FUND BALANCES (DEFICITS)										
Nonspendable										
Inventories and Prepaid Items	-	-	-	-	-	-	-	-	85,720	85,720
Restricted:										
Tax Incremental District	-	-	-	-	-	-	-	-	955,894	955,894
Loans	-	-	-	-	-	-	-	-	-	2,704,318
Assigned	-	37,404	429	-	55,389	19,248	11,155	131,243	957,352	2,348,188
Unassigned (Deficits)	(2,901)	-	-	(362,811)	-	-	-	-	(383,574)	(402,195)
Total Fund Balances	(2,901)	37,404	429	(362,811)	55,389	19,248	11,155	131,243	1,615,392	5,691,925
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 58,877	\$ 37,404	\$ 429	\$ -	\$ 60,613	\$ 20,040	\$ 11,155	\$ 132,384	\$ 3,407,373	\$ 7,534,236

CITY OF MARINETTE, WISCONSIN
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2017

	Special Revenue Funds									
	HCRI Grant	Rehabilitation Loan	Business Development Loan	Taxi Program	Senior Center	Welcome Center	Room Tax	Downtown Development	General Economic Development	Water Front Project
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,163	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	281,936	-	12,150	-	302,572	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-	-	-
Public Charges for Services	-	-	-	125,990	-	-	-	14,007	-	-
Miscellaneous	55	848	13,773	-	14,450	23,424	1,816	52,089	-	-
Total Revenues	<u>55</u>	<u>848</u>	<u>13,773</u>	<u>407,926</u>	<u>14,450</u>	<u>35,574</u>	<u>307,979</u>	<u>368,668</u>	<u>-</u>	<u>-</u>
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	451,672	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	68,515	96,166	-	-	-	393
Conservation and Development	793	3,977	9,777	-	-	-	6,231	279,803	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>793</u>	<u>3,977</u>	<u>9,777</u>	<u>451,672</u>	<u>68,515</u>	<u>96,166</u>	<u>6,231</u>	<u>279,803</u>	<u>-</u>	<u>393</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(738)</u>	<u>(3,129)</u>	<u>3,996</u>	<u>(43,746)</u>	<u>(54,065)</u>	<u>(60,592)</u>	<u>301,748</u>	<u>88,865</u>	<u>-</u>	<u>(393)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-	-
Bond Discount	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	43,775	54,070	60,600	-	18,500	-	-
Transfers Out	-	-	-	-	-	-	(275,349)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,775</u>	<u>54,070</u>	<u>60,600</u>	<u>(275,349)</u>	<u>18,500</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(738)</u>	<u>(3,129)</u>	<u>3,996</u>	<u>29</u>	<u>5</u>	<u>8</u>	<u>26,399</u>	<u>107,365</u>	<u>-</u>	<u>(393)</u>
FUND BALANCES (DEFICITS) - BEGINNING	<u>41,711</u>	<u>1,694,235</u>	<u>968,243</u>	<u>22,320</u>	<u>3,799</u>	<u>-</u>	<u>233,057</u>	<u>120,039</u>	<u>448,236</u>	<u>222,723</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 40,973</u>	<u>\$ 1,691,106</u>	<u>\$ 972,239</u>	<u>\$ 22,349</u>	<u>\$ 3,804</u>	<u>\$ 8</u>	<u>\$ 259,456</u>	<u>\$ 227,404</u>	<u>\$ 448,236</u>	<u>\$ 222,330</u>

CITY OF MARINETTE, WISCONSIN
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Continued
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2017

	Special Revenue Funds									
	Rec Center	Historical Society	Fire Education	Hazardous Materials Grant	Anti-Drug Abuse Grant	Tri-County Drug Enforcement	Canine Unit	Crime Prevention	Police Rifle Range	Totals
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,163
Intergovernmental	-	-	27,960	16,625	-	-	-	-	-	641,243
Fines and Forfeits	-	-	-	-	-	14,725	-	-	-	14,725
Public Charges for Services	-	-	-	-	-	-	-	4,436	-	144,433
Miscellaneous	-	2,331	5,795	112	120	4,531	17,939	-	-	137,283
Total Revenues	<u>-</u>	<u>2,331</u>	<u>33,755</u>	<u>16,737</u>	<u>120</u>	<u>19,256</u>	<u>17,939</u>	<u>-</u>	<u>4,436</u>	<u>1,243,847</u>
EXPENDITURES										
Current:										
General Government	-	2,200	-	-	-	-	-	-	-	2,200
Public Safety	-	-	66,574	11,467	5,000	1,273	6,856	-	2,622	93,792
Public Works	-	-	-	-	-	-	-	-	-	451,672
Culture and Recreation	13,478	-	-	-	-	-	-	-	-	178,552
Conservation and Development	-	-	-	-	-	-	-	-	-	300,581
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>13,478</u>	<u>2,200</u>	<u>66,574</u>	<u>11,467</u>	<u>5,000</u>	<u>1,273</u>	<u>6,856</u>	<u>-</u>	<u>2,622</u>	<u>1,026,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,478)</u>	<u>131</u>	<u>(32,819)</u>	<u>5,270</u>	<u>(4,880)</u>	<u>17,983</u>	<u>11,083</u>	<u>-</u>	<u>1,814</u>	<u>217,050</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-	-
Bond Discount	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	176,945
Transfers Out	-	-	-	-	-	-	-	-	-	(275,349)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,404)</u>
NET CHANGE IN FUND BALANCES	<u>(13,478)</u>	<u>131</u>	<u>(32,819)</u>	<u>5,270</u>	<u>(4,880)</u>	<u>17,983</u>	<u>11,083</u>	<u>-</u>	<u>1,814</u>	<u>118,646</u>
FUND BALANCES (DEFICITS) - BEGINNING	<u>-</u>	<u>-</u>	<u>83,121</u>	<u>16,747</u>	<u>20,813</u>	<u>36,015</u>	<u>45,599</u>	<u>(5,143)</u>	<u>6,372</u>	<u>3,957,887</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ (13,478)</u>	<u>\$ 131</u>	<u>\$ 50,302</u>	<u>\$ 22,017</u>	<u>\$ 15,933</u>	<u>\$ 53,998</u>	<u>\$ 56,682</u>	<u>\$ (5,143)</u>	<u>\$ 8,186</u>	<u>\$ 4,076,533</u>

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Capital Projects Funds									
	Sidewalk	General Capital Projects	Riverside Project	TID No. 6	TID No. 7	TID No. 8	TID No. 9	TID No. 10	TID No. 11	TID No. 12
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ 139,686	\$ 54,264	\$ 102,727	\$ 24,918	\$ 615,121	\$ 334,270	\$ 33,487
Intergovernmental	-	-	-	-	7	114	174	2,217	43,259	5,742
Fines and Forfeits	-	-	-	-	-	-	-	-	-	-
Public Charges for Services	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,904	3,600	-	-	-	2,477	135	2,152	6,854	-
Total Revenues	<u>2,904</u>	<u>3,600</u>	<u>-</u>	<u>139,686</u>	<u>54,271</u>	<u>105,318</u>	<u>25,227</u>	<u>619,490</u>	<u>384,383</u>	<u>39,229</u>
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	-	11,188	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Conservation and Development	-	-	-	1,750	1,908	39,174	24,399	179,575	2,610	3,828
Debt service:										
Principal	-	-	-	112,901	40,000	1,042,099	-	-	195,000	25,000
Interest and Fiscal Charges	-	-	-	26,785	11,508	226,557	-	-	93,423	6,870
Capital Outlay	5,980	412,345	272,958	-	-	-	-	376,815	-	-
Total Expenditures	<u>5,980</u>	<u>423,533</u>	<u>272,958</u>	<u>141,436</u>	<u>53,416</u>	<u>1,307,830</u>	<u>24,399</u>	<u>556,390</u>	<u>291,033</u>	<u>35,698</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,076)</u>	<u>(419,933)</u>	<u>(272,958)</u>	<u>(1,750)</u>	<u>855</u>	<u>(1,202,512)</u>	<u>828</u>	<u>63,100</u>	<u>93,350</u>	<u>3,531</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	-	-	315,000	-	-	1,130,000	-	-	-	-
Bond Premium	-	-	-	-	-	30,819	-	-	-	-
Bond Discount	-	-	-	-	-	(6,659)	-	-	-	-
Transfers In	-	629,474	-	-	-	-	-	-	-	-
Transfers Out	-	(39,321)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>590,153</u>	<u>315,000</u>	<u>-</u>	<u>-</u>	<u>1,154,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(3,076)</u>	<u>170,220</u>	<u>42,042</u>	<u>(1,750)</u>	<u>855</u>	<u>(48,352)</u>	<u>828</u>	<u>63,100</u>	<u>93,350</u>	<u>3,531</u>
FUND BALANCES (DEFICITS) - BEGINNING	<u>17,485</u>	<u>561,533</u>	<u>-</u>	<u>1,985</u>	<u>20,436</u>	<u>272,884</u>	<u>11,098</u>	<u>87,410</u>	<u>454,050</u>	<u>(21,393)</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 14,409</u>	<u>\$ 731,753</u>	<u>\$ 42,042</u>	<u>\$ 235</u>	<u>\$ 21,291</u>	<u>\$ 224,532</u>	<u>\$ 11,926</u>	<u>\$ 150,510</u>	<u>\$ 547,400</u>	<u>\$ (17,862)</u>

CITY OF MARINETTE, WISCONSIN
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2017

	Capital Projects Funds								Total Nonmajor Governmental Funds	
	TID No. 13	Hall Avenue	Water Street Reconstruction	DPW Garage	Police Equipment	Recreation Equipment	Assessor Equipment	Fire Department Equipment		Totals
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,304,473	\$ 1,610,636
Intergovernmental	-	-	-	-	-	-	-	-	51,513	692,756
Fines and Forfeits	-	-	-	-	-	-	-	-	-	14,725
Public Charges for Services	-	-	-	-	-	-	-	-	-	144,433
Miscellaneous	-	314	-	39,037	17,422	142	71	888	75,996	213,279
Total Revenues	-	314	-	39,037	17,422	142	71	888	1,431,982	2,675,829
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	2,200
Public Safety	-	-	-	-	-	-	-	-	11,188	104,980
Public Works	-	-	-	-	-	-	-	-	-	451,672
Culture and Recreation	-	-	-	-	-	-	-	-	-	178,552
Conservation and Development	981	-	-	-	-	-	-	-	254,225	554,806
Debt service:										
Principal	-	-	-	-	-	-	-	-	1,415,000	1,415,000
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	365,143	365,143
Capital Outlay	-	-	-	409,377	96,224	11,966	-	33,991	1,619,656	1,619,656
Total Expenditures	981	-	-	409,377	96,224	11,966	-	33,991	3,665,212	4,692,009
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(981)	314	-	(370,340)	(78,802)	(11,824)	71	(33,103)	(2,233,230)	(2,016,180)
OTHER FINANCING SOURCES (USES)										
Proceeds from Long-Term Debt	-	-	-	-	-	-	-	-	-	1,445,000
Bond Premium	-	-	-	-	-	-	-	-	-	30,819
Bond Discount	-	-	-	-	-	-	-	-	-	(6,659)
Transfers In	-	-	-	336,480	118,628	12,000	-	50,614	1,147,196	1,324,141
Transfers Out	-	-	-	-	-	-	-	-	(39,321)	(314,670)
Total Other Financing Sources (Uses)	-	-	-	336,480	118,628	12,000	-	50,614	1,107,875	2,478,631
NET CHANGE IN FUND BALANCES	(981)	314	-	(33,860)	39,826	176	71	17,511	(1,125,355)	462,451
FUND BALANCES (DEFICITS) - BEGINNING	(1,920)	37,090	429	(328,951)	15,563	19,072	11,084	113,732	1,271,587	5,229,474
FUND BALANCES (DEFICITS) - ENDING	<u>\$ (2,901)</u>	<u>\$ 37,404</u>	<u>\$ 429</u>	<u>\$ (362,811)</u>	<u>\$ 55,389</u>	<u>\$ 19,248</u>	<u>\$ 11,155</u>	<u>\$ 131,243</u>	<u>\$ 146,232</u>	<u>\$ 5,691,925</u>

CITY OF MARINETTE, WISCONSIN
Detailed Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
General Property Taxes	\$ 4,812,181	\$ 4,812,181	\$ 4,818,156	\$ 5,975
Mobile Home Taxes	85,000	85,000	78,888	(6,112)
Payment in Lieu of Taxes	86,717	86,717	87,104	387
Interest and Penalties	1,750	1,750	1,256	(494)
Total Taxes	<u>4,985,648</u>	<u>4,985,648</u>	<u>4,985,404</u>	<u>(244)</u>
INTERGOVERNMENTAL				
State Shared Taxes	4,649,395	4,649,395	4,649,396	1
Exempt Computer Aid	33,515	33,515	33,745	230
Municipal Services Payment	94,628	94,628	96,621	1,993
Local Highway Aids	632,385	632,385	634,942	2,557
Connecting Streets	67,196	67,196	67,196	-
Recycling	40,500	40,500	42,641	2,141
Other Grants	110,235	110,235	117,624	7,389
Total Intergovernmental	<u>5,627,854</u>	<u>5,627,854</u>	<u>5,642,165</u>	<u>14,311</u>
LICENSES AND PERMITS				
Liquor and Malt Beverages	34,000	34,000	37,252	3,252
Operator's Licenses	12,300	12,300	13,611	1,311
Cigarette Licenses	2,000	2,000	2,200	200
Bicycle Licenses	225	225	279	54
Dog Licenses	1,750	1,750	1,824	74
Other Licenses	7,650	7,650	7,533	(117)
Cable TV Franchise Fee	127,000	127,000	128,885	1,885
Trailer Park	1,200	1,200	1,400	200
Building Permits	30,735	30,735	53,025	22,290
Electrical Permits	7,500	7,500	13,241	5,741
Plumbing Permits	4,900	4,900	10,380	5,480
Occupancy Permits	5,200	5,200	50	(5,150)
Other Permits	17,550	17,550	37,779	20,229
Total Licenses and Permits	<u>252,010</u>	<u>252,010</u>	<u>307,459</u>	<u>55,449</u>
FINES AND FORFEITS				
Municipal Court Penalties and Costs	250,000	250,000	220,941	(29,059)
Parking Violations	16,000	16,000	7,595	(8,405)
Miscellaneous	500	500	1,036	536
Total Fines and Forfeits	<u>266,500</u>	<u>266,500</u>	<u>229,572</u>	<u>(36,928)</u>
PUBLIC CHARGES FOR SERVICES				
Special Assessment Letters	8,000	8,000	9,462	1,462
Snow and Ice Removal	3,000	3,000	2,642	(358)
City Clerk	1,550	1,550	2,430	880
Police Department	1,700	1,700	1,765	65
Fire Department	3,000	3,000	2,058	(942)
Weed and Nuisance Control	800	800	5,000	4,200
Garbage and Refuse Collection	48,000	48,000	55,355	7,355
Park and Recreation	101,400	101,400	99,109	(2,291)
Total Public Charges for Services	<u>167,450</u>	<u>167,450</u>	<u>177,821</u>	<u>10,371</u>
MISCELLANEOUS REVENUES				
Interest Income	32,000	32,000	55,445	23,445
Rent	87,100	87,100	87,412	312
Insurance Dividends and Recoveries	10,000	10,000	56,274	46,274
Donations and Contributions	-	-	6,648	6,648
Sale of Capital Assets	2,000	2,000	1,200	(800)
Other Revenues	8,500	8,500	5,492	(3,008)
Total Miscellaneous	<u>139,600</u>	<u>139,600</u>	<u>212,471</u>	<u>72,871</u>
TOTAL REVENUES	<u>11,439,062</u>	<u>11,439,062</u>	<u>11,554,892</u>	<u>115,830</u>

CITY OF MARINETTE, WISCONSIN
Detailed Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
Council	\$ 40,198	\$ 40,198	\$ 40,596	\$ (398)
Mayor	94,260	94,260	100,930	(6,670)
Municipal Court	148,572	148,572	137,609	10,963
City Clerk	182,828	182,828	173,052	9,776
Finance	208,525	208,525	211,341	(2,816)
Assessment of Property	182,664	182,664	203,797	(21,133)
Legal	237,319	237,319	249,597	(12,278)
Technology Services	51,275	51,275	40,019	11,256
City Hall	78,623	78,623	74,476	4,147
Other General Government	443,900	443,900	352,336	91,564
Total General Government	<u>1,668,164</u>	<u>1,668,164</u>	<u>1,583,753</u>	<u>84,411</u>
PUBLIC SAFETY				
Police Department	3,100,176	3,100,176	2,951,457	148,719
Fire Department	1,906,268	1,906,268	1,743,086	163,182
Rescue Squad	11,380	11,380	11,380	-
Total Public Safety	<u>5,017,824</u>	<u>5,017,824</u>	<u>4,705,923</u>	<u>311,901</u>
PUBLIC WORKS				
Roadways and Streets	934,992	941,813	651,705	290,108
Engineering	130,963	130,963	138,821	(7,858)
Street Construction	127,445	127,445	52,150	75,295
Administration	246,618	246,618	229,764	16,854
Street Lighting	216,400	216,400	233,242	(16,842)
Garbage and Refuse Collection	770,949	770,949	731,631	39,318
Recycling	148,889	148,889	114,631	34,258
Total Public Works	<u>2,576,256</u>	<u>2,583,077</u>	<u>2,151,944</u>	<u>431,133</u>
CULTURE AND RECREATION				
Recreation Programs	638,746	638,746	616,022	22,724
Parks	278,323	276,183	275,236	947
Total Culture and Recreation	<u>917,069</u>	<u>914,929</u>	<u>891,258</u>	<u>23,671</u>
CONSERVATION AND DEVELOPMENT				
Community Development	38,143	38,143	33,545	4,598
Forestry	202,707	202,707	167,154	35,553
Total Conservation and Development	<u>240,850</u>	<u>240,850</u>	<u>200,699</u>	<u>40,151</u>
CAPITAL OUTLAY				
Street Construction	779,908	779,908	1,236,597	(456,689)
Total Capital Outlay	<u>779,908</u>	<u>779,908</u>	<u>1,236,597</u>	<u>(456,689)</u>
Total Expenditures	<u>11,200,071</u>	<u>11,204,752</u>	<u>10,770,174</u>	<u>434,578</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>238,991</u>	<u>234,310</u>	<u>784,718</u>	<u>550,408</u>
OTHER FINANCING SOURCES (Uses)				
Proceeds from Long-Term Debt	-	-	620,000	620,000
Transfers In	855,000	855,000	897,898	42,898
Transfers Out	(1,082,793)	(1,382,302)	(1,793,624)	(411,322)
Total Other Financing Sources (Uses)	<u>(227,793)</u>	<u>(527,302)</u>	<u>(275,726)</u>	<u>251,576</u>
NET CHANGE IN FUND BALANCE	11,198	(292,992)	508,992	801,984
FUND BALANCE - BEGINNING	6,409,877	6,409,877	6,409,877	-
FUND BALANCE - ENDING	<u>\$ 6,421,075</u>	<u>\$ 6,116,885</u>	<u>\$ 6,918,869</u>	<u>\$ 801,984</u>

CITY OF MARINETTE, WISCONSIN

Schedule of Budgetary Comparison

Debt Service Fund

For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental	\$ 14,676	\$ 14,676	\$ -
EXPENDITURES			
General Government	-	193	(193)
Debt Service:			
Principal	485,000	500,000	(15,000)
Interest and Fiscal Charges	40,554	29,798	10,756
Total Expenditures	<u>525,554</u>	<u>529,991</u>	<u>(4,437)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(510,878)</u>	<u>(515,315)</u>	<u>(4,437)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	865,843	865,843	-
Transfers Out	(354,965)	(354,965)	-
Total Other Financing Sources (Uses)	<u>510,878</u>	<u>510,878</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(4,437)	(4,437)
FUND BALANCE - BEGINNING	<u>24,977</u>	<u>24,977</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 24,977</u>	<u>\$ 20,540</u>	<u>\$ (4,437)</u>