

CITY OF MARINETTE, WISCONSIN

Annual Financial Report

December 31, 2016

CITY OF MARINETTE, WISCONSIN

Table of Contents

December 31, 2016

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 – 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 – 8
FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Activities	10 – 11
Balance Sheet – Governmental Funds	12 – 13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15 – 16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18 – 19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	20 – 21
Statement of Cash Flows – Proprietary Funds	22 – 23
Statement of Net Position – Fiduciary Fund	24
Notes to Financial Statements	25 – 52
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	53
Schedule of Budgetary Comparison – General Fund	54
Notes to Required Supplementary Information	55
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	56 – 59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	60 – 63
Detailed Budgetary Comparison Schedule – General Fund	64 – 65
Schedule of Budgetary Comparison – Debt Service Fund	66

CITY OF MARINETTE, WISCONSIN

Table of Contents (Continued)

December 31, 2016

	<u>Page</u>
ADDITIONAL REPORTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67 – 68
Independent Auditors' Report on Compliance For the Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and <i>State Single Audit Guidelines</i>	69 – 70
FEDERAL AND STATE AWARDS SECTION	
Schedule of Expenditures of Federal Awards	71 – 72
Schedule of State Financial Assistance	73 – 74
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	75
Schedule of Findings	76 – 78
Summary Schedule of Prior Audit Findings	79
Corrective Action Plan	80

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the City Council
City of Marinette
Marinette, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marinette, Wisconsin (City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2016, 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

Change in Accounting Principle

As discussed in Note 1, the City adopted the provisions of Governmental Accounting Standards Board Statements No. 72 *Fair Value Measurement and Application* as of and for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

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 6 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, detailed budgetary comparison schedule, and schedule of budgetary comparison – debt service fund 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2017, on our consideration of the City of Marinette's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marinette's internal control over financial reporting and compliance.



KerberRose SC
Certified Public Accountants
May 31, 2017

MANAGEMENT DISCUSSION AND ANALYSIS



City of Marinette

1905 HALL AVENUE
MARINETTE, WI 54143-1716

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, 2016. 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 2016, the assets of the City of Marinette exceeded its liabilities by \$78,840,647 (net position) versus \$73,85,644 at the close of 2015, an increase of \$5,155,003.
- During 2016, the General Fund balance increased by \$84,510. At end of the fiscal year, the total general fund balance was \$6,409,877 and the portion that can be used for general operation (Unassigned Fund Balance) was \$5,875,997 which was approximately 52% of the total 2016 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 liabilities, 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.

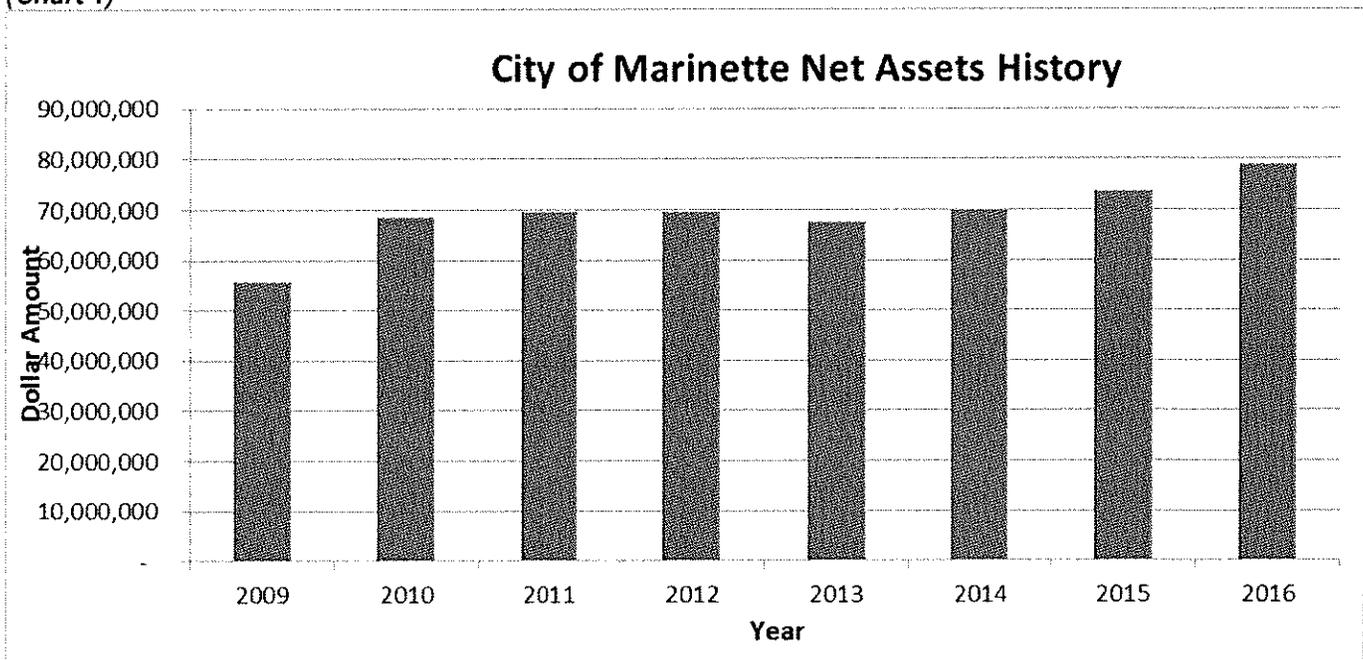
The total City assets exceeded total City liabilities by \$78,840,647 at the close of the fiscal year 2016 versus \$73,685,644 at the close of 2015, an increase of \$5,155,003. Chart 1 on the next page shows the City's net asset history from 2009 to 2016.

(Table 1)

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$21,712,465	\$30,275,874	\$ 4,291,692	\$ 9,641,217	\$26,004,157	\$39,917,091
Capital Assets	21,454,202	19,485,560	62,877,616	57,094,973	84,331,818	76,580,533
Total Assets	43,166,667	49,761,434	67,169,308	66,736,190	110,335,975	116,497,624
DEFERRED OUTFLOWS OF RESOURCES						
	4,162,593	1,175,746	513,544	213,885	4,676,137	1,389,631
LIABILITIES						
Current and other liabilities	3,272,216	10,588,345	1,533,489	244,700	4,805,705	10,833,045
Long-term debt o/s	7,999,587	9,435,831	15,324,789	17,916,244	23,324,376	27,352,075
Total Liabilities	11,271,803	20,024,176	16,858,278	18,160,944	28,130,081	38,185,120
DEFERRED INFLOWS OF RESOURCES						
	7,881,451	6,016,491	159,933	-	8,041,384	6,016,491
NET POSITION						
Invested in capital assets, net of related debt	15,816,982	12,630,210	40,792,641	39,301,383	56,609,623	51,931,593
Restricted	7,992,652	5,706,884	5,711,549	5,369,859	13,704,201	11,076,743
Unrestricted (deficit)	4,366,372	6,559,419	4,160,451	4,117,889	8,526,823	10,677,308
Total Net Assets	\$28,176,006	\$24,896,513	\$50,664,641	\$48,789,131	\$78,840,647	\$73,685,644

(Chart 1)



As you may see, there was a large increase (by \$12,889,000) in 2010; \$11,395,000 of that increase was from capital grants and contributions (mainly for the new water treatment facility project). The 2016 increase in net position is primarily from the increased values of the tax incremental districts.

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 2016, the City's combined unrestricted net position (General Fund, Water, Wastewater, Storm Water, Cemetery, debt service fund, capital projects funds, special revenue funds, and equipment funds) decreased by \$2,150,485. The Governmental activities unrestricted net positions decreased by \$2,193,047 while the Business-type activities unrestricted net position increased by \$42,562. 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 2016. Table 2 on the next page shows the Statement of Activities for the City of Marinette for fiscal year 2016. The City of Marinette's total net position increased in value by 7 percent or \$5,155,003 from 2015.

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 thirty individual funds are also included here.

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

Looking at the revenues, in 2016, in the Governmental activities section, additional operating grants and contributions increases in the City's revenues of \$1,315,412. When comparing to 2015, the Business-type activities saw an increase in revenues for charges for services of \$571,624 and the spending decreased by \$240,419. We will take a look at this in more details under the Fund Financial Statements on Page 12.

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

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

(Table 2)

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenue						
Charges for Services	\$ 1,035,437	\$ 1,209,124	\$ 7,596,912	\$ 7,025,288	\$ 8,632,349	\$ 8,234,412
Operating grants and contributions	2,400,752	1,085,340			2,400,752	1,085,340
Capital grants and contributions	1,390,678	1,980,474	1,255,006	-	2,645,684	1,980,474
General Revenues						
Property taxes for general purposes	6,014,115	5,913,599	-	-	6,014,115	5,913,599
Property taxes for debt services	-	-	-	-	-	-
Other taxes	469,652	458,532	-	-	469,652	458,532
State/federal aids/other contributions						
not restricted to specific functions	4,863,330	4,841,528	-	-	4,863,330	4,841,528
Interests and investment earnings	56,627	31,459	87,432	3,943	144,059	35,402
Miscellaneous	185,721	339,117	512		186,233	339,117
Gain on sale of asset	74,208	12,426	-	201,412	74,208	213,838
Total Revenues	16,490,520	15,871,599	8,939,862	7,230,643	25,430,382	23,102,242
Expenses						
General government	1,784,178	2,375,352	-	-	1,784,178	2,375,352
Public safety	5,189,279	4,805,983	-	-	5,189,279	4,805,983
Public works	4,021,272	5,594,126	-	-	4,021,272	5,594,126
Culture and recreation	1,852,846	1,027,627	-	-	1,852,846	1,027,627
Conservation & Development	805,463	1,164,142	-	-	805,463	1,164,142
Interest and fiscal charges on debt	235,080	253,090	-	-	235,080	253,090
Water utility	-	-	3,577,006	3,527,257	3,577,006	3,527,257
Wastewater treatment facility	-	-	2,075,540	2,117,060	2,075,540	2,117,060
Storm Water Utility	-	-	505,018	746,863	505,018	746,863
Cemetery	-	-	229,697	236,500	229,697	236,500
Total Expenses	13,888,118	15,220,320	6,387,261	6,627,680	20,275,379	21,848,000
Increase in net assets before transfers	2,602,402	651,279	2,552,601	602,963	5,155,003	1,254,242
Transfers	677,091	649,823	(677,091)	(649,823)	-	-
Increase in net assets	3,279,493	1,301,102	1,875,510	(46,860)	5,155,003	1,254,242
Prior Period Adjustments						
Net assets - January 1, 2016 Restated	24,896,513	21,222,354	48,789,131	48,580,587	73,685,644	73,685,644
Net assets - December 31, 2016	\$ 28,176,006	\$ 24,755,648	\$ 50,664,641	\$ 48,848,525	\$ 78,840,647	\$ 73,604,173

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. 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 2016, the total fund balances from these last 2 categories were \$7,277,432.

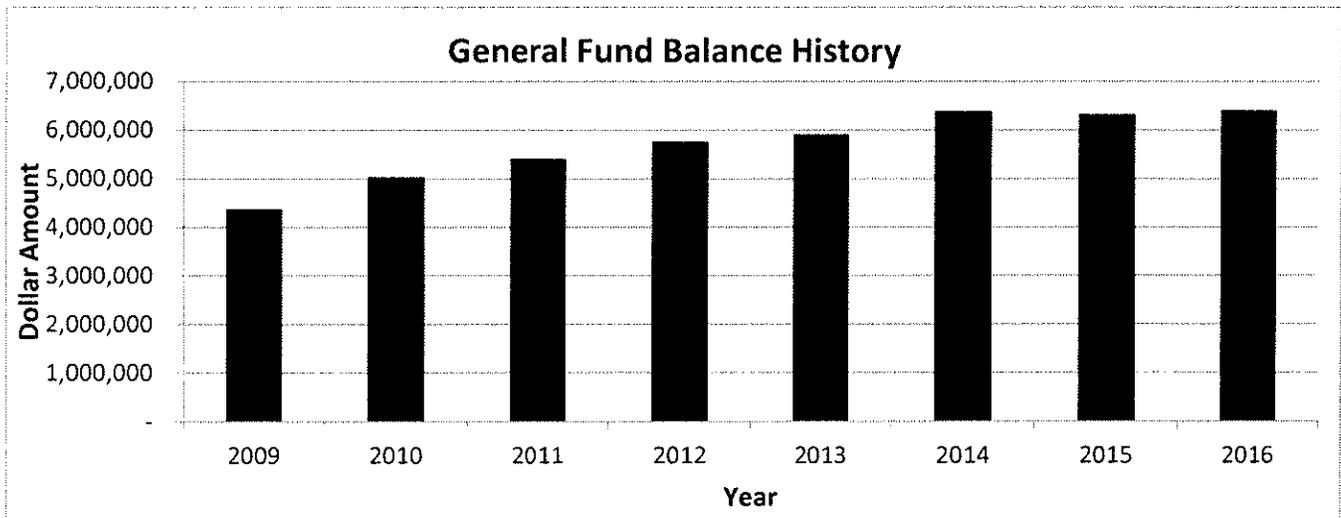
The General Fund is the chief operating fund of the City. Page 15 shows the summary of 2016 General Fund revenues, expenditures and changes of fund balances. As you may see, the general fund ended its year with an operating profit of \$84,510.

Page 15 shows that at the end of 2016, the general fund had a fund balance of \$6,409,877. Of this amount, \$6,375,997 was assigned and unassigned so they can be spent at management's discretion. Further breakdown of these funds are as follows: the City assigned \$500,000 for vested employment benefit liabilities (the reported liabilities at end of 2016 were \$941,024). The unassigned general fund balance was \$5,875,997, which was approximately 49% of total 2016 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 42% 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 2009 to 2016.

(Chart 2)



Proprietary funds - The City's proprietary funds (pages 18-23) provide the same type of information found in the government-wide financial statements, but in more detail.

Page 20-21 shows the 2016 revenues, expenses and change in net position for proprietary funds. The Statement of Revenues and Expenses on Page 20-21 shows that for enterprise funds, the total revenues increased \$571,624 and total expenses decreased by \$162,572 in 2016 in comparison with 2015. On the revenue side, the Wastewater Utility revenues from fixed charges increased by \$221,548 and the Water Utility's revenues from metered use increased by \$381,348. On the expense side, the Water Utility's new water treatment facility increased maintenance and operations expenses by \$111,570, and increased the depreciation expense by \$1,262. The PILOT payment is a property tax equivalent payable to the City of Marinette (recorded as a transfer out) which decreased \$22,043. The increased value of the new water treatment facility is one of the main factors in the PILOT's calculation. Wastewater spent \$73,006 less on operations and maintenance. The Storm Water Utility spending decreased in 2016 compared to 2015 by \$241,416 due to smaller scaled capital projects completed in 2016.

General Fund Budgetary Highlights

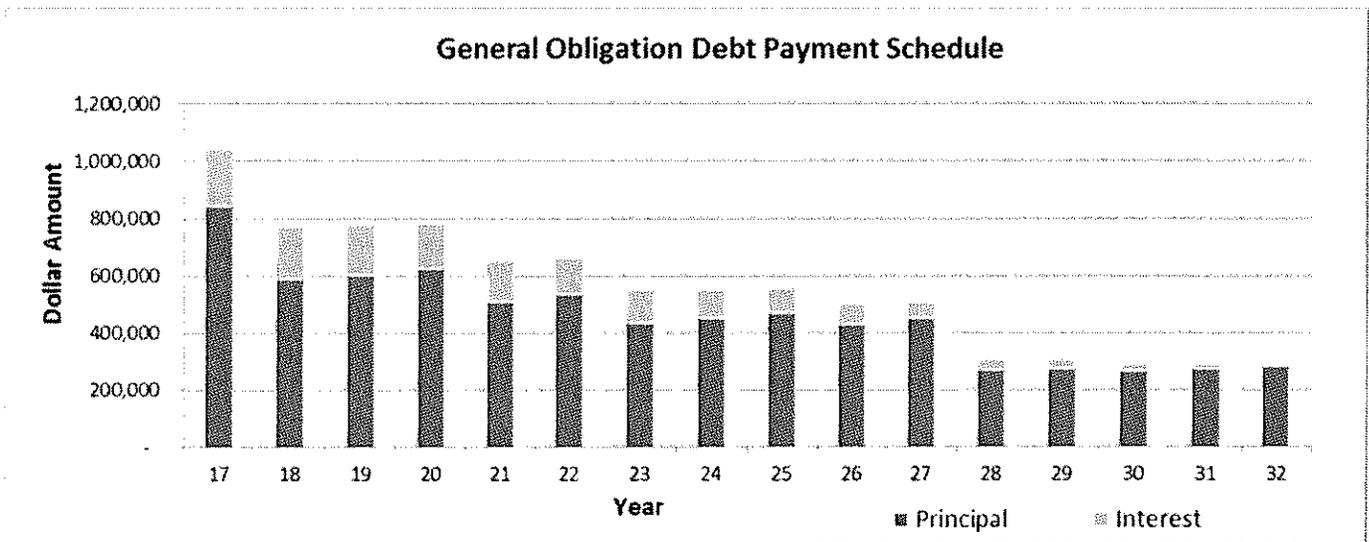
(See Page 54 for summary and Pages 64-65 for details). Compared with the final budget, the actual revenues were \$732,340 higher than budgetary estimates. On the expenditure side, the total actual expenditures were \$363,608 higher than the adjusted final budget amount. Major budget deficits were: \$184,460 for contracted inspection services, \$80,337 on unplanned retirements, \$13,304 property tax refunds, and \$26,120 on property insurance. All of which the expenses came in higher than anticipated. The largest budget change made during the year was \$54,500 transferred from general fund to the capital outlay for the pool repair.

Debt Administration

Long-term Obligations: At the end of the 2016 fiscal year, the City of Marinette had total long-term obligations of \$24,086,328. Of this amount, \$7,110,000 is comprised of government bonds and notes, \$535,679 as promissory notes, \$15,651,492 represents bonds secured by specified revenue sources (i.e., revenue bonds), and \$941,023 as employees' compensated absences. The City also borrowed an additional \$354,965 short term loan for capital expenditures.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to five (5) percent of its total equalized valuation. The current debt limitation for the City of Marinette is \$32,937,015, which is significantly higher than the City's outstanding general obligation debt of \$7,318,771. The chart below shows the payment schedule.



Requests for Information

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

FINANCIAL STATEMENTS

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

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 12,571,717	\$ 3,369,203	\$ 15,940,920
Receivables:			
Taxes	4,914,656	-	4,914,656
Accounts	178,194	829,415	1,007,609
Special Assessments	10,915	-	10,915
Delinquent Personal Property Taxes	21,114	-	21,114
Loans	2,147,040	-	2,147,040
Grants	460,108	-	460,108
Restricted Cash and Investments	1,406,870	-	1,406,870
Inventories and Prepaid Items	1,851	90,734	92,585
Other Current Assets	-	2,340	2,340
Total Current Assets	<u>21,712,465</u>	<u>4,291,692</u>	<u>26,004,157</u>
Noncurrent Assets			
Special Assessments	-	20,154	20,154
Restricted Cash	-	5,521,676	5,521,676
Capital Assets, Nondepreciable:			
Land	1,409,852	724,651	2,134,503
Construction in Progress	713,850	-	713,850
Capital Assets, Depreciable:			
Land Improvements	769,874	44,301,033	45,070,907
Buildings and Improvements	4,493,090	18,402,465	22,895,555
Machinery and Equipment	7,877,961	18,660,878	26,538,839
Infrastructure	28,527,966	12,815,240	41,343,206
Less: Accumulated Depreciation	(22,338,391)	(37,568,481)	(59,906,872)
Total Noncurrent Assets	<u>21,454,202</u>	<u>62,877,616</u>	<u>84,331,818</u>
TOTAL ASSETS	<u>43,166,667</u>	<u>67,169,308</u>	<u>110,335,975</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	87,742	87,742
Deferred Outflows Related to Pension	4,162,593	425,802	4,588,395
Total Deferred Outflows of Resources	<u>4,162,593</u>	<u>513,544</u>	<u>4,676,137</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	998,064	27,363	1,025,427
Short-Term Notes Payable	354,965	-	354,965
Accrued and Other Current Liabilities	535,946	872	536,818
Special Deposits	15,695	-	15,695
Accrued Interest Payable	28,275	76,131	104,406
Accrued Compensated Absences	-	134,771	134,771
Due to Other Governments	9,227	-	9,227
Current Portion of Long-Term Obligations	1,330,044	1,294,352	2,624,396
Total Current Liabilities	<u>3,272,216</u>	<u>1,533,489</u>	<u>4,805,705</u>
Noncurrent Liabilities			
Net Pension Liability	742,929	75,996	818,925
Noncurrent Portion of Long-Term Obligations	7,256,658	15,248,793	22,505,451
Total Noncurrent Liabilities	<u>7,999,587</u>	<u>15,324,789</u>	<u>23,324,376</u>
Total Liabilities	<u>11,271,803</u>	<u>16,858,278</u>	<u>28,130,081</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	6,317,970	-	6,317,970
Deferred Inflows Related to Pension	1,563,481	159,933	1,723,414
Total Deferred Inflows of Resources	<u>7,881,451</u>	<u>159,933</u>	<u>8,041,384</u>
NET POSITION			
Net investment in Capital Assets	15,281,303	40,792,641	56,073,944
Restricted for:			
Community Development	2,704,189	-	2,704,189
Tax Incremental District	1,682,759	-	1,682,759
Debt Service	24,977	1,809,512	1,834,489
Capital Projects	1,724,544	-	1,724,544
Plant Replacement	-	3,712,164	3,712,164
Pension Benefits	1,856,183	189,873	2,046,056
Unrestricted	4,902,051	4,160,451	9,062,502
TOTAL NET POSITION	<u>\$ 28,176,006</u>	<u>\$ 50,664,641</u>	<u>\$ 78,840,647</u>

See Accompanying Notes

CITY OF MARINETTE, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,784,178	\$ 193,987	\$ -	\$ -
Public Safety	5,189,279	646,827	93,564	-
Public Works	4,021,272	69,237	943,605	584,461
Culture and Recreation	1,852,846	125,386	1,182,769	-
Conservation and Development	805,463	-	180,814	806,217
Interest on Debt	235,080	-	-	-
Total Governmental Activities	13,888,118	1,035,437	2,400,752	1,390,678
BUSINESS-TYPE ACTIVITIES				
Cemetery	229,697	91,156	-	815,280
Water Utility	3,577,006	4,936,667	-	-
Wastewater Utility	2,075,540	1,924,931	-	-
Storm Water Utility	505,018	644,158	-	439,726
Total Business-Type Activities	6,387,261	7,596,912	-	1,255,006
Total	\$ 20,275,379	\$ 8,632,349	\$ 2,400,752	\$ 2,645,684

GENERAL REVENUES

Taxes:

General Property Taxes

Debt Service

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**

Governmental Activities	Business- Type Activities	Total
\$ (1,590,191)	\$ -	\$ (1,590,191)
(4,448,888)	-	(4,448,888)
(2,423,969)	-	(2,423,969)
(544,691)	-	(544,691)
181,568	-	181,568
(235,080)	-	(235,080)
<u>(9,061,251)</u>	<u>-</u>	<u>(9,061,251)</u>
-	676,739	676,739
-	1,359,661	1,359,661
-	(150,609)	(150,609)
-	578,866	578,866
<u>-</u>	<u>2,464,657</u>	<u>2,464,657</u>
<u>(9,061,251)</u>	<u>2,464,657</u>	<u>(6,596,594)</u>
4,028,230	-	4,028,230
867,517	-	867,517
1,118,368	-	1,118,368
469,652	-	469,652
4,863,330	-	4,863,330
56,627	87,432	144,059
5,481	-	5,481
122,797	-	122,797
74,208	-	74,208
57,443	512	57,955
<u>11,663,653</u>	<u>87,944</u>	<u>11,751,597</u>
<u>677,091</u>	<u>(677,091)</u>	<u>-</u>
3,279,493	1,875,510	5,155,003
<u>24,896,513</u>	<u>48,789,131</u>	<u>73,685,644</u>
<u>\$ 28,176,006</u>	<u>\$ 50,664,641</u>	<u>\$ 78,840,647</u>

See Accompanying Notes

CITY OF MARINETTE, WISCONSIN

Balance Sheet

Governmental Funds

As of December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>TID No. 3</u>
ASSETS			
Cash and Investments	\$ 6,785,573	\$ 24,977	\$ 781,598
Receivables:			
Taxes	3,744,754	-	155,937
Accounts	68,309	-	-
Special Assessments	10,915	-	-
Delinquent Personal Property Taxes	21,114	-	-
Loans	-	-	-
Grants	-	-	405,958
Restricted Cash and Investments	1,071,683	-	44,677
Due from Other Funds	340,499	-	-
Inventories and Prepaid Items	1,851	-	-
TOTAL ASSETS	<u>\$ 12,044,698</u>	<u>\$ 24,977</u>	<u>\$ 1,388,170</u>
LIABILITIES			
Accounts Payable	\$ 230,400	\$ -	\$ 352,660
Short-Term Notes Payable	-	-	-
Accrued and Other Current Liabilities	535,850	-	-
Special Deposits	15,695	-	-
Due to Other Fund	-	-	-
Due to Other Governments	7,176	-	-
Total Liabilities	<u>789,121</u>	<u>-</u>	<u>352,660</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	4,812,883	-	200,614
Unavailable - Special Assessments	32,817	-	-
Total Deferred Inflows of Resources	<u>4,845,700</u>	<u>-</u>	<u>200,614</u>
FUND BALANCES			
Nonspendable:			
Inventories and Prepaid Items	1,851	-	-
Delinquent Personal Property Taxes	21,114	-	-
Delinquent Special Assessments	10,915	-	-
Restricted:			
Tax Incremental Districts	-	-	834,896
Loans	-	-	-
Debt Service	-	24,977	-
Capital Projects	-	-	-
Assigned:			
Vacation and Sick Leave	500,000	-	-
Special Revenue Funds	-	-	-
Unassigned (Deficit)	5,875,997	-	-
Total Fund Balances	<u>6,409,877</u>	<u>24,977</u>	<u>834,896</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,044,698</u>	<u>\$ 24,977</u>	<u>\$ 1,388,170</u>

See Accompanying Notes

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,979,569	\$ 12,571,717
1,013,965	4,914,656
65,811	134,120
-	10,915
-	21,114
2,147,040	2,147,040
98,224	504,182
290,510	1,406,870
-	340,499
-	1,851
<u>\$ 8,595,119</u>	<u>\$ 22,052,964</u>
\$ 415,004	\$ 998,064
354,965	354,965
96	535,946
-	15,695
340,499	340,499
2,051	9,227
<u>1,112,615</u>	<u>2,254,396</u>
1,304,473	6,317,970
-	32,817
<u>1,304,473</u>	<u>6,350,787</u>
-	1,851
-	21,114
-	10,915
847,863	1,682,759
2,704,189	2,704,189
-	24,977
1,724,544	1,724,544
-	500,000
1,258,842	1,258,842
(357,407)	5,518,590
<u>6,178,031</u>	<u>13,447,781</u>
<u>\$ 8,595,119</u>	<u>\$ 22,052,964</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, 2016

Total Fund Balances - Governmental Funds \$ 13,447,781

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	43,792,593	
Accumulated Depreciation	<u>(22,338,391)</u>	21,454,202

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
---------------------	--	--------

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

Deferred Outflows Related to Pension		4,162,593
Deferred Inflows Related to Pension		(1,563,481)

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	(7,645,679)	
Net Pension Liability	(742,929)	
Compensated Absences	(941,023)	
Accrued Interest	<u>(28,275)</u>	<u>(9,357,906)</u>

Total Net Position - Governmental Activities **\$ 28,176,006**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARINETTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>TID No. 3</u>
REVENUES			
Taxes	\$ 4,199,787	\$ 867,517	\$ 217,644
Intergovernmental	5,609,839	-	951,972
Licenses and Permits	454,055	-	-
Fines and Forfeits	279,612	-	-
Public Charges for Services	196,404	-	-
Intergovernmental Charges for Services	-	13,524	-
Miscellaneous	411,065	54	2,018
Total Revenues	<u>11,150,762</u>	<u>881,095</u>	<u>1,171,634</u>
EXPENDITURES			
Current:			
General Government	1,689,475	550	-
Public Safety	4,639,402	-	-
Public Works	2,311,699	-	-
Culture and Recreation	888,413	-	-
Conservation and Development	182,925	-	133,310
Debt Service:			
Principal	-	485,000	-
Interest and Fiscal Charges	-	37,898	-
Capital Outlay	1,123,800	-	922,900
Total Expenditures	<u>10,835,714</u>	<u>523,448</u>	<u>1,056,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>315,048</u>	<u>357,647</u>	<u>115,424</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	844,636	-	-
Transfers Out	(1,075,174)	(354,965)	-
Total Other Financing Sources (Uses)	<u>(230,538)</u>	<u>(354,965)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	84,510	2,682	115,424
FUND BALANCES - BEGINNING - RESTATED	<u>6,325,367</u>	<u>22,295</u>	<u>719,472</u>
FUND BALANCES - ENDING	<u>\$ 6,409,877</u>	<u>\$ 24,977</u>	<u>\$ 834,896</u>

See Accompanying Notes

Other Governmental Funds	Total Governmental Funds
\$ 1,200,268	\$ 6,485,216
1,055,417	7,617,228
-	454,055
928	280,540
12,956	209,360
-	13,524
1,019,357	1,432,494
<u>3,288,926</u>	<u>16,492,417</u>
48,551	1,738,576
170,686	4,810,088
670,452	2,982,151
788,000	1,676,413
431,479	747,714
368,927	853,927
199,528	237,426
1,185,955	3,232,655
<u>3,863,578</u>	<u>16,278,950</u>
<u>(574,652)</u>	<u>213,467</u>
1,366,457	2,211,093
(103,863)	(1,534,002)
<u>1,262,594</u>	<u>677,091</u>
687,942	890,558
<u>5,490,089</u>	<u>12,557,223</u>
<u>\$ 6,178,031</u>	<u>\$ 13,447,781</u>

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 890,558

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	3,232,655	
Depreciation expense reported in the statement of activities	<u>(1,222,165)</u>	
Amount by which capital outlays are more than depreciation in current period		2,010,490

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. (41,848)

Amounts related to the pension plan that affect the statement of net activities but do not affect the fund financial statements. (431,181)

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:		853,927
---	--	---------

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		(4,798)
--	--	---------

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	237,426	
The amount of interest accrued during the current period	<u>(235,081)</u>	
Interest paid is more than interest accrued by		<u>2,345</u>

Change in Net Position - Governmental Activities \$ 3,279,493

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARINETTE, WISCONSIN

Statement of Net Position

Proprietary Funds

As of December 31, 2016

	<u>Cemetery</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
CURRENT ASSETS			
Cash and Investments	\$ 1,234,029	\$ 635,517	\$ 964,186
Accounts Receivable	15,462	532,277	219,699
Inventories and Prepaid Expenses	50,422	40,312	-
Other Current Assets	-	2,340	-
Total Current Assets	<u>1,299,913</u>	<u>1,210,446</u>	<u>1,183,885</u>
NON-CURRENT ASSETS			
Special Assessments	-	20,154	-
Restricted Cash	-	1,809,512	3,712,164
Capital Assets:			
Land	85,145	619,406	20,100
Land Improvements	-	25,344,556	18,956,477
Buildings	496,112	11,707,820	6,198,533
Machinery and Equipment	317,438	9,515,165	8,580,947
Infrastructure	-	-	-
Less: Accumulated Depreciation	<u>(670,085)</u>	<u>(10,267,910)</u>	<u>(19,348,970)</u>
Total Noncurrent Assets	<u>228,610</u>	<u>38,748,703</u>	<u>18,119,251</u>
Total Assets	<u>1,528,523</u>	<u>39,959,149</u>	<u>19,303,136</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	87,742	-
Deferred Outflows Related to Pension	-	268,879	156,923
Total Deferred Outflows of Resources	<u>-</u>	<u>356,621</u>	<u>156,923</u>
CURRENT LIABILITIES			
Accounts Payable	1,488	11,355	13,105
Accrued and Other Current Liabilities	872	-	-
Accrued Interest Payable	-	73,866	2,265
Accrued Compensated Absences	-	85,998	48,773
Current Portion of Long-Term Obligations	-	1,214,624	66,754
Total Current Liabilities	<u>2,360</u>	<u>1,385,843</u>	<u>130,897</u>
NON-CURRENT LIABILITIES			
Net Pension Liability	-	47,989	28,007
Long-Term Obligations	-	14,539,363	513,633
Total Noncurrent Liabilities	<u>-</u>	<u>14,587,352</u>	<u>541,640</u>
Total Liabilities	<u>2,360</u>	<u>15,973,195</u>	<u>672,537</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pension	-	100,992	58,941
NET POSITION			
Net Investment in Capital Assets	228,610	21,165,050	13,826,700
Restricted for:			
Debt Service	-	1,809,512	-
Plant Replacement	-	-	3,712,164
Pension Benefits	-	119,898	69,975
Unrestricted	1,297,553	1,147,123	1,119,742
TOTAL NET POSITION	<u>\$ 1,526,163</u>	<u>\$ 24,241,583</u>	<u>\$ 18,728,581</u>

See Accompanying Notes

<u>Storm Water Utility</u>	<u>Total</u>
\$ 535,471	\$ 3,369,203
61,977	829,415
-	90,734
-	2,340
<u>597,448</u>	<u>4,291,692</u>
-	20,154
-	5,521,676
-	724,651
-	44,301,033
-	18,402,465
247,328	18,660,878
12,815,240	12,815,240
(7,281,516)	(37,568,481)
<u>5,781,052</u>	<u>62,877,616</u>
<u>6,378,500</u>	<u>67,169,308</u>
-	87,742
-	425,802
-	<u>513,544</u>
1,415	27,363
-	872
-	76,131
-	134,771
12,974	1,294,352
<u>14,389</u>	<u>1,533,489</u>
-	75,996
195,797	15,248,793
<u>195,797</u>	<u>15,324,789</u>
210,186	16,858,278
-	<u>159,933</u>
5,572,281	40,792,641
-	1,809,512
-	3,712,164
-	189,873
596,033	4,160,451
<u>\$ 6,168,314</u>	<u>\$ 50,664,641</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, 2016

	<u>Cemetery</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
OPERATING REVENUES			
Charges for Services	\$ 46,939	\$ 4,859,597	\$ 1,903,056
Sale of Lots and Crypts	16,852	-	-
Other	27,365	77,070	21,875
Total Operating Revenues	<u>91,156</u>	<u>4,936,667</u>	<u>1,924,931</u>
OPERATING EXPENSES			
Operation and Maintenance	215,204	1,813,621	1,189,964
Depreciation	14,493	1,235,489	871,333
Taxes	-	49,770	-
Total Operating Expenses	<u>229,697</u>	<u>3,098,880</u>	<u>2,061,297</u>
OPERATING INCOME (LOSS)	<u>(138,541)</u>	<u>1,837,787</u>	<u>(136,366)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	44,726	15,176	26,290
Miscellaneous Revenues	-	512	-
Loss on Disposal of Capital Asset	-	-	-
Interest and Fiscal Charges	-	(478,126)	(14,243)
Total Non-Operating Revenues (Expenses)	<u>44,726</u>	<u>(462,438)</u>	<u>12,047</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(93,815)</u>	<u>1,375,349</u>	<u>(124,319)</u>
TRANSFERS	118,827	(746,343)	(8,430)
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>815,280</u>	<u>439,726</u>
CHANGE IN NET POSITION	25,012	1,444,286	306,977
NET POSITION - BEGINNING - RESTATED	<u>1,501,151</u>	<u>22,797,297</u>	<u>18,421,604</u>
NET POSITION - ENDING	<u>\$ 1,526,163</u>	<u>\$ 24,241,583</u>	<u>\$ 18,728,581</u>

Storm Water Utility	Total
\$ 644,158	\$ 7,453,750
-	16,852
-	126,310
<u>644,158</u>	<u>7,596,912</u>
190,430	3,409,219
298,166	2,419,481
-	49,770
<u>488,596</u>	<u>5,878,470</u>
<u>155,562</u>	<u>1,718,442</u>
1,240	87,432
-	512
(8,943)	(8,943)
<u>(7,479)</u>	<u>(499,848)</u>
<u>(15,182)</u>	<u>(420,847)</u>
140,380	1,297,595
(41,145)	(677,091)
-	1,255,006
<u>99,235</u>	<u>1,875,510</u>
<u>6,069,079</u>	<u>48,789,131</u>
<u>\$ 6,168,314</u>	<u>\$ 50,664,641</u>

CITY OF MARINETTE, WISCONSIN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2016

	<u>Cemetery</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from User Charges	\$ 86,355	\$ 4,970,022	\$ 1,880,973
Other Receipts	-	27,276	-
Cash Payments to Municipality	-	-	(101,635)
Cash Payments to Suppliers	(149,845)	(1,393,200)	(948,310)
Cash Payments to Employees and for Benefits	(98,069)	(427,295)	(319,755)
Net Cash Flows From Operating Activities	<u>(161,559)</u>	<u>3,176,803</u>	<u>511,273</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from (to) Municipality	<u>118,827</u>	<u>(746,343)</u>	<u>(8,430)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	<u>44,726</u>	<u>15,176</u>	<u>26,290</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	-	(1,321,786)	(886,822)
Special Assessment Collections from Customers	-	14,441	-
Capital Contributions	-	815,280	439,726
Principal Payments on Long-Term Debt	-	(1,162,671)	(65,211)
Interest Payments on Long-term Debt	-	(475,829)	(14,497)
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>(2,130,565)</u>	<u>(526,804)</u>
NET CHANGE IN CASH AND INVESTMENTS	1,994	315,071	2,329
CASH AND INVESTMENTS - BEGINNING	<u>1,232,035</u>	<u>2,129,958</u>	<u>4,674,021</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 1,234,029</u>	<u>\$ 2,445,029</u>	<u>\$ 4,676,350</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (138,541)	\$ 1,837,787	\$ (136,366)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities:			
Depreciation	14,493	1,235,489	871,333
Meter Depreciation Charged to Sewer	-	27,276	(27,276)
(Increase) Decrease in Operating Assets and Deferred Outflows of Resources:			
Accounts Receivable	(4,801)	33,355	(43,958)
Inventories and Prepaid Expense	3,420	(4,160)	-
Net Pension Asset	-	84,813	41,770
Deferred Outflows Related to Pension	-	(178,212)	(113,195)
(Decrease) Increase in Operating Liabilities:			
Accounts Payable	(21,166)	(28,885)	(32,652)
Accrued and Other Liabilities	(3,219)	(22,127)	(15,072)
Due to Other Funds	-	-	(101,635)
Net Pension Liability	-	47,989	28,007
Compensated Absences	(11,745)	42,486	(18,624)
Deferred Inflows Related to Pension	-	100,992	58,941
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (161,559)</u>	<u>\$ 3,176,803</u>	<u>\$ 511,273</u>
RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF NET POSITION TO STATEMENT OF CASH FLOWS			
Cash and Investments	\$ 1,234,029	\$ 635,517	\$ 964,186
Restricted Cash	-	1,809,512	3,712,164
TOTAL CASH PER STATEMENT OF CASH FLOWS	<u>\$ 1,234,029</u>	<u>\$ 2,445,029</u>	<u>\$ 4,676,350</u>

See Accompanying Notes

Storm Water		
Utility		Total
\$ 643,632	\$ 7,580,982	
-	27,276	
-	(101,635)	
(179,499)	(2,670,854)	
<u>(18,277)</u>	<u>(863,396)</u>	
<u>445,856</u>	<u>3,972,373</u>	
(41,145)	(677,091)	
<u>1,240</u>	<u>87,432</u>	
(460,629)	(2,669,237)	
-	14,441	
-	1,255,006	
(12,538)	(1,240,420)	
<u>(7,479)</u>	<u>(497,805)</u>	
<u>(480,646)</u>	<u>(3,138,015)</u>	
(74,695)	244,699	
<u>610,166</u>	<u>8,646,180</u>	
<u>\$ 535,471</u>	<u>\$ 8,890,879</u>	
\$ 155,562	\$ 1,718,442	
298,166	2,419,481	
-	-	
(526)	(15,930)	
-	(740)	
-	126,583	
-	(291,407)	
(7,131)	(89,834)	
(215)	(40,633)	
-	(101,635)	
-	75,996	
-	12,117	
-	159,933	
<u>\$ 445,856</u>	<u>\$ 3,972,373</u>	
\$ 535,471	\$ 3,369,203	
-	5,521,676	
<u>\$ 535,471</u>	<u>\$ 8,890,879</u>	

CITY OF MARINETTE, WISCONSIN

Statement of Net Position

Fiduciary Fund

As of December 31, 2016

	<u>Agency</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Restricted Cash and Investments	\$ 1,893,350
Taxes Receivable	6,608,354
Total Assets	<u>8,501,704</u>
LIABILITIES	
Due to Other Governments	<u>\$ 8,501,704</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

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, except for the implementation of the new accounting standard as explained later within this footnote. 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 program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City not 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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, 2016

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, 2016

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.

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.

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.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Proprietary Funds (Continued)

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.

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.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET POSITION OR EQUITY (Continued)

Cash and Investments (Continued)

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, 2016

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 projected 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, 2016

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 three 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 one that arises 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 is 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, 2016

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, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CLAIMS AND JUDGEMENTS

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.

IMPLEMENTATION OF NEW ACCOUNTING STANDARD

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 72 *Fair Value Measurement and Application* for the year ended December 31, 2016. Statement No. 72 which defines fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and the information about fair value reported in the notes to the financial statements. Additionally, GASB Statement No. 72 utilizes a three-level hierarchy for measuring fair value.

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, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

At December 31, 2016, the City's deposits had a bank balance of \$19,669,562. 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, 2016, 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, 2016:

Fully Insured Deposits	\$ 761,771
Collateralized	14,371,023
Uninsured	<u>4,536,768</u>
Total	<u>\$ 19,669,562</u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2016.

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, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments

As of December 31, 2016 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)	\$ -	\$ 2,233,750	\$ 2,233,750
M&M Community Foundation	-	497,272	497,272
Mutual Funds	1,069,831	-	1,069,831
Money Market Funds	33,399	-	33,399
	<u>\$ 1,103,230</u>	<u>\$ 2,731,022</u>	<u>\$ 3,834,252</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, 2016

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2016 totaled \$8,821,896 and consisted of cash and investments held for the following purposes:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Governmental Funds:		
General Fund	\$ 1,071,683	Advance tax collections to finance 2017 operations
TID No. 3	44,677	Advance tax increment collections
TID No. 6	31,108	Advance tax increment collections
TID No. 7	12,085	Advance tax increment collections
TID No. 8	22,878	Advance tax increment collections
TID No. 9	5,549	Advance tax increment collections
TID No. 10	136,989	Advance tax increment collections
TID No. 11	74,443	Advance tax increment collections
TID No. 12	7,458	Advance tax increment collections
Total Governmental Funds	<u>1,406,870</u>	
Fiduciary Funds:		
Tax Collection Fund	<u>1,893,350</u>	Advance tax collections for other taxing jurisdictions
Enterprise Funds:		
Water Utility	1,243,172	To accumulate for debt service payments over next 12 months
Water Utility	566,340	To make up potential future deficiencies in redemption account
	<u>1,809,512</u>	
Wastewater Utility	3,712,164	To provide funds for equipment to maintain plant capacity
Total Enterprise Funds	<u>5,521,676</u>	
Total Restricted Assets	<u>\$ 8,821,896</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, 2016

NOTE 5 - SHORT-TERM PAYABLE

The City had a short-term payable of \$354,965 from December 28, 2015, for the purposes of financing a building, equipment, equipment repairs and improvements. The loan was repaid on February 6, 2016.

On December 16, 2016, the City borrowed \$354,965 from Stephenson National Bank and Trust for the purposes of financing building, equipment, equipment repairs and improvements. The loan was due and paid on March 16, 2017, with an interest rate of 2.65%.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 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	\$ -	\$ -	\$ 1,409,852
Construction in Progress	16,362	709,650	12,162	713,850
Total Capital Assets Not Being Depreciated	<u>1,426,214</u>	<u>709,650</u>	<u>12,162</u>	<u>2,123,702</u>
Capital Assets Being Depreciated				
Land Improvements	-	769,874	-	769,874
Buildings and Improvements	4,287,067	206,023	-	4,493,090
Machinery and Equipment	7,642,424	435,470	199,933	7,877,961
Infrastructure	27,598,157	1,123,800	193,991	28,527,966
Less Accumulated Depreciation	<u>(21,468,302)</u>	<u>(1,222,165)</u>	<u>(352,076)</u>	<u>(22,338,391)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>18,059,346</u>	<u>1,313,002</u>	<u>41,848</u>	<u>19,330,500</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,485,560</u>	<u>\$ 2,022,652</u>	<u>\$ 54,010</u>	<u>\$ 21,454,202</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 6 - CAPITAL ASSETS (Continued)

	<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
Capital Assets Being Depreciated				
Land Improvements	42,294,808	2,080,211	73,986	44,301,033
Buildings and Improvements	18,312,821	106,492	16,848	18,402,465
Machinery and Equipment	18,395,145	269,234	3,501	18,660,878
Infrastructure	12,672,416	213,300	70,476	12,815,240
Less Accumulated Depreciation	<u>(35,304,868)</u>	<u>(2,419,481)</u>	<u>(155,868)</u>	<u>(37,568,481)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>56,370,322</u>	<u>249,756</u>	<u>8,943</u>	<u>56,611,135</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 57,094,973</u>	<u>\$ 249,756</u>	<u>\$ 8,943</u>	<u>\$ 57,335,786</u>

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

Governmental Activities:	
General Government	\$ 41,491
Public Safety	163,136
Public Works	905,240
Culture and Recreation	<u>112,298</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,222,165</u>
Business-Type Activities:	
Cemetery	<u>\$ 14,493</u>
Storm Water Utility	<u>298,166</u>
Water Utility Depreciation Charged to Accumulated Depreciation	1,262,765
Less: Share of Meter Depreciation	<u>(27,276)</u>
Water Utility Depreciation Expense	<u>1,235,489</u>
Wastewater Utility Depreciation Charged to Accumulated Depreciation	844,057
Plus: Share of Meter Depreciation	<u>27,276</u>
Wastewater Utility Depreciation Expense	<u>871,333</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,419,481</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 7 - 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	Taxi Program	\$ 5,277	Year End Cash Flow Timing
General Fund	Crime Prevention	5,143	Year End Cash Flow Timing
General Fund	TID No. 12	21,393	Year End Cash Flow Timing
General Fund	TID No. 13	1,920	Year End Cash Flow Timing
General Fund	DPW Garage	306,766	Year End Cash Flow Timing
		<u>\$ 340,499</u>	

Interfund transfers for the year ended December 31, 2016 were as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Cemetery</u>	<u>Purpose</u>
Transfer From:				
General Fund	\$ -	\$ 956,347	\$ 118,827	Reimburse Expenditures and Capital Projects
Debt Service Fund	-	354,965	-	Transfer for Short-Term Debt Payment
Nonmajor Governmental Funds				
Special Revenue Funds	89,863	14,000	-	Reimburse Expenditures
Storm Water Utility	-	41,145	-	Capital Projects
Water Utility	746,343	-	-	Property Tax Equivalent
Wastewater Utility	8,430	-	-	Property Tax Equivalent
Total Transfers	<u>\$ 844,636</u>	<u>\$ 1,366,457</u>	<u>\$ 118,827</u>	

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2016:

	<u>Balance</u> <u>1/1/16</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
General Obligation Debt:					
G.O. Refunding Bonds	\$ 1,155,000	\$ -	\$ 125,000	\$ 1,030,000	\$ 135,000
G.O. Community Development	5,515,000	-	260,000	5,255,000	290,000
G.O. Promissory Notes	1,225,000	-	400,000	825,000	405,000
Total General Obligation Debt	<u>7,895,000</u>	<u>-</u>	<u>785,000</u>	<u>7,110,000</u>	<u>830,000</u>
Promissory Note	604,606	-	68,927	535,679	112,902
Compensated Absences	936,225	372,601	367,803	941,023	387,142
Net Pension Liability (Asset)	(1,111,618)	2,762,326	907,779	742,929	-
Total Governmental Activity					
Long-Term Liabilities	<u>\$ 8,324,213</u>	<u>\$ 3,134,927</u>	<u>\$ 2,129,509</u>	<u>\$ 9,329,631</u>	<u>\$ 1,330,044</u>

Business-Type Activities

General Obligation Debt:

G.O. Refunding Bonds	\$ 221,309	\$ -	\$ 12,538	\$ 208,771	\$ 12,974
Revenue Bonds	5,595,000	-	340,000	5,255,000	360,000
Adjustments For					
Premium on Debt	112,521	-	10,025	102,496	10,025
Clean Water Fund Loans	645,598	-	65,211	580,387	66,754
Safe Drinking Water Loans	11,219,162	-	822,671	10,396,491	844,599
Net Pension Liability (Asset)	(126,583)	295,438	92,859	75,996	-

Total Business Activity

Long-Term Liabilities	<u>\$ 17,667,007</u>	<u>\$ 295,438</u>	<u>\$ 1,343,304</u>	<u>\$ 16,619,141</u>	<u>\$ 1,294,352</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>12/31/16</u>
Governmental Activities					
Long-Term Obligations					
G.O. Community Development	03/20/08	08/01/27	3.60-4.40%	\$ 1,475,000	\$ 1,230,000
G.O. Community Development	12/20/12	06/01/27	0.75-2.00%	1,490,000	1,265,000
G.O. Community Development	06/06/13	06/01/32	2.00-3.20%	3,100,000	2,760,000
G.O. Refunding Bonds	01/19/12	02/01/25	1.50-3.50%	1,520,000	1,030,000
G.O. Promissory Notes	11/16/10	02/01/17	1.50-2.00%	2,570,000	300,000
G.O. Promissory Notes	09/28/11	09/01/20	2.00-2.30%	1,090,000	525,000
Promissory Note	03/08/02	02/28/22	5.00%	1,732,000	535,679
Total Governmental Activities Long-Term Obligations					<u>\$ 7,645,679</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 8 - LONG-TERM DEBT (Continued)

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/16</u>
Business Type Activities					
Long-Term Obligations					
Clean Water Fund Loan	03/09/05	05/01/24	2.365%	\$ 1,151,786	\$ 580,387
G.O. Promissory Notes - Storm	12/23/09	05/01/29	3.478%	336,443	208,771
Safe Drinking Water Loan	12/23/09	05/01/29	2.668%	10,871,073	8,440,175
Safe Drinking Water Loan	02/13/03	05/01/22	2.750%	3,875,190	1,448,961
Safe Drinking Water Loan	04/28/04	05/01/23	2.365%	1,151,786	507,355
Revenue Bonds	01/07/14	05/01/27	3.00-4.00%	2,850,000	2,695,000
Revenue Bonds	08/26/15	05/01/24	2.25-3.125%	2,830,000	2,560,000
Total Business Type Activities Long-Term Obligations					<u>\$ 16,440,649</u>

Total interest paid in 2016 was \$747,140.

The annual principal and interest maturities are as follows:

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 942,902	\$ 217,696	\$ 1,284,327	\$ 452,069	\$ 2,227,229	\$ 669,765
2018	664,666	198,267	1,318,871	418,460	1,983,537	616,727
2019	686,048	181,582	1,354,070	383,945	2,040,118	565,527
2020	712,777	162,990	1,389,940	348,428	2,102,717	511,418
2021	604,871	142,407	1,426,499	311,407	2,031,370	453,814
2022-2026	2,269,415	474,679	6,853,660	924,400	9,123,075	1,399,079
2027-2031	1,480,000	156,069	2,813,282	103,446	4,293,282	259,515
2032	285,000	4,560	-	-	285,000	4,560
	<u>\$ 7,645,679</u>	<u>\$ 1,538,250</u>	<u>\$ 16,440,649</u>	<u>\$ 2,942,155</u>	<u>\$ 24,086,328</u>	<u>\$ 4,480,405</u>

LEGAL MARGIN FOR DEBT

The 2016 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$658,740,300. The legal debt limit and margin of indebtedness as of December 31, 2016, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$658,740,300)		\$ 32,937,015
Deduct Long-Term Debt Applicable to Debt Margin	7,318,771	
Less: Amounts available for financing general obligation debt	<u>24,977</u>	<u>7,293,794</u>
Margin of Indebtedness		<u>\$ 25,643,221</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 8 - LONG-TERM DEBT (Continued)

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 \$636,975. Principal and interest paid for the current year and total Sewerage System net revenues were \$79,708 and \$747,014, respectively. The Sewerage System did meet the Clean Water Fund Loan revenue requirements in 2016.

The Safe Drinking Water Loans and Revenues Bonds are payable from Water System net revenues and is payable through 2022 and 2029. The total principal and interest remaining to be paid on the loans is \$18,486,399. Principal and interest paid for the current year and total water system net revenues were \$1,638,500 and \$2,610,838, respectively. The Water System did meet the Safe Drinking Water Loans and Revenue Bonds revenue requirements in 2016.

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, 2016 is \$535,679.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 9 - FUND EQUITY

Fund Financial Statements

At December 31, 2016 the assigned and restricted fund balances were as follows:

General Fund:	
Sick Leave Liability	\$ 500,000
Special Revenue Funds:	
Taxi Program	22,320
Senior Center	3,799
Room Tax	233,057
Downtown Development	120,039
General Economic Development	448,237
Water Front Project	222,723
Fire Education	83,121
Hazardous Materials	16,747
Anti-Drug Abuse	20,813
Tri-County Drug Enforcement	36,015
Canine Unit	45,599
Police Rifle Range	6,372
	<u>1,258,842</u>
Capital Projects:	
Sidwalks	17,485
General Capital Projects	561,533
Recreation Center	948,556
Hall Avenue	37,090
Water Street Construction	429
Police Equipment	15,563
Recreation Equipment	19,072
Assessor Equipment	11,084
Fire Department Equipment	113,732
	<u>1,724,544</u>
	<u>\$ 3,483,386</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 9 - FUND EQUITY (Continued)

Government-Wide Financial Statements

At December 31, 2016 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	\$ 21,454,202	\$ 57,335,786	\$ 78,789,988
Less: Related Long-Term Debt	(6,172,899)	(16,543,145)	(22,716,044)
Total Net Investment in Capital Assets	<u>15,281,303</u>	<u>40,792,641</u>	<u>56,073,944</u>
Restricted			
Community Development Loans	2,704,189	-	2,704,189
Tax Incremental Districts	1,682,759	-	1,682,759
Debt Service	24,977	1,809,512	1,834,489
Capital Projects	1,724,544	-	1,724,544
Plant Replacement	-	3,712,164	3,712,164
Pension Benefits	1,856,183	189,873	2,046,056
Total Restricted	<u>7,992,652</u>	<u>5,711,549</u>	<u>13,704,201</u>
Unrestricted	<u>4,902,051</u>	<u>4,160,451</u>	<u>9,062,502</u>
Total Government-Wide Activities Net Position	<u>\$ 28,176,006</u>	<u>\$ 50,664,641</u>	<u>\$ 78,840,647</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 and 2002 Promissory Note are not for acquisition of capital assets. These issues therefore are excluded from the net investment in capital assets calculation.

NOTE 10 - INDIVIDUAL FUND BALANCE DISCLOSURES

The following governmental funds have a deficit fund balance as of December 31, 2016.

Crime Prevention	<u>\$ 5,143</u>
TID No. 12	<u>\$ 21,393</u>
TID No. 13	<u>\$ 1,920</u>
DPW Garage	<u>\$ 328,951</u>

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

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 11 - 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.

Accounting Changes. The WRS adopted GASB Statement No. 82, *Pension Issues, an amendment of GASB No. 67, No. 68 and No. 73* during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions. The effect on the City's beginning net position due to the implementation of GASB Statement No. 82 was \$349 and deemed to be immaterial. The change was included in current year activity.

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.

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.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

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>
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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 \$473,911 in contributions from the City.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives and Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the City reported a liability of \$818,925 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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, 2016, the City's proportion was 0.05039600%, which was a decrease of 0.00124272% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$1,000,638.

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2016, 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	\$ 138,539	\$ 1,723,414
Changes in assumptions	572,956	-
Net differences between projected and actual earnings on pension plan investments	3,352,914	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,277	-
Employer contributions subsequent to the measurement date	473,709	-
Total	<u>\$ 4,588,395</u>	<u>\$ 1,723,414</u>

The \$473,709 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 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>
2017	\$ 1,068,584	\$ 417,069
2018	1,068,584	417,069
2019	1,068,584	417,069
2020	889,678	417,069
2021	19,256	55,138

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
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% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability (asset) for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 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 %
US Equities	27.0%	23.0%	7.6%	4.7%
International Equities	24.5	22.0	8.5	5.6
Fixed Income	27.5	37.0	4.4	1.6
Inflation Sensitive Assets	10.0	20.0	4.2	1.4
Real Estate	7.0	7.0	6.5	3.6
Private Equity/Debt	7.0	7.0	9.4	6.5
Multi-Asset	4.0	4.0	6.7	3.8
Total Core Fund	107.0%	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, 2016

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability (asset). This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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)	\$ 5,743,957	\$ 818,925	\$ (3,027,613)

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

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, 2016 is \$65,771.

NOTE 12 - 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, 2016

NOTE 12 - 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, 2016 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>\$5,489,637</u>	<u>\$533,694</u>	<u>\$404,564</u>	<u>\$957,116</u>	<u>\$3,240,950</u>	<u>\$351,393</u>	<u>\$ 1,920</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 13 - 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 14 - COMMITMENTS AND CONTINGENCIES

The City has a contract for construction manager services for the Recreation Community Sports and Events Center to be provided to the City in the amount of approximately \$329,000.

The City has an architect services agreement for the Recreation Community Sports and Events Center of approximately \$580,000, As of December 31, 2016, the remaining balance of the contract was approximately \$300,000.

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, 2016

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

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, 2016, are not likely to have a material adverse impact on the District's financial position.

NOTE 15 - 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 16 - RESTATEMENT OF BEGINNING FUND BALANCES AND NET POSITION

Governmental Funds:

The restatements of fund balance in the governmental fund financial statements were the result of creation of new special revenues for Tri-County Drug Enforcement, Canine Unit, Police Rifle Range, and Anti-Drug Abuse Grant funds. These funds should have been reported on the financial statements in prior years. The adjustment was to record the cash on hand in a previously unrecorded bank account and the corresponding equity. In addition, a restatement of fund balance was made to TID No.3 and the Recreation Center fund. In prior year, the Recreation Center fund was incorrectly shown in TID No.3 and it should have been shown as a separate capital projects fund.

Total Governmental Funds

Fund Balance - December 31, 2015 (as previously reported)	\$ 12,475,752
Creation of Tri-County Drug Enforcement	34,465
Creation of Canine Unit	39,809
Creation of Police Rifle Range	6,197
Correction for Anti-Drug Abuse Grant	1,000
Fund Balance - As Restated December 31, 2015	<u>\$ 12,557,223</u>

TID No.3

Fund Balance - December 31, 2015 (as previously reported)	\$ 1,519,472
Amount Related to the Recreation Center Capital Projects Fund	<u>(800,000)</u>
Fund Balance - As Restated December 31, 2015	<u>\$ 719,472</u>

Recreation Center Capital Projects Fund

Fund Balance - December 31, 2015 (as previously reported)	\$ -
Amount Previously Reported in TID No. 3	<u>800,000</u>
Fund Balance - As Restated December 31, 2015	<u>\$ 800,000</u>

CITY OF MARINETTE, WISCONSIN

Notes to Financial Statements

December 31, 2016

NOTE 16 - RESTATEMENTS OF BEGINNING FUND BALANCES AND NET POSITIONS

Proprietary Funds and Business-Type Activities:

The restatements of net position in the proprietary fund financial statements and business-type activities were a correction of an error on the allocation of the Wisconsin Retirement System (WRS) Pension to these funds and the related deferred inflows and outflows.

Proprietary Funds

Cemetery

Net Position - December 31,2015 (as previously reported)	\$ 1,540,692
WRS Pension	<u>39,541</u>
Net Position - As Restated December 31,2015	<u><u>\$ 1,501,151</u></u>

Storm Water Utility

Net Position - December 31,2015 (as previously reported)	\$ 6,088,932
WRS Pension	<u>19,853</u>
Net Position - As Restated December 31,2015	<u><u>\$ 6,069,079</u></u>

Business-Type Activities

Net Position - December 31,2015 (as previously reported)	\$ 48,895,385
WRS Pension	<u>59,394</u>
Net Position - As Restated December 31,2015	<u><u>\$ 48,835,991</u></u>

Government-Wide:

The restatements of net position in the government-wide financial statements were a correction of an error on the allocation of the Wisconsin Retirement System (WRS) Pension in the business-type activities for the Cemetery and Storm Water Utility and the governmental activities. In addition, there were adjustments to the governmental fund balances related to special revenue funds that were not previously reported. See restatement explanation for the Governmental Funds on the previous page.

Net Position - December 31,2015 (as previously reported)	\$ 24,755,648
WRS Pension	59,394
Creation of Tri-County Drug Enforcement	34,465
Creation of Canine Unit	39,809
Creation of Police Rifle Range	6,197
Correction for Anti-Drug Abuse Grant	<u>1,000</u>
Net Position - As Restated December 31,2015	<u><u>\$ 24,896,513</u></u>

The effect of these restatements for the year ended December 31, 2015 was an increase in the amount previously reported as a change in net position by approximately \$141,000 for governmental activities and \$59,000 for business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARINETTE, WISCONSIN

Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

Schedule of Proportionate Share of the Net Pension Liability (Asset)

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.05039600%	0.05163872%
City's proportionate share of the net pension liability (asset)	\$ 818,925	\$ (1,268,388)
City's covered-employee payroll	5,364,873	\$ 5,391,970
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.26%	-23.52%
Plan fiduciary net position as a percentage for the total pension liability (asset)	98.20%	102.74%

Schedule of Employer Contributions

	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 473,911	\$ 493,584
Contributions in relation to the contractually required contributions	(473,911)	(493,584)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,364,873	\$ 5,391,970
Contributions as a percentage of covered-employee payroll	8.83%	9.15%

*The amounts presented for each year were determined as of the calendar year-end. Ten years of data will be accumulated beginning with 2014.

CITY OF MARINETTE, WISCONSIN
Schedule of Budgetary Comparison
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 4,076,223	\$ 4,076,223	\$ 4,199,787	\$ 123,564
Intergovernmental	5,594,219	5,594,219	5,609,839	15,620
Licenses and Permits	247,080	247,080	454,055	206,975
Fines and Forfeits	227,600	227,600	279,612	52,012
Public Charges for Services	170,600	170,600	196,404	25,804
Miscellaneous	102,700	102,700	411,065	308,365
Total Revenues	<u>10,418,422</u>	<u>10,418,422</u>	<u>11,150,762</u>	<u>732,340</u>
EXPENDITURES				
General Government	1,583,080	1,545,080	1,689,475	(144,395)
Public Safety	4,719,353	4,719,353	4,639,402	79,951
Public Works	2,188,624	2,188,624	2,311,699	(123,075)
Culture and Recreation	848,476	831,976	888,413	(56,437)
Conservation and Development	185,967	185,967	182,925	3,042
Capital Outlay	1,001,106	1,001,106	1,123,800	(122,694)
Total Expenditures	<u>10,526,606</u>	<u>10,472,106</u>	<u>10,835,714</u>	<u>(363,608)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(108,184)</u>	<u>(53,684)</u>	<u>315,048</u>	<u>368,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	889,727	889,727	844,636	(45,091)
Transfers Out	(757,055)	(1,041,555)	(1,075,174)	(33,619)
Total Other Financing Sources (Uses)	<u>132,672</u>	<u>(151,828)</u>	<u>(230,538)</u>	<u>(78,710)</u>
NET CHANGE IN FUND BALANCE	24,488	(205,512)	84,510	290,022
FUND BALANCE - BEGINNING	<u>6,325,367</u>	<u>6,325,367</u>	<u>6,325,367</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 6,349,855</u>	<u>\$ 6,119,855</u>	<u>\$ 6,409,877</u>	<u>\$ 290,022</u>

CITY OF MARINETTE, WISCONSIN
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

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, 2016:

<u>General Fund</u>	<u>Excess Expenditures</u>
General Government	\$ 144,395
Public Works	123,075
Culture and Recreation	56,437
Capital Outlay	122,694

THIS PAGE LEFT BLANK INTENTIONALLY

SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARINETTE, WISCONSIN

Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2016

	Special Revenue Funds								
	HCRI Grant	Rehabilitation Loan	Business Development Loan	Taxi Program	Senior Center	Room Tax	Downtown Development	General Economic Development	Water Front Project
ASSETS									
Cash and Investments	\$ 9,333	\$ 92,767	\$ 455,784	\$ -	\$ 6,003	\$ 170,996	\$ 118,714	\$ 448,284	\$ 459,700
Receivables:									
Taxes	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	64,486	1,325	-	-
Loans	32,378	1,601,468	513,194	-	-	-	-	-	-
Grant	-	-	-	44,074	-	-	-	-	54,150
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 41,711</u>	<u>\$ 1,694,235</u>	<u>\$ 968,978</u>	<u>\$ 44,074</u>	<u>\$ 6,003</u>	<u>\$ 235,482</u>	<u>\$ 120,039</u>	<u>\$ 448,284</u>	<u>\$ 513,850</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ -	\$ -	\$ 735	\$ 14,426	\$ 2,108	\$ 2,425	\$ -	\$ 47	\$ 291,127
Short-Term Notes Payable	-	-	-	-	-	-	-	-	-
Accrued and Other Current Liabilities	-	-	-	-	96	-	-	-	-
Due to Other Funds	-	-	-	5,277	-	-	-	-	-
Due to Other Governments	-	-	-	2,051	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>735</u>	<u>21,754</u>	<u>2,204</u>	<u>2,425</u>	<u>-</u>	<u>47</u>	<u>291,127</u>
DEFERRED INFLOWS OF RESOURCES									
Taxes Leived for Subsequent Periods	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)									
Restricted:									
Tax Incremental District	-	-	-	-	-	-	-	-	-
Loans	41,711	1,694,235	968,243	-	-	-	-	-	-
Assigned	-	-	-	22,320	3,799	233,057	120,039	448,237	222,723
Unassigned (Deficits)	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>41,711</u>	<u>1,694,235</u>	<u>968,243</u>	<u>22,320</u>	<u>3,799</u>	<u>233,057</u>	<u>120,039</u>	<u>448,237</u>	<u>222,723</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 41,711</u>	<u>\$ 1,694,235</u>	<u>\$ 968,978</u>	<u>\$ 44,074</u>	<u>\$ 6,003</u>	<u>235,482</u>	<u>\$ 120,039</u>	<u>\$ 448,284</u>	<u>\$ 513,850</u>

CITY OF MARINETTE, WISCONSIN
Combining Balance Sheet - Continued
Nonmajor Governmental Funds
As of December 31, 2016

	Special Revenue Funds							Totals
	Fire Education	Hazardous Materials Grant	Anti-Drug Abuse Grant	Tri-County Drug Enforcement	Canine Unit	Crime Prevention	Police Rifle Range	
ASSETS								
Cash and Investments	\$ 84,576	\$ 16,872	\$ 20,813	\$ 36,015	\$ 45,599	\$ -	\$ 6,372	\$ 1,971,828
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	65,811
Loans	-	-	-	-	-	-	-	2,147,040
Grant	-	-	-	-	-	-	-	98,224
Restricted Cash and Investments	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 84,576</u>	<u>\$ 16,872</u>	<u>\$ 20,813</u>	<u>\$ 36,015</u>	<u>\$ 45,599</u>	<u>\$ -</u>	<u>\$ 6,372</u>	<u>\$ 4,282,903</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 1,455	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,448
Short-Term Notes Payable	-	-	-	-	-	-	-	-
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	96
Due to Other Funds	-	-	-	-	-	5,143	-	10,420
Due to Other Governments	-	-	-	-	-	-	-	2,051
Total Liabilities	<u>1,455</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,143</u>	<u>-</u>	<u>325,015</u>
DEFERRED INFLOWS OF RESOURCES								
Taxes Leived for Subsequent Periods	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS)								
Restricted:								
Tax Incremental District	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	2,704,189
Assigned	83,121	16,747	20,813	36,015	45,599	-	6,372	1,258,842
Unassigned (Deficits)	-	-	-	-	-	(5,143)	-	(5,143)
Total Fund Balances	<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>3,957,888</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 84,576</u>	<u>\$ 16,872</u>	<u>\$ 20,813</u>	<u>\$ 36,015</u>	<u>\$ 45,599</u>	<u>-</u>	<u>\$ 6,372</u>	<u>\$ 4,282,903</u>

CITY OF MARINETTE, WISCONSIN
Combining Balance Sheet - Continued
Nonmajor Governmental Funds
As of December 31, 2016

	Capital Projects Funds									
	Sidewalk	General Capital Projects	Recreation Center	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	\$ 17,485	\$ 922,904	\$ 1,021,573	\$ 1,985	\$ 20,436	\$ 272,883	\$ 11,098	\$ 87,410	\$ 454,049	\$ -
Receivables:										
Taxes	-	-	-	108,578	42,179	79,850	19,369	478,132	259,828	26,029
Accounts	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Grant	-	-	-	-	-	-	-	-	-	-
Restricted Cash and Investments	-	-	-	31,108	12,085	22,878	5,549	136,989	74,443	7,458
TOTAL ASSETS	<u>\$ 17,485</u>	<u>\$ 922,904</u>	<u>\$ 1,021,573</u>	<u>\$ 141,671</u>	<u>\$ 74,700</u>	<u>\$ 375,611</u>	<u>\$ 36,016</u>	<u>\$ 702,531</u>	<u>\$ 788,320</u>	<u>\$ 33,487</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ -	\$ 6,406	\$ 73,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-Term Notes Payable	-	354,965	-	-	-	-	-	-	-	-
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	21,393
Due to Other Governments	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>361,371</u>	<u>73,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,393</u>
DEFERRED INFLOWS OF RESOURCES										
Taxes Levied for Subsequent Periods	-	-	-	139,686	54,264	102,727	24,918	615,121	334,270	33,487
FUND BALANCES (DEFICITS)										
Restricted:										
Tax Incremental District	-	-	-	1,985	20,436	272,884	11,098	87,410	454,050	-
Loans	-	-	-	-	-	-	-	-	-	-
Assigned	17,485	561,533	948,556	-	-	-	-	-	-	-
Unassigned (Deficits)	-	-	-	-	-	-	-	-	-	(21,393)
Total Fund Balances	<u>17,485</u>	<u>561,533</u>	<u>948,556</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>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 17,485</u>	<u>\$ 922,904</u>	<u>\$ 1,021,573</u>	<u>\$ 141,671</u>	<u>\$ 74,700</u>	<u>\$ 375,611</u>	<u>\$ 36,016</u>	<u>\$ 702,531</u>	<u>\$ 788,320</u>	<u>\$ 33,487</u>

CITY OF MARINETTE, WISCONSIN

Combining Balance Sheet - Continued

Nonmajor Governmental Funds

As of December 31, 2016

	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	\$ -	\$ 37,090	\$ 429	\$ -	\$ 16,321	\$ 19,197	\$ 11,084	\$ 113,797	\$ 3,007,741	\$ 4,979,569
Receivables:										
Taxes	-	-	-	-	-	-	-	-	1,013,965	1,013,965
Accounts	-	-	-	-	-	-	-	-	-	65,811
Loans	-	-	-	-	-	-	-	-	-	2,147,040
Grant	-	-	-	-	-	-	-	-	-	98,224
Restricted Cash and Investments	-	-	-	-	-	-	-	-	290,510	290,510
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 37,090</u>	<u>\$ 429</u>	<u>\$ -</u>	<u>\$ 16,321</u>	<u>\$ 19,197</u>	<u>\$ 11,084</u>	<u>\$ 113,797</u>	<u>\$ 4,312,216</u>	<u>\$ 8,595,119</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ -	\$ -	\$ -	\$ 22,185	\$ 758	\$ 125	\$ -	\$ 65	\$ 102,556	\$ 415,004
Short-Term Notes Payable	-	-	-	-	-	-	-	-	354,965	354,965
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-	96
Due to Other Funds	1,920	-	-	306,766	-	-	-	-	330,079	340,499
Due to Other Governments	-	-	-	-	-	-	-	-	-	2,051
Total Liabilities	<u>1,920</u>	<u>-</u>	<u>-</u>	<u>328,951</u>	<u>758</u>	<u>125</u>	<u>-</u>	<u>65</u>	<u>787,600</u>	<u>1,112,615</u>
DEFERRED INFLOWS OF RESOURCES										
Taxes Levied for Subsequent Periods	-	-	-	-	-	-	-	-	1,304,473	1,304,473
FUND BALANCES (DEFICITS)										
Restricted:										
Tax Incremental District	-	-	-	-	-	-	-	-	847,863	847,863
Loans	-	-	-	-	-	-	-	-	-	2,704,189
Assigned	-	37,090	429	-	15,563	19,072	11,084	113,732	1,724,544	2,983,386
Unassigned (Deficits)	(1,920)	-	-	(328,951)	-	-	-	-	(352,264)	(357,407)
Total Fund Balances	<u>(1,920)</u>	<u>37,090</u>	<u>429</u>	<u>(328,951)</u>	<u>15,563</u>	<u>19,072</u>	<u>11,084</u>	<u>113,732</u>	<u>2,220,143</u>	<u>6,178,031</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 37,090</u>	<u>\$ 429</u>	<u>\$ -</u>	<u>\$ 16,321</u>	<u>\$ 19,197</u>	<u>\$ 11,084</u>	<u>\$ 113,797</u>	<u>\$ 4,312,216</u>	<u>\$ 8,595,119</u>

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds								
	HCRI Grant	Rehabilitation Loan	Business Development Loan	Taxi Program	Senior Center	Room Tax	Downtown Development	General Economic Development	Water Front Project
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,545	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	249,255	-	15,663	-	-	677,596
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Public Charges for Services	-	-	-	-	-	-	-	-	12,781
Miscellaneous	40	196	14,297	-	15,126	24,534	33,357	1,039	1,065
Total Revenues	<u>40</u>	<u>196</u>	<u>14,297</u>	<u>249,255</u>	<u>15,126</u>	<u>339,742</u>	<u>33,357</u>	<u>1,039</u>	<u>691,442</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	327,882	-	-	-	-	-
Culture and Recreation	-	-	-	-	88,976	-	-	-	686,429
Conservation and Development	1,460	7,661	11,801	-	-	116,001	3,497	139	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,460</u>	<u>7,661</u>	<u>11,801</u>	<u>327,882</u>	<u>88,976</u>	<u>116,001</u>	<u>3,497</u>	<u>139</u>	<u>686,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,420)</u>	<u>(7,465)</u>	<u>2,496</u>	<u>(78,627)</u>	<u>(73,850)</u>	<u>223,741</u>	<u>29,860</u>	<u>900</u>	<u>5,013</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	78,013	72,245	-	-	-	-
Transfers Out	-	-	-	-	-	(89,863)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,013</u>	<u>72,245</u>	<u>(89,863)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,420)</u>	<u>(7,465)</u>	<u>2,496</u>	<u>(614)</u>	<u>(1,605)</u>	<u>133,878</u>	<u>29,860</u>	<u>900</u>	<u>5,013</u>
FUND BALANCES - BEGINNING - RESTATED	<u>43,131</u>	<u>1,701,700</u>	<u>965,747</u>	<u>22,934</u>	<u>5,404</u>	<u>99,179</u>	<u>90,179</u>	<u>447,337</u>	<u>217,710</u>
FUND BALANCES - ENDING	<u>\$ 41,711</u>	<u>\$ 1,694,235</u>	<u>\$ 968,243</u>	<u>\$ 22,320</u>	<u>\$ 3,799</u>	<u>\$ 233,057</u>	<u>\$ 120,039</u>	<u>\$ 448,237</u>	<u>\$ 222,723</u>

CITY OF MARINETTE, WISCONSIN
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Continued
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2016

	Special Revenue Funds								Totals
	Fire Education	Hazardous Materials Grant	Anti-Drug Abuse Grant	Tri-County Drug Enforcement	Canine Unit	Crime Prevention	Police Rifle Range	Early Retirement	
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,545
Intergovernmental	38,398	16,625	-	-	-	-	-	-	997,537
Fines and Forfeits	-	-	-	928	-	-	-	-	928
Public Charges for Services	-	-	-	-	-	-	175	-	12,956
Miscellaneous	3,313	38	46	622	26,985	-	-	-	120,658
Total Revenues	41,711	16,663	46	1,550	26,985	-	175	-	1,431,624
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	47,538	47,538
Public Safety	25,691	12,285	10,000	-	21,195	-	-	-	69,171
Public Works	-	-	-	-	-	-	-	-	327,882
Culture and Recreation	-	-	-	-	-	-	-	-	775,405
Conservation and Development	-	-	-	-	-	-	-	-	140,559
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	25,691	12,285	10,000	-	21,195	-	-	47,538	1,360,555
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,020	4,378	(9,954)	1,550	5,790	-	175	(47,538)	71,069
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	150,258
Transfers Out	-	-	-	-	-	-	-	-	(89,863)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	60,395
NET CHANGE IN FUND BALANCES	16,020	4,378	(9,954)	1,550	5,790	-	175	(47,538)	131,464
FUND BALANCES (DEFICIT)- BEGINNING - RESTATED	67,101	12,369	30,767	34,465	39,809	(5,143)	6,197	47,538	3,826,424
FUND BALANCES (DEFICIT) - ENDING	\$ 83,121	\$ 16,747	\$ 20,813	\$ 36,015	\$ 45,599	\$ (5,143)	\$ 6,372	\$ -	\$ 3,957,888

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Capital Projects Funds									
	Sidewalk	General Capital Projects	Recreation Center	TID No. 6	TID No. 7	TID No. 8	TID No. 9	TID No. 10	TID No. 11	TID No. 12
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ 99,158	\$ 18,248	\$ 92,386	\$ 22,519	\$ 296,793	\$ 341,861	\$ 29,758
Intergovernmental	-	-	-	-	7	173	104	-	51,360	6,236
Fines and Forfeits	-	-	-	-	-	-	-	-	-	-
Public Charges for Services	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6	340,390	499,509	76	79	1,221	39	520	3,402	2,330
Total Revenues	<u>6</u>	<u>340,390</u>	<u>499,509</u>	<u>99,234</u>	<u>18,334</u>	<u>93,780</u>	<u>22,662</u>	<u>297,313</u>	<u>396,623</u>	<u>38,324</u>
EXPENDITURES										
Current:										
General Government	-	-	1,013	-	-	-	-	-	-	-
Public Safety	-	9,322	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Conservation and Development	-	-	-	150	300	150	20,417	267,264	1,476	150
Debt service:										
Principal	-	-	-	68,927	40,000	65,000	-	-	170,000	25,000
Interest and Fiscal Charges	-	-	-	30,231	12,158	53,665	-	-	96,386	7,088
Capital Outlay	-	804,490	349,940	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>813,812</u>	<u>350,953</u>	<u>99,308</u>	<u>52,458</u>	<u>118,815</u>	<u>20,417</u>	<u>267,264</u>	<u>267,862</u>	<u>32,238</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6</u>	<u>(473,422)</u>	<u>148,556</u>	<u>(74)</u>	<u>(34,124)</u>	<u>(25,035)</u>	<u>2,245</u>	<u>30,049</u>	<u>128,761</u>	<u>6,086</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	15,000	624,465	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>624,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>15,006</u>	<u>151,043</u>	<u>148,556</u>	<u>(74)</u>	<u>(34,124)</u>	<u>(25,035)</u>	<u>2,245</u>	<u>30,049</u>	<u>128,761</u>	<u>6,086</u>
FUND BALANCES (DEFICITS) - BEGINNING - RESTATED	<u>2,479</u>	<u>410,490</u>	<u>800,000</u>	<u>2,059</u>	<u>54,560</u>	<u>297,919</u>	<u>8,853</u>	<u>57,361</u>	<u>325,289</u>	<u>(27,479)</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 17,485</u>	<u>\$ 561,533</u>	<u>\$ 948,556</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>

CITY OF MARINETTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900,723	\$ 1,200,268
Intergovernmental	-	-	-	-	-	-	-	-	57,880	1,055,417
Fines and Forfeits	-	-	-	-	-	-	-	-	-	928
Public Charges for Services	-	-	-	-	-	-	-	-	-	12,956
Miscellaneous	-	153	1	22,784	27,855	44	26	264	898,699	1,019,357
Total Revenues	-	153	1	22,784	27,855	44	26	264	1,857,302	3,288,926
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	1,013	48,551
Public Safety	-	-	-	-	68,044	-	-	24,149	101,515	170,686
Public Works	-	-	-	342,570	-	-	-	-	342,570	670,452
Culture and Recreation	-	-	-	-	-	12,595	-	-	12,595	788,000
Conservation and Development	1,013	-	-	-	-	-	-	-	290,920	431,479
Debt service:										
Principal	-	-	-	-	-	-	-	-	368,927	368,927
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	199,528	199,528
Capital Outlay	-	-	-	-	31,525	-	-	-	1,185,955	1,185,955
Total Expenditures	1,013	-	-	342,570	99,569	12,595	-	24,149	2,503,023	3,863,578
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,013)	153	1	(319,786)	(71,714)	(12,551)	26	(23,885)	(645,721)	(574,652)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	357,928	129,892	12,993	-	75,921	1,216,199	1,366,457
Transfers Out	-	-	-	(14,000)	-	-	-	-	(14,000)	(103,863)
Total Other Financing Sources (Uses)	-	-	-	343,928	129,892	12,993	-	75,921	1,202,199	1,262,594
NET CHANGE IN FUND BALANCES	(1,013)	153	1	24,142	58,178	442	26	52,036	556,478	687,942
FUND BALANCES (DEFICITS) - BEGINNING - RESTATED	(907)	36,937	428	(353,093)	(42,615)	18,630	11,058	61,696	1,663,665	5,490,089
FUND BALANCES (DEFICITS) - ENDING	<u>\$ (1,920)</u>	<u>\$ 37,090</u>	<u>\$ 429</u>	<u>\$ (328,951)</u>	<u>\$ 15,563</u>	<u>\$ 19,072</u>	<u>\$ 11,084</u>	<u>\$ 113,732</u>	<u>\$ 2,220,143</u>	<u>\$ 6,178,031</u>

CITY OF MARINETTE, WISCONSIN
Detailed Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
TAXES				
General Property Taxes	\$ 3,909,623	\$ 3,909,623	\$ 4,028,230	\$ 118,607
Mobile Home Taxes	80,000	80,000	83,392	3,392
Payment in Lieu of Taxes	84,700	84,700	86,716	2,016
Interest and Penalties	1,900	1,900	1,449	(451)
Total Taxes	<u>4,076,223</u>	<u>4,076,223</u>	<u>4,199,787</u>	<u>123,564</u>
INTERGOVERNMENTAL				
State Shared Taxes	4,656,678	4,656,678	4,691,215	34,537
Exempt Computer Aid	49,500	49,500	45,897	(3,603)
Municipal Services Payment	91,116	91,116	61,474	(29,642)
Local Highway Aids	587,550	587,550	587,551	1
Connecting Streets	66,990	66,990	66,316	(674)
Recycling	42,000	42,000	40,483	(1,517)
Other Grants	100,385	100,385	116,903	16,518
Total Intergovernmental	<u>5,594,219</u>	<u>5,594,219</u>	<u>5,609,839</u>	<u>15,620</u>
LICENSES AND PERMITS				
Liquor and Malt Beverages	34,000	34,000	33,642	(358)
Operator's Licenses	12,300	12,300	10,252	(2,048)
Cigarette Licenses	2,000	2,000	1,900	(100)
Bicycle Licenses	150	150	246	96
Dog Licenses	1,000	1,000	1,738	738
Other Licenses	7,080	7,080	9,443	2,363
Cable TV Franchise Fee	128,000	128,000	125,831	(2,169)
Trailer Park	1,200	1,200	1,500	300
Building Permits	30,000	30,000	158,124	128,124
Electrical Permits	7,500	7,500	48,128	40,628
Plumbing Permits	4,900	4,900	37,331	32,431
Occupancy Permits	5,200	5,200	300	(4,900)
Other Permits	13,750	13,750	25,620	11,870
Total Licenses and Permits	<u>247,080</u>	<u>247,080</u>	<u>454,055</u>	<u>206,975</u>
FINES AND FORFEITS				
Municipal Court Penalties and Costs	215,100	215,100	266,499	51,399
Parking Violations	12,000	12,000	12,560	560
Miscellaneous	500	500	553	53
Total Fines and Forfeits	<u>227,600</u>	<u>227,600</u>	<u>279,612</u>	<u>52,012</u>
PUBLIC CHARGES FOR SERVICES				
Special Assessment Letters	8,000	8,000	8,224	224
Snow and Ice Removal	3,000	3,000	1,100	(1,900)
Law Department	-	-	138	138
City Clerk	1,750	1,750	1,075	(675)
Police Department	1,000	1,000	2,392	1,392
Fire Department	3,200	3,200	2,733	(467)
Weed and Nuisance Control	800	800	3,800	3,000
Garbage and Refuse Collection	48,000	48,000	47,941	(59)
Park and Recreation	104,850	104,850	129,001	24,151
Total Public Charges for Services	<u>170,600</u>	<u>170,600</u>	<u>196,404</u>	<u>25,804</u>
MISCELLANEOUS REVENUES				
Interest Income	8,000	8,000	26,063	18,063
Rent	76,100	76,100	79,298	3,198
Insurance Dividends and Recoveries	10,000	10,000	5,110	(4,890)
Donations and Contributions	-	-	2,725	2,725
Sale of Capital Assets	2,000	2,000	24,194	22,194
Other Revenues	6,600	6,600	273,675	267,075
Total Miscellaneous	<u>102,700</u>	<u>102,700</u>	<u>411,065</u>	<u>308,365</u>
TOTAL REVENUES	<u>10,418,422</u>	<u>10,418,422</u>	<u>11,150,762</u>	<u>732,340</u>

CITY OF MARINETTE, WISCONSIN
Detailed Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
Council	\$ 40,248	\$ 40,248	\$ 37,597	\$ 2,651
Mayor	88,017	88,017	89,046	(1,029)
Municipal Court	143,404	143,404	141,886	1,518
City Clerk	219,694	219,694	240,901	(21,207)
Finance	222,180	222,180	214,275	7,905
Assessment of Property	144,499	144,499	320,974	(176,475)
Legal	218,740	218,740	204,006	14,734
Technology Services	56,275	56,275	46,243	10,032
City Hall	79,863	79,863	85,347	(5,484)
Other General Government	370,160	332,160	309,200	22,960
Total General Government	<u>1,583,080</u>	<u>1,545,080</u>	<u>1,689,475</u>	<u>(144,395)</u>
PUBLIC SAFETY				
Police Department	2,940,163	2,940,163	2,890,605	49,558
Fire Department	1,767,810	1,767,810	1,737,417	30,393
Rescue Squad	11,380	11,380	11,380	-
Total Public Safety	<u>4,719,353</u>	<u>4,719,353</u>	<u>4,639,402</u>	<u>79,951</u>
PUBLIC WORKS				
Roadways and Streets	676,836	676,836	660,460	16,376
Engineering	126,615	126,615	160,421	(33,806)
Street Construction	68,000	68,000	153,063	(85,063)
Administration	232,199	232,199	275,875	(43,676)
Street Lighting	273,700	273,700	246,041	27,659
Garbage and Refuse Collection	659,774	659,774	657,545	2,229
Recycling	151,500	151,500	158,294	(6,794)
Total Public Works	<u>2,188,624</u>	<u>2,188,624</u>	<u>2,311,699</u>	<u>(123,075)</u>
CULTURE AND RECREATION				
Recreation Programs	633,210	616,710	661,797	(45,087)
Parks	215,266	215,266	226,616	(11,350)
Total Culture and Recreation	<u>848,476</u>	<u>831,976</u>	<u>888,413</u>	<u>(56,437)</u>
CONSERVATION AND DEVELOPMENT				
Community Development	38,685	38,685	30,007	8,678
Forestry	147,282	147,282	152,918	(5,636)
Total Conservation and Development	<u>185,967</u>	<u>185,967</u>	<u>182,925</u>	<u>3,042</u>
CAPITAL OUTLAY				
Administration	11,106	11,106	-	11,106
Street Construction	990,000	990,000	1,123,800	(133,800)
Total Capital Outlay	<u>1,001,106</u>	<u>1,001,106</u>	<u>1,123,800</u>	<u>(122,694)</u>
Total Expenditures	<u>10,526,606</u>	<u>10,472,106</u>	<u>10,835,714</u>	<u>(363,608)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(108,184)</u>	<u>(53,684)</u>	<u>315,048</u>	<u>368,732</u>
OTHER FINANCING SOURCES (Uses)				
Transfers In	889,727	889,727	844,636	(45,091)
Transfers Out	(757,055)	(1,041,555)	(1,075,174)	(33,619)
Total Other Financing Sources (Uses)	<u>132,672</u>	<u>(151,828)</u>	<u>(230,538)</u>	<u>(78,710)</u>
NET CHANGE IN FUND BALANCE	24,488	(205,512)	84,510	290,022
FUND BALANCE - BEGINNING	6,325,367	6,325,367	6,325,367	-
FUND BALANCE - ENDING	<u>\$ 6,349,855</u>	<u>\$ 6,119,855</u>	<u>\$ 6,409,877</u>	<u>\$ 290,022</u>

CITY OF MARINETTE, WISCONSIN
Schedule of Budgetary Comparison
Debt Service Fund
For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 867,659	\$ 867,517	\$ (142)
Intergovernmental	-	13,524	13,524
Miscellaneous	-	54	54
Total Revenues	<u>867,659</u>	<u>881,095</u>	<u>13,436</u>
EXPENDITURES			
General Government	-	550	(550)
Debt Service:			
Principal	485,000	485,000	-
Interest and Fiscal Charges	41,390	37,898	3,492
Total Expenditures	<u>526,390</u>	<u>523,448</u>	<u>2,942</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>341,269</u>	<u>357,647</u>	<u>16,378</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	13,696	-	(13,696)
Transfers Out	(354,965)	(354,965)	-
Total Other Financing Sources (Uses)	<u>(341,269)</u>	<u>(354,965)</u>	<u>(13,696)</u>
NET CHANGE IN FUND BALANCE	-	2,682	2,682
FUND BALANCE - BEGINNING	<u>22,295</u>	<u>22,295</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 22,295</u>	<u>\$ 24,977</u>	<u>\$ 2,682</u>

ADDITIONAL REPORTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the City Council
City of Marinette
Marinette, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 31, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings* as #2016-002 and #2016-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *schedule of findings* as #2016-001 to be a significant deficiency.

To the City Council
City of Marinette, Wisconsin

Compliance and Other Matters

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

City of Marinette, Wisconsin Response's to Findings

The City's responses to the findings identified in our audit are described in the accompanying *schedule of findings*. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



KerberRose SC
Certified Public Accountants
May 31, 2017

**Independent Auditors' Report on Compliance For the Major Federal and State Program and
on Internal Control Over Compliance Required by the Uniform Guidance and
State Single Audit Guidelines**

To the City Council
City of Marinette
Marinette, Wisconsin

Report on Compliance for the Major Federal and State Program

We have audited the City of Marinette, Wisconsin's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on the of City of Marinette, Wisconsin's major federal and state programs for the year ended December 31, 2016. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal and State Program

In our opinion, the City of Marinette, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2016.

To the City Council
City of Marinette, Wisconsin

Report on Internal Control Over Compliance

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

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

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

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



KerberRose SC
Certified Public Accountants
May 31, 2017

FEDERAL AND STATE AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARINETTE, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Award Description/ Pass-Through Agency	Catalog Number	Pass-through Entity Identifying Number	Program or Award Amount
U.S. DEPARTMENT OF TRANSPORTATION			
Wisconsin Department of Transportation Shared Ride Taxi	20.509	5311	\$ 185,226
Wisconsin Department of Transportation State and Community Highway Safety	20.600	N/A	45,032
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			
ENVIRONMENTAL PROTECTION AGENCY			
Wisconsin Department of Natural Resources Great Lakes Program - Menekaunee Harbor Improvement	66.469	GL-00E01312-0	5,105,988
Great Lakes Program - South Channel Habitat Improvement		GL-00E01568-0	1,200,000
TOTAL ENVIRONMENTAL PROTECTION AGENCY			
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Award Assistance to Firefighters Grant	97.044	N/A	142,500
TOTAL FEDERAL AWARDS			

The accompanying notes are an integral part of this schedule.

Accrued Receivable 1/1/16	Revenues Grantor Reimbursement	Expenditures	Accrued Receivable 12/31/16
\$ 47,882	\$ 181,023	\$ 177,215	\$ 44,074
<u>2,948</u>	<u>47,980</u>	<u>45,032</u>	<u>-</u>
<u>50,830</u>	<u>229,003</u>	<u>222,247</u>	<u>44,074</u>
364,616	461,686	97,070	-
<u>-</u>	<u>623,446</u>	<u>677,596</u>	<u>54,150</u>
<u>364,616</u>	<u>1,085,132</u>	<u>774,666</u>	<u>54,150</u>
-	18,479	18,479	-
<u>\$ 415,446</u>	<u>\$ 1,332,614</u>	<u>\$ 1,015,392</u>	<u>\$ 98,224</u>

The accompanying notes are an integral part of this schedule.

CITY OF MARINETTE, WISCONSIN

Schedule of State Financial Assistance
For the Year Ended December 31, 2016

Award Description/ Pass-Through Agency	State I.D. Number	Grant Number	Program or Award Amount
WISCONSIN DEPARTMENT OF NATURAL RESOURCES			
Knowles-Nelson Stewardship Program	370.TA1	UGS316199	\$ 303,189
Knowles-Nelson Stewardship Program	370.TA1	UGS316199	405,958
TOTAL DEPARTMENT OF NATURAL RESOURCES			
WISCONSIN DEPARTMENT OF TRANSPORTATION			
Mass Transit	395.104	5311	80,045
TOTAL STATE FINANCIAL ASSISTANCE			

The accompanying notes are an integral part of this schedule.

Accrued Receivable 1/1/16	Revenues Grantor Reimbursement	Expenditures	Accrued Receivable 12/31/16
\$ -	\$ 303,189	\$ 303,189	\$ -
-	-	405,958	405,958
-	303,189	709,147	405,958
12,903	84,943	72,040	-
<u>\$ 12,903</u>	<u>\$ 388,132</u>	<u>\$ 781,187</u>	<u>\$ 405,958</u>

The accompanying notes are an integral part of this schedule.

CITY OF MARINETTE, WISCONSIN

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Marinette for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the City of Marinette, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Marinette.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

City of Marinette has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - OVERSIGHT AGENCIES

The City's federal oversight agency is the Environmental Protection Agency. The City's state cognizant agency is the Wisconsin Department of Natural Resources.

CITY OF MARINETTE, WISCONSIN
 Schedule of Findings
 For the Year Ended December 31, 2016

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal program:

CFDA Number	Name of Federal Program
66.469	Great Lakes Program
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as a low-risk auditee?	No

State Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance With the <i>State Single Audit Guidelines</i> ?	No

Identification of major state program:

State I.D. Number	Name of State Program
370.TA1	Knowles-Nelson Stewardship Program

CITY OF MARINETTE, WISCONSIN

Schedule of Findings - Continued

For the Year Ended December 31, 2016

Section II - Financial Statement Findings

#2016-001 Financial Reporting

Condition: During our audit, we noted that the internal control system does not include a process for preparing external annual audited financial statements, including the related disclosures in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Cause: Management requested that KerberRose SC assist in preparing a draft of the audited financial statements and related footnote disclosures.

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial information and disclosures in the financial statements of the City in conformity with GAAP.

Effect: Although the auditors are preparing the financial statements and the related notes, management of the City thoroughly reviews them and accepts responsibility for their completeness and accuracy.

Recommendation: We recommend that management continue to make this decision on a cost/benefit basis.

Management's Response: Management will continue to utilize KerberRose SC to prepare a draft of the audited financial statements. Management does review by comparing to the City's financial records and accepts responsibility for those financial statements.

#2016-002 Material Account Adjustments

Condition: During our audit, we proposed material account adjustments to the City's general ledger.

Cause: Material account adjustments occurred due to management not complying with generally accepted accounting principles (GAAP).

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial information of the City in conformity with GAAP.

Effect: Although the auditors proposed material account adjustments to the general ledger, management of the City thoroughly reviewed and accepted the adjustments.

Recommendation: We recommend that management establish and maintain internal controls for the fair presentation of the financial information of the City in conformity with GAAP.

Management's Response: The City's management is aware of the material account adjustments proposed by the auditors and has made the necessary changes to comply with GAAP. Management will review the adjustments so corrective procedures can be implemented before the 2017 audit.

CITY OF MARINETTE, WISCONSIN

Schedule of Findings - Continued

For the Year Ended December 31, 2016

Section II – Financial Statement Findings (Continued)

#2016-003 Schedule of Expenditures of Federal Awards

- Condition:** The City does not prepare the schedule of expenditures of federal awards.
- Cause:** The City felt that they did not have the resources to prepare the schedule.
- Criteria:** The City is responsible for provide us with a schedule of expenditures of federal awards with the appropriate allocation of funds by CFDA number and funding source.
- Effect:** The City requested its auditors to prepare the schedule. Because the auditors do not have the in-depth knowledge of the City's Federal awards, it is possible that a grant award could be missed or reported in error.
- Recommendation:** The City should assign an individual internally that is qualified to prepare the schedule.
- Management's Response:** The City is aware of the finding and will correct with next year's audit.

Section III – Federal Awards Findings

There were no findings for federal awards.

Section IV – State Awards Findings

There were no findings for state awards.

CITY OF MARINETTE, WISCONSIN
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2016

FINANCIAL STATEMENT FINDINGS

#2014-003 – Preparation of Annual Financial Report – The City does not have a process for preparing the financial statements and relates noted in accordance with GAAP.

Status – See current year finding #2016-001.

#2014-004 – Financial Reporting for Federal and State Financial Assistance – The City did complete the schedules of federal and state awards.

Status – See current year finding #2016-003.

CITY OF MARINETTE, WISCONSIN
Corrective Action Plan
For the Year Ended December 31, 2016

FINANCIAL STATEMENT FINDINGS

#2016-001 – Financial Reporting – Management will continue to utilize KerberRose SC to prepare a draft of the audited financial statements, related notes and disclosures in accordance with generally accepted accounting principles due to time constraints. Management does review by comparing to the City's financial records and accepts responsibility for those financial statements.

Responsible Official – Jackie Miller, City Treasurer

Anticipated Completion Date – This finding will not completely resolve given the cost/benefit basis the City continues to make.

#2016-002 – Material Account Adjustments – Management will review the adjustments so corrective procedures can be implemented before the 2017 audit.

Responsible Official – Jackie Miller, City Treasurer

Anticipated Completion Date – The City plans to implement the necessary changes to correct for the 2017 audit.

#2016-003 – Preparation of the Schedule of Expenditures of Federal Awards – The City will continue to ensure that all grant applications, requests and awards are maintained in a central location and available for the auditors. Management will attempt to prepare the necessary schedule for the 2017 audit.

Responsible Official – Jackie Miller, City Treasurer

Anticipated Completion Date – The City plans to implement the necessary changes to correct for the 2017 audit.

THIS PAGE LEFT BLANK INTENTIONALLY