

CITY OF PORT WASHINGTON

Port Washington, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

CITY OF PORT WASHINGTON

TABLE OF CONTENTS As of and for the Year Ended December 31, 2015

	<u>Page(s)</u>
Independent Auditors' Report	i - iii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Assets and Liabilities - Agency Fund	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 61
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	62 - 66
Postemployment Health Care Plan - Schedule of Funding Progress	67
Schedule of Proportionate Share of the Net Pension Asset	68
Schedule of Employer Contributions	68
Notes to Required Supplementary Information	69
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	70 - 73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	74 - 77
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Marina	78

CITY OF PORT WASHINGTON

TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2015

Supplementary Information (cont.)	<u>Page(s)</u>
Statement of Net Position and Governmental Fund Balance Sheet - Component Unit - Community Development Authority	79
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Net Position - Component Unit - Community Development Authority	80
Statement of Net Position and Governmental Fund Balance Sheet - Component Unit - Business Improvement District	81
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Net Position - Component Unit - Business Improvement District	82

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Port Washington
Port Washington, 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 discretely presented component units and remaining fund information of the City of Port Washington, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Port Washington's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the City Council
City of Port Washington

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 discretely presented component units and remaining fund information of the City of Port Washington, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

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

To the City Council
City of Port Washington

Supplementary Information

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

Baker Tilly Vinchow Krause, CPA

Madison, Wisconsin
August 26, 2016

CITY OF PORT WASHINGTON

STATEMENT OF NET POSITION

As of December 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	CDA	BID
ASSETS					
Cash and investments	\$ 3,305,148	\$ 2,352,113	\$ 5,657,261	\$ -	\$ 12,607
Receivables (net)					
Taxes receivable	5,286,068	-	5,286,068	-	60,234
Accounts	332,861	879,832	1,212,693	-	-
Loans	175,964	-	175,964	-	-
Special assessments	78,189	-	78,189	-	-
Internal balances	(855,568)	855,568	-	-	-
Inventories and prepaid items	1,005,192	29,965	1,035,157	-	-
Restricted Assets					
Cash and investments	-	2,652,397	2,652,397	-	-
Net pension asset	819,905	157,503	977,408	-	-
Capital Assets					
Land	3,889,709	51,529	3,941,238	310,994	-
Construction in progress	82,605	-	82,605	-	-
Other capital assets, net of accumulated depreciation	<u>39,767,707</u>	<u>30,955,362</u>	<u>70,723,069</u>	<u>-</u>	<u>-</u>
Total Assets	<u>53,887,780</u>	<u>37,934,269</u>	<u>91,822,049</u>	<u>310,994</u>	<u>72,841</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on advance refunding	-	23,386	23,386	-	-
Deferred outflows - pension related	<u>842,852</u>	<u>161,265</u>	<u>1,004,117</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>842,852</u>	<u>184,651</u>	<u>1,027,503</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable and accrued expenses	1,595,449	174,690	1,770,139	-	-
Unearned revenues	114,772	-	114,772	-	-
Deposits	31,191	-	31,191	1,000	-
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	-	589,929	589,929	-	-
Accrued interest	-	24,272	24,272	-	-
Noncurrent Liabilities					
Due within one year	2,075,047	98,475	2,173,522	-	-
Due in more than one year	<u>21,862,010</u>	<u>5,294,340</u>	<u>27,156,350</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>25,678,469</u>	<u>6,181,706</u>	<u>31,860,175</u>	<u>1,000</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	<u>5,176,733</u>	<u>-</u>	<u>5,176,733</u>	<u>-</u>	<u>60,234</u>
NET POSITION					
Net investment in capital assets	21,418,469	25,888,007	47,306,476	310,994	-
Restricted for					
Revolving loans	837,126	-	837,126	-	-
Library	85,538	-	85,538	-	-
TID purposes	47,107	-	47,107	-	-
Capital projects	168,971	-	168,971	-	-
Equipment replacement	-	1,871,931	1,871,931	-	-
Debt service	-	257,194	257,194	-	-
Pension	819,905	157,503	977,408	-	-
Grant purposes	3,157	-	3,157	-	-
Unrestricted (deficit)	<u>495,157</u>	<u>3,762,579</u>	<u>4,257,736</u>	<u>(1,000)</u>	<u>12,607</u>
TOTAL NET POSITION	<u>\$ 23,875,430</u>	<u>\$ 31,937,214</u>	<u>\$ 55,812,644</u>	<u>\$ 309,994</u>	<u>\$ 12,607</u>

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,333,175	\$ 281,034	\$ -	\$ -
Public safety	4,155,656	704,402	41,249	35,415
Public works	3,297,583	312,722	697,658	202,949
Health and human services	8,524	-	-	-
Culture, education and recreation	2,925,036	1,199,858	121,493	11,618
Conservation and development	782,263	-	-	-
Interest and fiscal charges	752,949	-	-	-
Total Governmental Activities	<u>13,255,186</u>	<u>2,498,016</u>	<u>860,400</u>	<u>249,982</u>
Business-type Activities				
Water Utility	1,970,129	2,817,714	-	183,306
Wastewater Utility	2,050,737	2,165,300	-	346,027
Total Business-type Activities	<u>4,020,866</u>	<u>4,983,014</u>	<u>-</u>	<u>529,333</u>
Total Primary Government	<u>\$ 17,276,052</u>	<u>\$ 7,481,030</u>	<u>\$ 860,400</u>	<u>\$ 779,315</u>
Component Units				
CDA	\$ -	\$ -	\$ -	\$ -
BID	61,006	-	-	-
Total Component Units	<u>\$ 61,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for TIF district purposes
- Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	CDA	BID
\$ (1,052,141)	\$ -	\$ (1,052,141)	\$ -	\$ -
(3,374,590)	-	(3,374,590)	-	-
(2,084,254)	-	(2,084,254)	-	-
(8,524)	-	(8,524)	-	-
(1,592,067)	-	(1,592,067)	-	-
(782,263)	-	(782,263)	-	-
(752,949)	-	(752,949)	-	-
<u>(9,646,788)</u>	<u>-</u>	<u>(9,646,788)</u>	<u>-</u>	<u>-</u>
-	1,030,891	1,030,891	-	-
-	460,590	460,590	-	-
-	<u>1,491,481</u>	<u>1,491,481</u>	-	-
<u>(9,646,788)</u>	<u>1,491,481</u>	<u>(8,155,307)</u>	-	-
-	-	-	-	-
-	-	-	-	(61,006)
-	-	-	-	(61,006)
2,890,340	-	2,890,340	-	-
2,037,680	-	2,037,680	-	-
50,302	-	50,302	-	-
289,801	-	289,801	-	-
2,728,254	-	2,728,254	-	-
36,770	-	36,770	-	-
11,130	14,960	26,090	-	60
764,517	7,453	771,970	856	62,149
<u>408,502</u>	<u>(408,502)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,217,296</u>	<u>(386,089)</u>	<u>8,831,207</u>	<u>856</u>	<u>62,209</u>
(429,492)	1,105,392	675,900	856	1,203
<u>24,304,922</u>	<u>30,831,822</u>	<u>55,136,744</u>	<u>309,138</u>	<u>11,404</u>
<u>\$ 23,875,430</u>	<u>\$ 31,937,214</u>	<u>\$ 55,812,644</u>	<u>\$ 309,994</u>	<u>\$ 12,607</u>

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Breakwater Project</u>
ASSETS			
Cash and investments	\$ 1,704,019	\$ -	\$ -
Receivables			
Taxes	2,901,255	2,118,610	-
Delinquent personal property taxes	2,495	-	-
Accounts	330,366	-	-
Special assessments	-	67,372	-
Delinquent special assessments	10,817	-	-
Loans	-	-	-
Due from other funds	205,968	-	-
Prepaid items	5,192	-	1,000,000
Advances to other funds	<u>15,064</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,175,176</u>	<u>\$ 2,185,982</u>	<u>\$ 1,000,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 204,127	\$ -	\$ -
Accrued liabilities	985,673	-	-
Due to other funds	-	16,528	189,440
Unearned revenues	19,066	-	-
Deposits	31,191	-	-
Advances from other funds	<u>-</u>	<u>-</u>	<u>750,000</u>
Total Liabilities	<u>1,240,057</u>	<u>16,528</u>	<u>939,440</u>
Deferred Inflows of Resources			
Unearned revenues	2,810,480	2,100,050	-
Unavailable revenues	<u>-</u>	<u>85,932</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>2,810,480</u>	<u>2,185,982</u>	<u>-</u>
Fund Balances			
Nonspendable	48,632	-	-
Restricted	-	-	60,560
Committed	-	-	-
Assigned	133,250	-	-
Unassigned (deficit)	<u>942,757</u>	<u>(16,528)</u>	<u>-</u>
Total Fund Balances	<u>1,124,639</u>	<u>(16,528)</u>	<u>60,560</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,175,176</u>	<u>\$ 2,185,982</u>	<u>\$ 1,000,000</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,601,129	\$ 3,305,148
266,203	5,286,068
-	2,495
-	330,366
-	67,372
-	10,817
175,964	175,964
-	205,968
-	1,005,192
-	15,064
<u>\$ 2,043,296</u>	<u>\$ 10,404,454</u>

\$ 155,065	\$ 359,192
3,253	988,926
-	205,968
95,706	114,772
-	31,191
<u>120,632</u>	<u>870,632</u>
<u>374,656</u>	<u>2,570,681</u>

266,203	5,176,733
-	85,932
<u>266,203</u>	<u>5,262,665</u>

-	48,632
1,249,787	1,310,347
273,793	273,793
2,135	135,385
<u>(123,278)</u>	<u>802,951</u>
<u>1,402,437</u>	<u>2,571,108</u>

<u>\$ 2,043,296</u>	<u>\$ 10,404,454</u>
---------------------	----------------------

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2015

Total Fund Balances - Governmental Funds	\$ 2,571,108
--	--------------

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

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

Land	3,889,709
Construction in progress	82,605
Other capital assets	65,018,024
Less: Accumulated depreciation	(25,250,317)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	85,932
--	--------

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	819,905
---	---------

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	842,852
---	---------

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

Bonds and notes payable	(22,745,000)
Compensated absences	(857,239)
Accrued interest	(247,331)
Other postemployment benefits	(334,818)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 23,875,430</u>
--	-----------------------------

CITY OF PORT WASHINGTON

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

For the Year Ended December 31, 2015

	General	Debt Service	Breakwater Project
REVENUES			
Taxes	\$ 2,902,389	\$ 2,037,680	\$ -
Intergovernmental	3,562,030	-	277,500
Licenses and permits	308,270	40,660	-
Fines, forfeitures and penalties	128,048	-	-
Public charges for services	802,007	-	-
Special assessments	-	44,426	-
Investment income	2,935	3,138	-
Miscellaneous	663,061	-	-
Total Revenues	8,368,740	2,125,904	277,500
EXPENDITURES			
Current			
General government	1,291,420	-	-
Public safety	3,767,078	-	-
Public works	2,014,516	-	-
Health and human services	8,524	-	-
Culture, recreation and education	1,573,236	-	-
Conservation and development	209,230	-	-
Capital Outlay	186,728	-	160,905
Debt Service			
Principal	-	1,635,000	-
Interest and fiscal charges	-	748,210	716
Total Expenditures	9,050,732	2,383,210	161,621
Excess (deficiency) of revenues over expenditures	(681,992)	(257,306)	115,879
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	-
Transfers in	453,502	225,045	-
Transfers out	(14,124)	-	-
Total Other Financing Sources (Uses)	439,378	225,045	-
Net Change in Fund Balances	(242,614)	(32,261)	115,879
FUND BALANCES (DEFICIT) - Beginning of Year	1,367,253	15,733	(55,319)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,124,639	\$ (16,528)	\$ 60,560

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 328,054	\$ 5,268,123
31,947	3,871,477
-	348,930
-	128,048
1,138,747	1,940,754
-	44,426
6,675	12,748
<u>260,220</u>	<u>923,281</u>
<u>1,765,643</u>	<u>12,537,787</u>
1,205	1,292,625
-	3,767,078
169,550	2,184,066
-	8,524
979,403	2,552,639
198,514	407,744
672,233	1,019,866
-	1,635,000
<u>18,675</u>	<u>767,601</u>
<u>2,039,580</u>	<u>13,635,143</u>
<u>(273,937)</u>	<u>(1,097,356)</u>
250,000	250,000
14,124	692,671
<u>(270,045)</u>	<u>(284,169)</u>
<u>(5,921)</u>	<u>658,502</u>
(279,858)	(438,854)
<u>1,682,295</u>	<u>3,009,962</u>
<u>\$ 1,402,437</u>	<u>\$ 2,571,108</u>

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

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

Net change in fund balances - total governmental funds	\$	(438,854)
--	----	-----------

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		1,019,866
Some items reported as capital outlay were not capitalized		(745,810)
Depreciation is reported in the government-wide financial statements		(1,439,742)
Net book value of assets retired		(83,924)

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

Special assessments		(120,595)
---------------------	--	-----------

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

Debt issued		(250,000)
Principal repaid		1,635,000

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

Compensated absences		19,237
Other postemployment benefits		(50,887)
Accrued interest on debt		14,652
Net pension asset/liability		(510,615)
Deferred outflows of resources related to pensions		522,180

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(429,492)</u>
--	-----------	-------------------------

CITY OF PORT WASHINGTON

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

	Business-type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 331,696	\$ 2,020,417	\$ 2,352,113
Receivables			
Accounts	490,025	389,807	879,832
Inventories	29,965	-	29,965
Advances to other funds	750,000	105,568	855,568
Restricted Assets			
Cash and investments	<u>237,788</u>	<u>31,345</u>	<u>269,133</u>
Total Current Assets	<u>1,839,474</u>	<u>2,547,137</u>	<u>4,386,611</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	991,167	1,392,097	2,383,264
Net pension asset	112,117	45,386	157,503
Capital Assets			
Property and equipment	26,211,478	30,551,544	56,763,022
Less: Accumulated depreciation	<u>(9,886,235)</u>	<u>(15,869,896)</u>	<u>(25,756,131)</u>
Total Noncurrent Assets	<u>17,428,527</u>	<u>16,119,131</u>	<u>33,547,658</u>
Total Assets	<u>19,268,001</u>	<u>18,666,268</u>	<u>37,934,269</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on advance refunding	-	23,386	23,386
Deferred outflows related to pension	<u>114,582</u>	<u>46,683</u>	<u>161,265</u>
Total Deferred Outflows of Resources	<u>114,582</u>	<u>70,069</u>	<u>184,651</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
		Wastewater	
	Water Utility	Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 84,793	\$ 48,270	\$ 133,063
Accrued wages	23,264	11,586	34,850
Accrued interest	-	6,536	6,536
Accrued liabilities	241	-	241
Compensated absences	67,725	23,391	91,116
Current portion of general obligation debt	-	7,359	7,359
Liabilities payable from restricted assets			
Current portion of revenue bonds	334,929	255,000	589,929
Accrued Interest	<u>21,032</u>	<u>3,240</u>	<u>24,272</u>
Total Current Liabilities	<u>531,984</u>	<u>355,382</u>	<u>887,366</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	142,341	142,341
Revenue bonds	3,198,010	1,660,000	4,858,010
Unamortized debt premiums	13,176	30,455	43,631
Compensated absences	114,513	46,359	160,872
OPEB obligation	<u>66,038</u>	<u>23,448</u>	<u>89,486</u>
Total Noncurrent Liabilities	<u>3,391,737</u>	<u>1,902,603</u>	<u>5,294,340</u>
 Total Liabilities	 <u>3,923,721</u>	 <u>2,257,985</u>	 <u>6,181,706</u>
NET POSITION			
Net investment in capital assets	13,013,128	12,874,879	25,888,007
Restricted for			
Debt service	229,089	28,105	257,194
Equipment replacement	744,834	1,127,097	1,871,931
Pension	112,117	45,386	157,503
Unrestricted	<u>1,359,694</u>	<u>2,402,885</u>	<u>3,762,579</u>
 TOTAL NET POSITION	 <u>\$ 15,458,862</u>	 <u>\$ 16,478,352</u>	 <u>\$ 31,937,214</u>

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

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

For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
OPERATING REVENUES			
Charges for services	\$ 2,674,147	\$ 2,154,472	\$ 4,828,619
Other operating income	143,567	10,828	154,395
Total Operating Revenues	<u>2,817,714</u>	<u>2,165,300</u>	<u>4,983,014</u>
OPERATING EXPENSES			
Operation and maintenance	1,379,978	1,168,048	2,548,026
Depreciation	462,090	832,831	1,294,921
Total Operating Expenses	<u>1,842,068</u>	<u>2,000,879</u>	<u>3,842,947</u>
Operating Income	<u>975,646</u>	<u>164,421</u>	<u>1,140,067</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	4,301	10,659	14,960
Interest expense	(129,982)	(51,792)	(181,774)
Amortization of premium and loss on advance refunding	1,921	1,934	3,855
Other	-	7,453	7,453
Total Nonoperating Revenues (Expenses)	<u>(123,760)</u>	<u>(31,746)</u>	<u>(155,506)</u>
Income Before Contributions and Transfers	<u>851,886</u>	<u>132,675</u>	<u>984,561</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	183,306	346,027	529,333
Transfers out	(408,502)	-	(408,502)
Total Contributions and Transfers	<u>(225,196)</u>	<u>346,027</u>	<u>120,831</u>
Change in Net Position	626,690	478,702	1,105,392
NET POSITION - Beginning of Year (as restated)	<u>14,832,172</u>	<u>15,999,650</u>	<u>30,831,822</u>
NET POSITION - END OF YEAR	<u>\$ 15,458,862</u>	<u>\$ 16,478,352</u>	<u>\$ 31,937,214</u>

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,856,141	\$ 2,185,214	\$ 5,041,355
Paid to suppliers for goods and services	(796,700)	(719,331)	(1,516,031)
Paid to employees for services	(567,318)	(421,279)	(988,597)
Net Cash Flows From Operating Activities	<u>1,492,123</u>	<u>1,044,604</u>	<u>2,536,727</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	245,252	359,438	604,690
Investment income	4,301	10,659	14,960
Investments purchased	(629,000)	(1,922,000)	(2,551,000)
Net Cash Flows From Investing Activities	<u>(379,447)</u>	<u>(1,551,903)</u>	<u>(1,931,350)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(408,502)	-	(408,502)
Net Cash Flows From Noncapital Financing Activities	<u>(408,502)</u>	<u>-</u>	<u>(408,502)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(324,647)	(256,997)	(581,644)
Interest paid	(131,763)	(52,496)	(184,259)
Connection fees received	-	137,227	137,227
Acquisition and construction of capital assets	(380,316)	(1,142,707)	(1,523,023)
Special assessments received	893	3,183	4,076
Capital related advances received	(750,000)	(105,568)	(855,568)
Net Cash Flows From Capital and Related Financing Activities	<u>(1,585,833)</u>	<u>(1,417,358)</u>	<u>(3,003,191)</u>
Net Change in Cash and Cash Equivalents	(881,659)	(1,924,657)	(2,806,316)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,813,310</u>	<u>3,446,516</u>	<u>5,259,826</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 931,651</u>	<u>\$ 1,521,859</u>	<u>\$ 2,453,510</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 975,646	\$ 164,421	\$ 1,140,067
Nonoperating revenue	-	7,453	7,453
Adjustments to Reconcile Operating Income to Net Cash			
Flows From Operating Activities			
Depreciation	462,090	832,831	1,294,921
Depreciation charged to other funds	28,215	-	28,215
OPEB obligation	6,212	1,886	8,098
Changes in assets and liabilities			
Accounts receivable	10,212	12,461	22,673
Inventories	(3,228)	-	(3,228)
Compensated absences	13,142	6,394	19,536
Accounts payable	(13,162)	16,520	3,358
Other current liabilities	13,904	3,304	17,208
Pension related deferrals and assets	(908)	(666)	(1,574)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,492,123	\$ 1,044,604	\$ 2,536,727
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 331,696	\$ 2,020,417	\$ 2,352,113
Restricted cash and investments	1,228,955	1,423,442	2,652,397
Total Cash and Investments	1,560,651	3,443,859	5,004,510
Less: Noncash equivalents	(629,000)	(1,922,000)	(2,551,000)
CASH AND CASH EQUIVALENTS	\$ 931,651	\$ 1,521,859	\$ 2,453,510
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Developer financed additions to utility plant	\$ 183,306	\$ 208,800	

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2015

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 9,722,209
Taxes receivable	<u>2,515,505</u>
TOTAL ASSETS	<u>\$ 12,237,714</u>
LIABILITIES	
Due to other taxing units	<u>\$ 12,237,714</u>
TOTAL LIABILITIES	<u>\$ 12,237,714</u>

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

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

NOTE	Page
I Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	21
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
1. Deposits and Investments	22
2. Receivables	24
3. Inventories and Prepaid Items	25
4. Restricted Assets	25
5. Capital Assets	25
6. Deferred Outflows of Resources	26
7. Compensated Absences	27
8. Long-Term Obligations/Conduit Debt	27
9. Deferred Inflows of Resources	27
10. Equity Classifications	28
11. Basis for Existing Rates	29
II Stewardship, Compliance, and Accountability	30
A. Budgetary Information	30
B. Excess Expenditures Over Appropriations	30
C. Deficit Balances	30
D. Limitations on the City's Tax Levy	31
III Detailed Notes on All Funds	31
A. Deposits and Investments	31
B. Receivables	33
C. Restricted Assets	34
D. Capital Assets	35
E. Interfund Receivables/Payables, Advances and Transfers	39
F. Long-Term Obligations	41
G. Net Position/Fund Balances	45
H. Restatement of Net Position	47
I. Component Units	48
IV Other Information	49
A. Employees' Retirement System	49
B. Risk Management	55
C. Commitments and Contingencies	56
D. Joint Ventures	56
E. Other Postemployment Benefits	57
F. Subsequent Events	60
G. Effect of New Accounting Standards on Current-Period Financial Statements	61

CITY OF PORT WASHINGTON

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF PORT WASHINGTON

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

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

Community Development Authority of the City of Port Washington

The government-wide financial statements include the Community Development Authority of the City of Port Washington ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the CDA, and also create a potential financial benefit to or burden on the city. See Note III.I. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015. The CDA does not issue separate financial statements.

Business Improvement District

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015. The BID does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF PORT WASHINGTON

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

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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

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

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

The city reports the following major governmental funds:

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

CITY OF PORT WASHINGTON

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

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

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

Fund Financial Statements (cont.)

The city reports the following major governmental funds: (cont.)

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

Breakwater Project - used to account for and report financial resources to be used for construction related to the Breakwater Project.

The city reports the following major enterprise funds:

Water Utility - accounts for operations of the water system

Wastewater Utility - accounts for operations of the wastewater system

The city reports the following nonmajor governmental funds:

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

Marina	Revolving Loan
Library	Tourism
Shared Ride Taxi	Library Trust
Open Spaces	Tree Replacement
Payments to Townships	Senior Center
Recycling/Garbage	Environmental Planning
Waterfront Safety	

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Marina Special Events	Franklin Street Streetscape
2014 Capital Borrowing	Coal Dock Project
TID No. 2	TID No. 3

In addition, the city reports the following fund type:

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

Tax collection fund

CITY OF PORT WASHINGTON

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

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2015, there were \$302,822 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

CITY OF PORT WASHINGTON

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

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

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

Fund Financial Statements (cont.)

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.

CITY OF PORT WASHINGTON

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

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

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

1. Deposits and Investments (cont.)

- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The city has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Credit risk
- Custodial credit risk

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

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

See Note III. A. for further information.

CITY OF PORT WASHINGTON

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

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

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

2. Receivables

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

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received federal grant funds for economic development loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has been reduced by an allowance for uncollectible accounts of \$108,359.

CITY OF PORT WASHINGTON

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

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

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

2. Receivables (cont.)

It is the city's policy to record revenue when the initial loan is made from the federal grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF PORT WASHINGTON

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

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Buildings	20-90	Years
Machinery and Equipment	3-50	Years
Utility System	7-100	Years
Infrastructure	20-100	Years

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

CITY OF PORT WASHINGTON

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

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

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

7. Compensated Absences

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

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

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

8. Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$3,000,000, made up of two issues.

9. Deferred Inflows of Resources

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

CITY OF PORT WASHINGTON

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

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

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

10. Equity Classifications

Government-Wide Statements

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

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

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

CITY OF PORT WASHINGTON

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

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Finance Committee to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

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

See Note III. G. for further information.

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on January 3, 2011.

Wastewater Utility

Current wastewater rates were approved by the city council and were effective on January 3, 2011.

CITY OF PORT WASHINGTON

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, debt service fund, marina fund, tourism fund, senior center fund, payment to townships fund, recycling/garbage fund, TID No. 2, Water Utility, and Wastewater Utility. A budget has not been formally adopted for other funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Senior center	\$ 66,000	\$ 79,000	\$ 13,000
TID No. 2	18,675	317,031	298,356

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

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
Debt service	\$ (16,528)	Expenditures in excess of revenues
TID No. 3	(123,278)	Expenditures in excess of increment

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The debt service fund deficit is anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

CITY OF PORT WASHINGTON

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

D. LIMITATIONS ON THE CITY'S TAX LEVY

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 18,027,377	\$ 17,600,250	Custodial credit
LGIP	2,646	2,646	Credit
Marina cash	400	-	N/A
Petty cash	1,444	-	N/A
Total Deposits and Investments	\$ 18,031,867	\$ 17,602,896	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,657,261		
Restricted cash and investments	2,652,397		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	9,722,209		
Total Deposits and Investments	\$ 18,031,867		

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

The city maintains collateral agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of \$13,556,162 to secure the city's deposits.

Custodial Credit Risk

Deposits

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

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

Credit Risk

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

The city had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Receivables				
Taxes	\$ 2,901,255	\$ 2,118,610	\$ 266,203	\$ 5,286,068
Accounts	437,958	-	-	437,958
Special assessments	-	67,372	-	67,372
Delinquent personal property taxes	4,180	-	-	4,180
Delinquent special assessments	10,817	-	-	10,817
Loans	-	-	284,323	284,323
Gross receivables	3,354,210	2,185,982	550,526	6,090,718
Less: Allowance for uncollectibles	<u>(109,277)</u>	<u>-</u>	<u>(108,359)</u>	<u>(217,636)</u>
Net Total Receivables	<u>\$ 3,244,933</u>	<u>\$ 2,185,982</u>	<u>\$ 442,167</u>	<u>\$ 5,873,082</u>
Amounts not expected to be collected within one year	<u>\$ 13,312</u>	<u>\$ -</u>	<u>\$ 152,810</u>	<u>\$ 166,122</u>

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 5,176,733	\$ -
Other unearned revenues	19,066	-
Special assessments not yet due	-	85,932
Slip rentals collected in advance	<u>95,706</u>	<u>-</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 5,291,505</u>	<u>\$ 85,932</u>
Unearned revenue included in liabilities	\$ 114,772	
Unearned revenue included in deferred inflows	<u>5,176,733</u>	
Total Unearned Revenue for Governmental Funds	<u>\$ 5,291,505</u>	

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

For economic development loans, the city is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2015, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Equipment Replacement Account

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

Net Pension Asset

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

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

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

	Restricted Assets
Bond redemption account	\$ 269,133
Bond reserve account	511,333
Bond depreciation account	744,834
Equipment replacement account	1,127,097
Net pension asset - governmental activities	819,905
Net pension asset - business-type activities	157,503
Total	\$ 3,629,805

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,889,709	\$ -	\$ -	\$ 3,889,709
Construction in progress	5,773,154	229,383	5,919,932	82,605
Total Capital Assets Not Being Depreciated	9,662,863	229,383	5,919,932	3,972,314
Capital assets being depreciated				
Buildings	15,483,363	-	-	15,483,363
Machinery and equipment	10,021,459	154,623	-	10,176,082
Infrastructure	33,877,680	5,809,982	329,083	39,358,579
Total Capital Assets Being Depreciated	59,382,502	5,964,605	329,083	65,018,024
Total Capital Assets	69,045,365	6,193,988	6,249,015	68,990,338

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings	\$ (5,485,343)	\$ (283,889)	\$ -	\$ (5,769,232)
Machinery and equipment	(5,432,200)	(476,021)	-	(5,908,221)
Infrastructure	<u>(13,138,191)</u>	<u>(679,832)</u>	245,159	<u>(13,572,864)</u>
Total Accumulated Depreciation	<u>(24,055,734)</u>	<u>(1,439,742)</u>	<u>245,159</u>	<u>(25,250,317)</u>
Net Capital Assets Being Depreciated	<u>35,326,768</u>	<u>4,524,863</u>	<u>83,924</u>	<u>39,767,707</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 44,989,631</u>	<u>\$ 4,754,246</u>	<u>\$ 6,003,856</u>	<u>\$ 43,740,021</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 63,145
Public safety	307,893
Public works	701,078
Culture, recreation and education	<u>367,626</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,439,742</u>

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 51,529	\$ -	\$ -	\$ 51,529
Total Capital Assets Not Being Depreciated	<u>51,529</u>	<u>-</u>	<u>-</u>	<u>51,529</u>
Capital assets being depreciated				
Source of supply	702,078	-	-	702,078
Pumping	638,223	-	-	638,223
Treatment	2,751,222	-	-	2,751,222
Transmission and distribution	19,354,322	615,209	102,689	19,866,842
Administrative and general assets	<u>2,195,406</u>	<u>7,253</u>	<u>1,075</u>	<u>2,201,584</u>
Total Capital Assets Being Depreciated	<u>25,641,251</u>	<u>622,462</u>	<u>103,764</u>	<u>26,159,949</u>
Total Capital Assets	<u>25,692,780</u>	<u>622,462</u>	<u>103,764</u>	<u>26,211,478</u>
Less: Accumulated depreciation for				
Source of supply	(409,083)	(11,949)	-	(421,032)
Pumping	(587,048)	(21,323)	-	(608,371)
Treatment	(2,228,638)	(70,854)	-	(2,299,492)
Transmission and distribution	(4,173,189)	(353,958)	102,689	(4,424,458)
Administrative and general assets	<u>(2,101,736)</u>	<u>(32,221)</u>	<u>1,075</u>	<u>(2,132,882)</u>
Total Accumulated Depreciation	<u>(9,499,694)</u>	<u>(490,305)</u>	<u>103,764</u>	<u>(9,886,235)</u>
Net Capital Assets Being Depreciated	<u>16,141,557</u>	<u>132,157</u>	<u>-</u>	<u>16,273,714</u>
Net Water Capital Assets	<u>\$ 16,193,086</u>	<u>\$ 132,157</u>	<u>\$ -</u>	<u>\$ 16,325,243</u>

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets being depreciated				
Collection system	\$ 12,656,464	\$ 261,703	\$ -	\$ 12,918,167
Collection system pumping	3,264,660	-	-	3,264,660
Treatment and disposal	12,945,853	1,071,661	302,428	13,715,086
Administrative and general assets	<u>654,039</u>	<u>667</u>	<u>1,075</u>	<u>653,631</u>
Total Capital Assets Being Depreciated	<u>29,521,016</u>	<u>1,334,031</u>	<u>303,503</u>	<u>30,551,544</u>
Less: Accumulated depreciation for				
Wastewater plant	<u>(15,340,335)</u>	<u>(833,064)</u>	<u>303,503</u>	<u>(15,869,896)</u>
Total Accumulated Depreciation	<u>(15,340,335)</u>	<u>(833,064)</u>	<u>303,503</u>	<u>(15,869,896)</u>
Net Capital Assets Being Depreciated	<u>14,180,681</u>	<u>500,967</u>	<u>-</u>	<u>14,681,648</u>
Net Wastewater Capital Assets	<u>\$ 14,180,681</u>	<u>\$ 500,967</u>	<u>\$ -</u>	<u>\$ 14,681,648</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 30,373,767</u>	<u>\$ 633,124</u>	<u>\$ -</u>	<u>\$ 31,006,891</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 462,090
Wastewater	<u>832,831</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,294,921</u>

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

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Debt service	\$ 16,528
General fund	Breakwater project	<u>189,440</u>
Total - Fund Financial Statements		205,968
Less: Fund eliminations		(205,968)
Add: Interfund advances		<u>855,568</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 855,568</u>

All amounts are due within one year.

The principal purpose of these interfunds is due to pooled cash between the governmental funds. In addition, the general fund collects delinquent utility charges that the utilities have placed on the current tax roll. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The general fund is advancing funds to TID No. 3. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. No repayment schedule has been established.

The water utility is advancing funds to the breakwater project to pay for the project until such time as the city receives grant funds for that project. No repayment schedule has been established.

The wastewater utility is advancing funds to TID No. 3 for the southside infrastructure project phase 1. No repayment schedule has been established.

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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

Advances (cont.)

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	TID No. 3	\$ 15,064	\$ 15,064
Water	Breakwater project	750,000	750,000
Wastewater	TID No. 3	<u>105,568</u>	105,568
Total - Fund Financial Statements		870,632	
Less: Fund eliminations		<u>(15,064)</u>	
Total - Interfund Advances		<u><u>\$ 855,568</u></u>	

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Marina fund	\$ 45,000	Administrative costs
General fund	Water utility	408,502	Tax equivalent
Debt service fund	Marina fund	225,045	Share of debt service
Shared ride taxi fund	General fund	<u>14,124</u>	To close out the fund
Total - Fund Financial Statements		692,671	
Less: Fund eliminations		<u>(284,169)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 408,502</u></u>	

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

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 24,130,000	\$ 250,000	\$ 1,635,000	\$ 22,745,000	\$ 1,698,283
Other Liabilities					
Vested compensated absences	876,476	359,680	378,917	857,239	376,764
Other postemployment benefits	<u>283,931</u>	<u>50,887</u>	<u>-</u>	<u>334,818</u>	<u>-</u>
Total Other Liabilities	<u>1,160,407</u>	<u>410,567</u>	<u>378,917</u>	<u>1,192,057</u>	<u>376,764</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 25,290,407</u>	<u>\$ 660,567</u>	<u>\$ 2,013,917</u>	<u>\$ 23,937,057</u>	<u>\$ 2,075,047</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 156,697	\$ -	\$ 6,997	\$ 149,700	\$ 7,359
Revenue bonds	6,022,586	-	574,647	5,447,939	589,929
(Discounts)/Premiums	<u>53,883</u>	<u>-</u>	<u>10,252</u>	<u>43,631</u>	<u>-</u>
Sub-totals	<u>6,233,166</u>	<u>-</u>	<u>591,896</u>	<u>5,641,270</u>	<u>597,288</u>
Other Liabilities					
Vested compensated absences	224,244	110,652	82,908	251,988	91,116
Other postemployment benefits	<u>81,388</u>	<u>8,098</u>	<u>-</u>	<u>89,486</u>	<u>-</u>
Total Other Liabilities	<u>305,632</u>	<u>118,750</u>	<u>82,908</u>	<u>341,474</u>	<u>91,116</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 6,538,798</u>	<u>\$ 118,750</u>	<u>\$ 674,804</u>	<u>\$ 5,982,744</u>	<u>\$ 688,404</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2015, was \$44,553,130. Total general obligation debt outstanding at year end was \$22,894,700.

General Obligation Debt

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

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

<u>Governmental Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
Refunding bonds	01/01/06	09/01/25	3.50 - 5.00%	\$ 7,210,000	\$ 5,410,000
Promissory notes	09/15/08	09/01/18	3.40 - 5.60	730,000	255,000
Refunding bonds	06/02/10	09/01/29	2.00 - 4.45	2,895,000	2,395,000
Refunding bonds	09/15/10	09/01/24	2.00 - 3.25	4,015,000	2,695,000
Refunding bonds	07/18/11	09/01/27	2.00 - 3.80	3,650,000	3,000,000
Public recreation bonds	11/14/12	09/01/27	2.00 - 2.38	1,030,000	865,000
Refunding bonds	07/01/13	09/01/32	2.25 - 3.25	3,965,000	3,700,000
Promissory notes	08/04/14	09/01/24	2.00 - 2.63	4,200,000	4,175,000
State trust fund loan	02/03/15	03/15/34	3.75	250,000	250,000

Total Governmental Activities - General Obligation Debt \$ 22,745,000

<u>Business-type Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
Promissory notes	06/10/09	03/15/29	5.50%	\$ 188,900	\$ 149,700

Total Business-type Activities - General Obligation Debt \$ 149,700

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,698,283	\$ 721,705	\$ 7,359	\$ 8,256
2017	1,649,647	673,526	7,786	7,829
2018	1,750,009	626,527	8,215	7,400
2019	1,810,384	575,541	8,667	6,949
2020	1,880,752	523,574	9,125	6,490
2021-2025	10,615,217	1,669,976	53,818	24,258
2026-2030	2,777,391	330,362	54,730	7,731
2031-2034	563,317	30,251	-	-
Totals	<u>\$ 22,745,000</u>	<u>\$ 5,151,462</u>	<u>\$ 149,700</u>	<u>\$ 68,913</u>

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and wastewater utilities.

The city has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2000-2008. Proceeds from the bonds provided financing for the water system. The bonds are payable solely from water revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 23% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,286,961. Principal and interest paid for the current year and total customer net revenues were \$456,410 and \$1,442,037, respectively.

The city has pledged future wastewater revenues, net of specified operating expenses, to repay revenue bonds issued in 2012. Proceeds from the bonds provided financing for the wastewater system. The bonds are payable solely from wastewater revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 29% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,075,398. Principal and interest paid for the current year and total customer net revenues were \$309,493 and \$1,015,364, respectively.

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

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
<u>Water Utility</u>					
Revenue bonds	11/29/00	05/01/20	2.97%	\$ 539,587	\$ 165,782
Revenue bonds	11/28/01	05/01/21	2.75	2,864,113	1,052,157
Revenue bonds	05/01/08	05/21/28	3.25 - 4.00	3,100,000	<u>2,315,000</u>
				Total Water Utility	<u>3,532,939</u>
<u>Wastewater Utility</u>					
Revenue bonds	11/01/12	12/01/22	2.00 - 2.15	\$ 2,650,000	\$ <u>1,915,000</u>
Total Business-type Activities - Revenue Debt					\$ <u><u>5,447,939</u></u>

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2016	\$ 589,929	\$ 159,609
2017	605,359	143,303
2018	625,939	126,545
2019	641,676	109,229
2020	657,572	91,452
2021-2025	1,682,464	244,781
2026-2028	645,000	39,500
Totals	<u>\$ 5,447,939</u>	<u>\$ 914,419</u>

Other Debt Information

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

A statutory mortgage lien upon the city's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The city's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Bond Covenant Disclosures

Insurance

The utilities are exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Insurance (cont.)

The utilities are covered under the following insurance policies at December 31, 2015:

Type	Coverage	Expiration
General Liability & Property	\$ 1,000,000 Combined limit	1/1/16
Automobile	1,000,000 Combined limit	1/1/16
Excess Liability	5,000,000 Each occurrence	1/1/16
Workers Compensation	500,000 Each incident	1/1/16

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volume for 2015:

	Customers		Sales (000 gals)
	Water	Wastewater	Total
Residential	4,245	4,724	169,019
Commercial	382	309	41,002
Industrial	34	30	111,392
Public authority	64	47	22,067
Wholesale	39	39	17,102
Totals	4,764	5,149	360,582

Utility Budget

The 2015 utility budgets were prepared and approved as required by the bond resolutions.

G. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 3,889,709
Construction in progress	82,605
Other capital assets, net of accumulated depreciation	39,767,707
Less: Long-term debt outstanding	(22,490,000)
Plus: Unspent capital related debt proceeds	<u>168,448</u>
Total Net Investment in Capital Assets	\$ <u>21,418,469</u>

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

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

	<u>General Fund</u>	<u>General Debt Service</u>	<u>Breakwater project</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances					
Nonspendable:					
Prepaid items	\$ 5,192	\$ -	\$ -	\$ -	\$ 5,192
Long-term receivables	28,376	-	-	-	28,376
Advances to other funds	15,064	-	-	-	15,064
Restricted for:					
Loan programs	-	-	-	837,126	837,126
Library	-	-	-	85,538	85,538
Capital projects	-	-	60,560	276,859	337,419
Grant purposes	-	-	-	3,157	3,157
TID purposes	-	-	-	47,107	47,107
Committed to:					
Marina projects	-	-	-	176,390	176,390
Open spaces	-	-	-	61,404	61,404
Tree replacement	-	-	-	1,610	1,610
Payments to townships	-	-	-	2,379	2,379
Senior center	-	-	-	3,774	3,774
Recycling	-	-	-	28,236	28,236
Assigned to:					
Civil defense fund	300	-	-	-	300
Bike path fund	1,493	-	-	-	1,493
Equipment purchases	6,457	-	-	-	6,457
Applied to 2016 budget	125,000	-	-	-	125,000
Capital projects	-	-	-	2,135	2,135
Unassigned (deficit):	<u>942,757</u>	<u>(16,528)</u>	<u>-</u>	<u>(123,278)</u>	<u>802,951</u>
Total Fund Balances (Deficit)	<u>\$ 1,124,639</u>	<u>\$ (16,528)</u>	<u>\$ 60,560</u>	<u>\$ 1,402,437</u>	<u>\$ 2,571,108</u>

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 51,529
Other capital assets, net of accumulated depreciation	30,955,362
Less: Long-term debt outstanding	(5,597,640)
Plus: Unspent capital related debt proceeds	499,000
Plus: Unamortized debt discount, premiums and loss on refunding	<u>(20,244)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 25,888,007</u></u>

H. RESTATEMENT OF NET POSITION

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

	Governmental Activities	Business-type Activities	Water Utility	Wastewater Utility
Net Position - December 31, 2014 (as reported)	\$ 22,653,730	\$ 30,514,628	\$ 14,606,381	\$ 15,908,247
Add: Net pension asset	1,330,520	255,593	181,941	73,652
Add: Deferred outflows related to pensions	<u>320,672</u>	<u>61,601</u>	<u>43,850</u>	<u>17,751</u>
Net Position - December 31, 2014 (as restated)	<u><u>\$ 24,304,922</u></u>	<u><u>\$ 30,831,822</u></u>	<u><u>\$ 14,832,172</u></u>	<u><u>\$ 15,999,650</u></u>

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF PORT WASHINGTON

This report contains the Community Development Authority of the City of Port Washington (CDA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the modified accrual basis of accounting and the flow of financial resources measurement focus.

b. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land	\$ 310,994	\$ -	\$ -	\$ 310,994	N/A
Totals	<u>\$ 310,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,994</u>	

BUSINESS IMPROVEMENT DISTRICT

This report contains the Business Improvement District (BID), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The BID follows the modified accrual basis of accounting and the flow of financial resources measurement focus.

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	<u>\$ 12,607</u>	<u>\$ 12,607</u>	Custodial credit

CITY OF PORT WASHINGTON

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

BUSINESS IMPROVEMENT DISTRICT (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk

Deposits

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

The BID does not have any deposits exposed to custodial credit risk.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. 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 on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$384,837 in contributions from the city.

Contribution rates as of December 31, 2015 are:

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

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

At December 31, 2015, the city reported an asset of \$977,408 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the city's proportion was 0.03973232%, which was a decrease of 0.00049883% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$369,134.

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 141,694
Net differences between projected and actual earnings on pension plan investments	473,308
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,862
Employer contributions subsequent to the measurement date	378,253
Totals	\$ 1,004,117

\$378,253 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources
2016	\$ 153,108
2017	153,108
2018	153,108
2019	153,108
2020	13,432

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

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

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

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset/(liability)	\$(2,757,437)	\$977,408	\$3,927,038

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

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

The city joined the Length of Service Award Program (LOSA) in 2002. This program encourages people to continue as volunteer employees. Half of the LOSA contribution vests after 10 years of service. An employee is fully vested after 20 years. The city contributes an amount for each active employee. The State of Wisconsin will match contributions up to a set limit per active employee. The city will also buy back years of service at a rate of \$100 per year.

	Fire Board	EMS District
2015 current contribution	\$ 7,907	\$ 2,063
Total Payment Made in January 2016	\$ 7,907	\$ 2,063

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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

The city has active construction projects as of December 31, 2015. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The city has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

Nonmajor funds	<u>\$ 146,637</u>
----------------	-------------------

D. JOINT VENTURES

Mid-Moraine Municipal Court

The various area communities jointly operate the local municipal court, which is called the Mid-Moraine Municipal Court and provides non-criminal citation processing.

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Mid-Moraine Municipal Court (cont.)

The communities share in the annual operation of the municipal court based on the joint venture agreement as follows:

<u>Municipality</u>	<u>% Exp Paid</u>
City of Port Washington	5.88 %
Village of Grafton	6.42
City of West Bend	24.11
Village of Germantown	9.60
City of Mequon	11.74
City of Hartford	9.40
Village of Kewaskum	3.19
Village of Slinger	7.12
Village of Jackson	4.64
Village of Saukville	7.50
Town of Hartford	0.46
Town of Trenton	2.51
Village of Newburg	0.28
City of Cedarburg	2.83
Village of Fredonia	0.67
Village of Thiensville	<u>3.65</u>
Total	<u><u>100.00</u></u> %

The governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2015 is available directly from the municipal court in Jackson, Wisconsin.

The City of Port Washington does not have an equity interest in the Mid-Moraine Municipal Court.

E. OTHER POSTEMPLOYMENT BENEFITS

The city administers a single-employer defined benefit healthcare plan. The city's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The city contributes 0% and 0% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses. For fiscal year 2015, the city contributed \$0 to the plan. Plan members receiving benefits contribute 100% and 100% of their premium costs for a family plan and a single plan, respectively.

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	62,900
Interest on net OPEB obligation		10,960
Adjustment to annual required contribution		<u>-</u>
Annual OPEB cost		73,860
Contributions made		<u>(14,875)</u>
Increase in net OPEB obligation		58,985
Net OPEB Obligation - Beginning of Year		<u>365,319</u>
Net OPEB Obligation - End of Year	\$	<u><u>424,304</u></u>

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	\$ 74,549	21.00	\$ 323,615
December 31, 2014	56,579	26.29	365,319
December 31, 2015	73,860	20.14	424,304

The funded status of the plan as of December 31, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	602,334
Actuarial value of plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>602,334</u>
Funded ratio (actuarial value of plan assets/AAL)		-%
Covered payroll (active plan members)	\$	4,565,035
UAAL as a percentage of covered payroll		13.19%

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

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

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 12 years. Both rates include a -% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2015, was 30 years.

F. SUBSEQUENT EVENTS

On May 4, 2016, the city issued taxable note anticipation notes in the amount of \$5,650,000 with an interest rate of 1%. The notes will be used to provide interim financing for public purposes, including paying the cost of the 2016-2017 capital improvement plan projects, lighthouse repairs and the acquisition of land for a nature preserve in TID No. 3.

On July 6, 2016, the city issued general obligation refunding bonds in the amount of \$5,030,000 with interest rates of 2.00 - 2.50%. The bonds will be used to refund the taxable note anticipation notes dated May 4, 2016.

On July 6, 2016, the city issued water system revenue bonds in the amount of \$2,500,000 with interest rates of 2.50 - 3.00%. The bonds will be used to make improvements to the water utility.

CITY OF PORT WASHINGTON

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

NOTE IV - OTHER INFORMATION (cont.)

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues an amendment of GASB Statements 67, 68, and 73*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PORT WASHINGTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	\$ 2,827,455	\$ 2,812,304	\$ (15,151)
Public accommodation (room) taxes	77,000	89,209	12,209
Interest and penalties on taxes	<u>2,600</u>	<u>876</u>	<u>(1,724)</u>
Total Taxes	<u>2,907,055</u>	<u>2,902,389</u>	<u>(4,666)</u>
INTERGOVERNMENTAL			
State shared revenues	2,702,459	2,704,662	2,203
Fire insurance tax (2% fire dues)	38,000	37,209	(791)
State aid - exempt computer	12,000	10,888	(1,112)
State aid - law enforcement improvement	3,040	3,540	500
State aid - other public safety	4,900	3,976	(924)
State aid - general transportation aids	679,583	602,547	(77,036)
County aid - libraries	120,884	120,943	59
State aid - disaster assistance	-	75,868	75,868
Federal aid - law enforcement	-	<u>2,397</u>	<u>2,397</u>
Total Intergovernmental	<u>3,560,866</u>	<u>3,562,030</u>	<u>1,164</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	20,000	18,281	(1,719)
Operators' license	6,400	5,765	(635)
Cigarette licenses	1,200	900	(300)
Other business and occupational licenses	3,000	2,665	(335)
Cable television franchise fees	158,000	137,868	(20,132)
Bicycle licenses	25	12	(13)
Dog and cat licenses	1,750	1,931	181
Building permits	78,000	108,167	30,167
Electrical permits	10,500	13,874	3,374
Plumbing permits	10,500	14,750	4,250
Occupancy permits	2,700	3,755	1,055
Other permits	<u>1,200</u>	<u>302</u>	<u>(898)</u>
Total Licenses and Permits	<u>293,275</u>	<u>308,270</u>	<u>14,995</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	102,350	104,609	2,259
Parking violations	<u>27,000</u>	<u>23,439</u>	<u>(3,561)</u>
Total Fines, Forfeitures and Penalties	<u>129,350</u>	<u>128,048</u>	<u>(1,302)</u>

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

CITY OF PORT WASHINGTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC CHARGES FOR SERVICES			
Clerk's fees	\$ 2,400	\$ 1,404	\$ (996)
Publication fees	590	594	4
Photocopies	700	(7,042)	(7,742)
Law enforcement fees	4,400	18,726	14,326
Fire protection fees	109,000	111,401	2,401
Ambulance fees	468,150	445,905	(22,245)
Other public safety	3,600	8,834	5,234
Streets	13,000	13,012	12
Parking meters	3,000	1,557	(1,443)
Zoning fees	500	600	100
Library fees	9,000	9,000	-
Recreation programs	198,050	186,670	(11,380)
Senior citizens center	8,800	7,735	(1,065)
Plan review fees	2,500	3,611	1,111
Total Public Charges for Services	<u>823,690</u>	<u>802,007</u>	<u>(21,683)</u>
INVESTMENT INCOME			
Investment income	<u>5,000</u>	<u>2,935</u>	<u>(2,065)</u>
MISCELLANEOUS			
Mitigation payment-WEPCO	500,000	500,000	-
Rent	113,000	119,499	6,499
Plans and specifications	200	-	(200)
Other miscellaneous	10,200	8,453	(1,747)
Insurance recoveries	12,000	7,178	(4,822)
Donations	1,000	2,700	1,700
Workmen's compensation	750	12,116	11,366
Insurance dividends	15,783	40	(15,743)
Property sales - law enforcement	-	13,075	13,075
Total Miscellaneous	<u>652,933</u>	<u>663,061</u>	<u>10,128</u>
Total Revenues	<u>8,372,169</u>	<u>8,368,740</u>	<u>(3,429)</u>

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

CITY OF PORT WASHINGTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Council	\$ 47,443	\$ 48,417	\$ (974)
Police and fire commission	4,775	3,196	1,579
Administrative	404,104	406,031	(1,927)
Elections	35,724	41,780	(6,056)
Assessor	31,550	31,706	(156)
Treasurer	109,702	112,524	(2,822)
City attorney	122,000	166,676	(44,676)
Municipal court	27,000	35,041	(8,041)
Municipal building	85,345	93,215	(7,870)
Insurance	274,422	351,985	(77,563)
Contingency	<u>28,102</u>	<u>849</u>	<u>27,253</u>
Total General Government	<u>1,170,167</u>	<u>1,291,420</u>	<u>(121,253)</u>
PUBLIC SAFETY			
Police	2,930,651	2,938,998	(8,347)
Parking meters	20,789	13,525	7,264
Crossing guards	42,091	41,864	227
Fire department	285,075	298,540	(13,465)
Emergency government	2,520	375	2,145
Ambulance	374,425	383,014	(8,589)
Inspection and zoning	93,982	90,283	3,699
McGruff safehouse	1,208	479	729
Hunter safety	<u>182</u>	<u>-</u>	<u>182</u>
Total Public Safety	<u>3,750,923</u>	<u>3,767,078</u>	<u>(16,155)</u>
PUBLIC WORKS			
Street commissioner	49,712	40,177	9,535
Engineering	197,143	203,576	(6,433)
Vacations, sick leave, holidays, longevity	120,392	149,772	(29,380)
Gas and oil	73,620	45,699	27,921
Machinery and trucks	217,533	159,852	57,681
Workers compensation	1,469	150	1,319
Garage	60,462	54,771	5,691
Street repairs	139,451	133,041	6,410
Curb and gutter	-	348	(348)
Tree and brush removal	201,454	238,243	(36,789)
Street signs	92,400	75,568	16,832
Street cleaning	16,279	13,869	2,410
Snow and ice control	155,211	109,492	45,719
Street lighting	296,360	292,692	3,668
Storm sewer maintenance	35,799	66,587	(30,788)
Refuse and garbage collection	436,470	424,626	11,844
Recycling	<u>10,894</u>	<u>6,053</u>	<u>4,841</u>
Total Public Works	<u>2,104,649</u>	<u>2,014,516</u>	<u>90,133</u>

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

CITY OF PORT WASHINGTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
HEALTH AND HUMAN SERVICES			
Health and safety payments	\$ 8,000	\$ 8,524	\$ (524)
CULTURE, RECREATION AND EDUCATION			
Library	580,361	581,706	(1,345)
Museum	1,725	1,441	284
Senior citizens center	98,973	94,579	4,394
Public restrooms	19,500	19,805	(305)
Park maintenance	281,887	309,419	(27,532)
Concessions	16,073	15,710	363
Triathlon	1,200	529	671
Yoga & more	11,015	13,521	(2,506)
Recreation administration	176,674	186,367	(9,693)
Recreation maintenance	47,243	51,184	(3,941)
Celebration and entertainment	56,761	65,839	(9,078)
Playground	23,481	25,690	(2,209)
Playhouse	26,225	31,506	(5,281)
Swimming pool	160,358	147,400	12,958
Softball	9,661	8,862	799
Tennis	5,162	4,119	1,043
Basketball	3,226	3,030	196
Gym activities	13,455	11,343	2,112
Volleyball	1,883	1,186	697
Total Culture, Recreation and Education	<u>1,534,863</u>	<u>1,573,236</u>	<u>(38,373)</u>
CONSERVATION AND DEVELOPMENT			
Weed control	23,939	42,387	(18,448)
Economic development	166,678	166,843	(165)
Total Conservation and Development	<u>190,617</u>	<u>209,230</u>	<u>(18,613)</u>
CAPITAL OUTLAY			
Highway equipment	-	433	(433)
Law enforcement	74,200	81,092	(6,892)
Elections	3,000	-	3,000
Fire protection	5,000	4,631	369
General administration	25,250	25,206	44
Ambulance	7,500	4,466	3,034
Public works	11,000	10,915	85
Parks	14,000	27,451	(13,451)
Recreation	40,000	32,534	7,466
Total Capital Outlay	<u>179,950</u>	<u>186,728</u>	<u>(6,778)</u>
Total Expenditures	<u>8,939,169</u>	<u>9,050,732</u>	<u>(111,563)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(567,000)</u>	<u>(681,992)</u>	<u>(114,992)</u>

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

CITY OF PORT WASHINGTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 467,000	\$ 453,502	\$ (13,498)
Transfers out	<u>-</u>	<u>(14,124)</u>	<u>(14,124)</u>
Net Change in Fund Balance	(100,000)	(242,614)	(142,614)
FUND BALANCE - Beginning of Year	<u>1,367,253</u>	<u>1,367,253</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,267,253</u>	<u>\$ 1,124,639</u>	<u>\$ (142,614)</u>

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

CITY OF PORT WASHINGTON

POSTEMPLOYMENT HEALTH CARE PLAN
 SCHEDULE OF FUNDING PROGRESS
 For the Year Ended December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/07	\$ -	\$ 668,203	\$ 668,203	0%	\$ 4,224,427	16%
12/31/10	-	667,176	667,176	0%	4,128,064	16%
12/31/13	-	602,334	602,334	0%	4,565,035	13%

The city is required to present the above information for the three most recent actuarial studies. The study completed December 31, 2013 was the third study performed for the city.

CITY OF PORT WASHINGTON

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

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.03973232%	\$ 977,408	\$ 4,782,327	20.44%	102.74%

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

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 378,253	\$ 378,253	\$ -	\$ 4,861,923	7.78%

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

CITY OF PORT WASHINGTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The city may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF PORT WASHINGTON

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

	Special Revenue Funds			
	Marina	Revolving Loan	Library	Tourism
ASSETS				
Cash and investments	\$ 271,074	\$ 661,162	\$ 6,667	\$ 44,261
Receivables (net)				
Taxes	-	-	-	-
Loans	-	175,964	-	-
	-	175,964	-	-
TOTAL ASSETS	\$ 271,074	\$ 837,126	\$ 6,667	\$ 44,261
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 17,165	\$ -	\$ -	\$ 44,261
Accrued liabilities	3,253	-	-	-
Unearned revenues	95,706	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	116,124	-	-	44,261
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Restricted	-	837,126	6,667	-
Committed	154,950	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	154,950	837,126	6,667	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 271,074	\$ 837,126	\$ 6,667	\$ 44,261

Special Revenue Funds

Shared Ride Taxi	Library Trust	Open Spaces	Tree Replacement	Payments to Townships	Senior Center	Recycling/ Garbage
\$ -	\$ 78,871	\$ 61,404	\$ 1,610	\$ 2,379	\$ 3,774	\$ 28,284
-	-	-	-	5	68,400	154,241
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 78,871</u>	<u>\$ 61,404</u>	<u>\$ 1,610</u>	<u>\$ 2,384</u>	<u>\$ 72,174</u>	<u>\$ 182,525</u>
\$ -	-	-	-	-	-	\$ 48
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>68,400</u>	<u>154,241</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>68,400</u>	<u>154,241</u>
-	78,871	-	-	-	-	-
-	-	61,404	1,610	2,379	3,774	28,236
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>78,871</u>	<u>61,404</u>	<u>1,610</u>	<u>2,379</u>	<u>3,774</u>	<u>28,236</u>
<u>\$ -</u>	<u>\$ 78,871</u>	<u>\$ 61,404</u>	<u>\$ 1,610</u>	<u>\$ 2,384</u>	<u>\$ 72,174</u>	<u>\$ 182,525</u>

CITY OF PORT WASHINGTON

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

	Special Revenue Funds			Capital Projects Funds
	Environmental Planning	Waterfront Safety	Marina Special Events	Franklin Street Streetscape
ASSETS				
Cash and investments	\$ 3,157	\$ 2,135	\$ 21,440	\$ 71,652
Receivables (net)				
Taxes	-	-	-	-
Loans	-	-	-	-
TOTAL ASSETS	<u>\$ 3,157</u>	<u>\$ 2,135</u>	<u>\$ 21,440</u>	<u>\$ 71,652</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 64
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Restricted	3,157	-	-	71,588
Committed	-	-	21,440	-
Assigned	-	2,135	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	<u>3,157</u>	<u>2,135</u>	<u>21,440</u>	<u>71,588</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,157</u>	<u>\$ 2,135</u>	<u>\$ 21,440</u>	<u>\$ 71,652</u>

Capital Project Funds				Total Nonmajor Governmental Funds
2014 Capital Borrowing	Coal Dock Project	TID No. 2	TID No. 3	
\$ 259,329	\$ 36,823	\$ 47,107	\$ -	\$ 1,601,129
-	-	43,557	-	266,203
-	-	-	-	175,964
<u>\$ 259,329</u>	<u>\$ 36,823</u>	<u>\$ 90,664</u>	<u>\$ -</u>	<u>\$ 2,043,296</u>
\$ 90,881	\$ -	\$ -	\$ 2,646	\$ 155,065
-	-	-	-	3,253
-	-	-	-	95,706
-	-	-	120,632	120,632
<u>90,881</u>	<u>-</u>	<u>-</u>	<u>123,278</u>	<u>374,656</u>
-	-	43,557	-	266,203
-	-	43,557	-	266,203
168,448	36,823	47,107	-	1,249,787
-	-	-	-	273,793
-	-	-	-	2,135
-	-	-	(123,278)	(123,278)
<u>168,448</u>	<u>36,823</u>	<u>47,107</u>	<u>(123,278)</u>	<u>1,402,437</u>
<u>\$ 259,329</u>	<u>\$ 36,823</u>	<u>\$ 90,664</u>	<u>\$ -</u>	<u>\$ 2,043,296</u>

CITY OF PORT WASHINGTON

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

	Special Revenue Funds			
	Marina	Revolving Loan	Library	Tourism
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 196,261
Intergovernmental	-	-	-	-
Public charges for services	948,382	-	40,272	-
Investment income	632	4,639	9	-
Miscellaneous	7,533	-	-	-
Total Revenues	<u>956,547</u>	<u>4,639</u>	<u>40,281</u>	<u>196,261</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	771,759	-	44,732	-
Conservation and development	-	2,253	-	196,261
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>771,759</u>	<u>2,253</u>	<u>44,732</u>	<u>196,261</u>
Excess (deficiency) of revenues over expenditures	<u>184,788</u>	<u>2,386</u>	<u>(4,451)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(270,045)	-	-	-
Total Other Financing Sources (Uses)	<u>(270,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(85,257)	2,386	(4,451)	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>240,207</u>	<u>834,740</u>	<u>11,118</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 154,950</u>	<u>\$ 837,126</u>	<u>\$ 6,667</u>	<u>\$ -</u>

Special Revenue Funds

Shared Ride Taxi	Library Trust	Open Spaces	Tree Replacement	Payments to Townships	Senior Center	Recycling/ Garbage
\$ -	\$ -	\$ -	\$ -	\$ 339	\$ 81,152	\$ -
-	-	-	-	-	-	19,243
-	-	-	-	-	-	150,093
-	327	92	-	-	-	-
-	1,466	61,772	-	-	3,000	-
-	1,793	61,864	-	339	84,152	169,336
-	-	-	-	335	-	-
-	-	-	-	-	-	164,823
-	1,466	25,621	-	-	79,000	-
-	-	-	-	-	-	-
-	-	44,716	-	-	-	-
-	-	-	-	-	-	-
-	1,466	70,337	-	335	79,000	164,823
-	327	(8,473)	-	4	5,152	4,513
-	-	-	-	-	-	-
14,124	-	-	-	-	-	-
-	-	-	-	-	-	-
14,124	-	-	-	-	-	-
14,124	327	(8,473)	-	4	5,152	4,513
(14,124)	78,544	69,877	1,610	2,375	(1,378)	23,723
\$ -	\$ 78,871	\$ 61,404	\$ 1,610	\$ 2,379	\$ 3,774	\$ 28,236

CITY OF PORT WASHINGTON

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

	Special Revenue Funds			Capital Projects Funds
	Environmental Planning	Waterfront Safety	Marina Special Events	Franklin Street Streetscape
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Investment income	-	-	-	160
Miscellaneous	897	-	77,485	-
Total Revenues	<u>897</u>	<u>-</u>	<u>77,485</u>	<u>160</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	4,727	-	-	-
Culture, recreation and education	-	780	56,045	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	352
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>4,727</u>	<u>780</u>	<u>56,045</u>	<u>352</u>
Excess (deficiency) of revenues over expenditures	<u>(3,830)</u>	<u>(780)</u>	<u>21,440</u>	<u>(192)</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(3,830)	(780)	21,440	(192)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>6,987</u>	<u>2,915</u>	<u>-</u>	<u>71,780</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 3,157</u>	<u>\$ 2,135</u>	<u>\$ 21,440</u>	<u>\$ 71,588</u>

<u>Capital Projects Funds</u>				
<u>2014 Capital Borrowing</u>	<u>Coal Dock Project</u>	<u>TID No. 2</u>	<u>TID No. 3</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 50,302	\$ -	\$ 328,054
-	-	12,704	-	31,947
-	-	-	-	1,138,747
814	1	1	-	6,675
-	-	108,067	-	260,220
<u>814</u>	<u>1</u>	<u>171,074</u>	<u>-</u>	<u>1,765,643</u>
-	-	870	-	1,205
-	-	-	-	169,550
-	-	-	-	979,403
-	-	-	-	198,514
197,596	8,805	297,486	123,278	672,233
-	-	18,675	-	18,675
<u>197,596</u>	<u>8,805</u>	<u>317,031</u>	<u>123,278</u>	<u>2,039,580</u>
<u>(196,782)</u>	<u>(8,804)</u>	<u>(145,957)</u>	<u>(123,278)</u>	<u>(273,937)</u>
-	-	250,000	-	250,000
-	-	-	-	14,124
-	-	-	-	(270,045)
-	-	250,000	-	(5,921)
(196,782)	(8,804)	104,043	(123,278)	(279,858)
<u>365,230</u>	<u>45,627</u>	<u>(56,936)</u>	<u>-</u>	<u>1,682,295</u>
<u>\$ 168,448</u>	<u>\$ 36,823</u>	<u>\$ 47,107</u>	<u>\$ (123,278)</u>	<u>\$ 1,402,437</u>

CITY OF PORT WASHINGTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MARINA
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
INTERGOVERNMENTAL			
PUBLIC CHARGES FOR SERVICES			
Marina	\$ 1,149,100	\$ 948,382	\$ (200,718)
Total Public Charges for Services	<u>1,149,100</u>	<u>948,382</u>	<u>(200,718)</u>
INVESTMENT INCOME			
Investment income	500	632	132
Total Investment Income	<u>500</u>	<u>632</u>	<u>132</u>
MISCELLANEOUS			
Donations	1,000	1,200	200
Other miscellaneous	8,000	6,333	(1,667)
Total Miscellaneous	<u>9,000</u>	<u>7,533</u>	<u>(1,467)</u>
Total Revenues	<u>1,158,600</u>	<u>956,547</u>	<u>(202,053)</u>
EXPENDITURES			
CULTURE, RECREATION AND EDUCATION			
Marina	869,681	771,759	97,922
Total Culture, Recreation and Education	<u>869,681</u>	<u>771,759</u>	<u>97,922</u>
CAPITAL OUTLAY			
Recreation	15,000	-	15,000
Total Capital Outlay	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Expenditures	<u>884,681</u>	<u>771,759</u>	<u>112,922</u>
Excess of revenues over expenditures	<u>273,919</u>	<u>184,788</u>	<u>(89,131)</u>
OTHER FINANCING USES			
Transfers out	(270,045)	(270,045)	-
Total Other Financing Uses	<u>(270,045)</u>	<u>(270,045)</u>	<u>-</u>
Net Change in Fund Balance	3,874	(85,257)	(89,131)
FUND BALANCE - Beginning of Year	<u>240,207</u>	<u>240,207</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 244,081</u>	<u>\$ 154,950</u>	<u>\$ (89,131)</u>

CITY OF PORT WASHINGTON

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET -
 COMPONENT UNIT - COMMUNITY DEVELOPMENT AUTHORITY
 As of December 31, 2015

	Community Development Authority	Adjustments	Statement of Net Position
ASSETS			
Land	<u>\$ -</u>	<u>\$ 310,994</u>	<u>\$ 310,994</u>
LIABILITIES			
Deposits	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
TOTAL LIABILITIES	<u>1,000</u>	<u>-</u>	<u>1,000</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned (deficit)	<u>(1,000)</u>	<u>1,000</u>	<u>-</u>
Total Fund Balance	<u>(1,000)</u>	<u>1,000</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>		
Net Position			
Net investment in capital assets		310,994	310,994
Unrestricted (deficit)		<u>(1,000)</u>	<u>(1,000)</u>
TOTAL NET POSITION		<u>\$ 310,994</u>	<u>\$ 309,994</u>

CITY OF PORT WASHINGTON

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/NET POSITION - COMPONENT UNIT - COMMUNITY DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2015

	<u>Community Development Authority</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES	\$ -	\$ -	\$ -
GENERAL REVENUES	<u>856</u>	<u>-</u>	<u>856</u>
Excess of revenues over expenditures	856	-	856
FUND BALANCE/NET POSITION - BEGINNING OF YEAR (Deficit)	<u>(1,856)</u>	<u>310,994</u>	<u>309,138</u>
END OF YEAR (DEFICIT)	<u>\$ (1,000)</u>	<u>\$ 310,994</u>	<u>\$ 309,994</u>

CITY OF PORT WASHINGTON

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET -
 COMPONENT UNIT - BUSINESS IMPROVEMENT DISTRICT
 As of December 31, 2015

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 12,607	\$ -	\$ 12,607
Taxes receivable	<u>60,234</u>	<u>-</u>	<u>60,234</u>
TOTAL ASSETS	<u>\$ 72,841</u>	<u>\$ -</u>	<u>\$ 72,841</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	\$ <u>60,234</u>	\$ <u>-</u>	\$ <u>60,234</u>
Total Deferred Inflows of Resources	<u>60,234</u>	<u>-</u>	<u>60,234</u>
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned	<u>12,607</u>	<u>(12,607)</u>	<u>-</u>
Total Fund Balance	<u>12,607</u>	<u>(12,607)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 72,841</u>		
Net Position			
Unrestricted		<u>12,607</u>	<u>12,607</u>
TOTAL NET POSITION		<u>\$ -</u>	<u>\$ 12,607</u>

CITY OF PORT WASHINGTON

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/NET POSITION -
COMPONENT UNIT - BUSINESS IMPROVEMENT DISTRICT
For the Year Ended December 31, 2015

	Business Improvement District	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Economic development	\$ 61,006	\$ -	\$ 61,006
Total Expenditures/Expenses	<u>61,006</u>	<u>-</u>	<u>61,006</u>
GENERAL REVENUES			
Investment income	60	-	60
Miscellaneous	<u>62,584</u>	<u>(435)</u>	<u>62,149</u>
Total General Revenues	<u>62,644</u>	<u>(435)</u>	<u>62,209</u>
Excess (deficiency) of revenues over expenditures	1,638	(435)	1,203
FUND BALANCE/NET POSITION -			
Beginning of Year	<u>10,969</u>	<u>435</u>	<u>11,404</u>
END OF YEAR	<u>\$ 12,607</u>	<u>\$ -</u>	<u>\$ 12,607</u>