CITY OF PORT WASHINGTON

Port Washington, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

CITY OF PORT WASHINGTON

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2016

	Page(s)
Independent Auditors' Report	i - ii
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 - 60
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61-65
Postemployment Health Care Plan - Schedule of Funding Progress	66
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	67
Schedule of Employer Contributions - Wisconsin Retirement System	67
Notes to Required Supplementary Information	68
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	69 - 72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	73 - 76

CITY OF PORT WASHINGTON

TABLE OF CONTENTS (cont.)
As of and for the Year Ended December 31, 2016

Supplementary Information (cont.)	Page(s)
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Revenue Fund - Marina	77
Statement of Net Position and Governmental Fund Balance Sheet - Component Unit - Community Development Authority	78
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Net Position - Component Unit - Community Development Authority	79
Statement of Net Position and Governmental Fund Balance Sheet - Component Unit - Business Improvement District	80
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Net Position - Component Unit - Business Improvement District	81

BAKER TILLY

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, the discretely presented component units, each major fund and the remaining fund information of the City of Port Washington, Wisconsin, as of and for the year ended December 31, 2016, 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, the discretely presented component units, each major fund and the remaining fund information of the City of Port Washington, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

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 Virchow Krause, LLP

Milwaukee, Wisconsin
July 10, 2017

CITY OF PORT WASHINGTON

STATEMENT OF NET POSITION
As of December 31, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	CDA	BID
ASSETS					
Cash and investments	$ 5,911,871	$ 3,055,757	$ 8,967,628	$ -	$ 6,318
Receivables (net)					
Taxes	5,600,016	-	5,600,016	-	60,076
Accounts	432,727	944,371	1,377,098	-	-
Loans	110,595	-	110,595	-	-
Special assessments	55,691	-	55,691	-	-
Internal balances	(464,735)	464,735	-	-	-
Due from other governments	633,593	-	633,593	-	-
Inventories and prepaid items	8,111	29,296	37,407	-	-
Restricted Assets					
Cash and investments	-	4,054,665	4,054,665	-	-
Capital Assets					
Land	3,889,709	51,529	3,941,238	310,994	-
Other capital assets, net of accumulated depreciation	40,739,334	32,413,852	73,153,186	-	-
Total Assets	56,916,912	41,014,205	97,931,117	310,994	66,394
DEFERRED OUTFLOWS OF RESOURCES					
Loss on advance refunding	-	16,989	16,989	-	-
Pension related amounts	3,002,340	564,332	3,566,672	-	-
Total Deferred Outflows of Resources	3,002,340	581,321	3,583,661	-	-
LIABILITIES					
Accounts payable and accrued expenses	2,115,112	145,063	2,260,175	-	-
Unearned revenues	29,943	-	29,943	-	-
Deposits	29,799	-	29,799	1,000	-
Liabilities Payable from Restricted Assets					
Current portion of revenue bonds	-	605,358	605,358	-	-
Accrued interest	-	53,663	53,663	-	-
Noncurrent Liabilities					
Due within one year	2,161,839	89,503	2,251,342	-	-
Due in more than one year	27,440,903	7,294,804	34,735,707	-	-
Total Liabilities	31,777,596	8,188,391	39,965,987	1,000	-
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	1,134,254	215,584	1,349,838	-	-
Unearned revenues	5,521,070	-	5,521,070	-	60,076
Total Deferred Inflows of Resources	6,655,324	215,584	6,870,908	-	60,076
NET POSITION					
Net investment in capital assets	21,859,284	26,578,684	48,437,968	310,994	-
Restricted for					
Revolving loans	786,483	-	786,483	-	-
Library	98,971	-	98,971	-	-
TID purposes	86,883	-	86,883	-	-
Capital projects	96,820	-	96,820	-	-
Equipment replacement	-	2,058,720	2,058,720	-	-
Debt service	-	252,982	252,982	-	-
Grant purposes	5,198	-	5,198	-	-
Unrestricted (deficit)	(1,447,307)	4,301,165	2,853,858	(1,000)	6,318
TOTAL NET POSITION	$ 21,486,332	$ 33,191,551	$ 54,677,883	$ 309,994	$ 6,318

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 1,323,787	$ 295,791	$ -	$ -
Public safety	4,484,367	767,353	45,486	64,410
Public works	4,733,754	531,088	730,560	680,059
Health and human services	9,218	-	-	-
Culture, education and recreation	2,863,020	1,254,879	132,388	20,353
Conservation and development	1,948,452	-	-	-
Interest and fiscal charges	931,899	-	-	-
Total Governmental Activities	16,294,497	2,849,111	908,434	764,822
Business-type Activities				
Water Utility	2,150,820	2,931,948	-	237,984
Wastewater Utility	2,081,501	2,165,723	-	510,843
Total Business-type Activities	4,232,321	5,097,671	-	748,827
Total Primary Government	$ 20,526,818	$ 7,946,782	$ 908,434	$ 1,513,649
Component Units				
CDA	$ -	$ -	$ -	$ -
BID	66,563	-	-	-
Total Component Units	$ 66,563	$ -	$ -	$ -

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

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	CDA	BID
$ (1,027,996)	$ -	$ (1,027,996)	$ -	$ -
(3,607,118)	-	(3,607,118)	-	-
(2,792,047)	-	(2,792,047)	-	-
(9,218)	-	(9,218)	-	-
(1,455,400)	-	(1,455,400)	-	-
(1,948,452)	-	(1,948,452)	-	-
(931,899)	-	(931,899)	-	-
(11,772,130)	-	(11,772,130)	-	-
-	1,019,112	1,019,112	-	-
-	595,065	595,065	-	-
-	1,614,177	1,614,177	-	-
(11,772,130)	1,614,177	(10,157,953)	-	-
-	-	-	-	-
-	-	-	-	(66,563)
-	-	-	-	(66,563)
2,878,877	-	2,878,877	-	-
2,100,000	-	2,100,000	-	-
43,557	-	43,557	-	-
295,806	-	295,806	-	-
2,751,358	-	2,751,358	-	-
125,336	-	125,336	-	-
30,963	44,470	75,433	-	40
745,524	7,301	752,825	-	60,234
411,611	(411,611)	-	-	-
9,383,032	(359,840)	9,023,192	-	60,274
(2,389,098)	1,254,337	(1,134,761)	-	(6,289)
23,875,430	31,937,214	55,812,644	309,994	12,607
$ 21,486,332	$ 33,191,551	$ 54,677,883	$ 309,994	$ 6,318

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	General	Debt Service	Breakwater Project Capital Project
ASSETS			
Cash and investments	$ 1,616,975	$ 19,244	$ -
Receivables (net)			
Taxes	3,178,402	2,178,762	-
Delinquent personal property taxes	405	-	-
Accounts	432,322	-	-
Special assessments	-	49,615	-
Delinquent special assessments	6,076	-	-
Loans	-	-	-
Due from other funds	534,131	-	-
Due from other governments	-	-	633,593
Prepaid items	8,111	-	-
Advances to other funds	133,291	-	-
TOTAL ASSETS	$ 5,909,713	$ 2,247,621	$ 633,593
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)			
Liabilities			
Accounts payable	$ 287,741	$ -	$ 99,462
Accrued liabilities	1,312,678	-	-
Due to other funds	-	-	534,131
Unearned revenues	5,055	-	-
Deposits	29,799	-	-
Advances from other funds	-	-	464,735
Total Liabilities	1,635,273	-	1,098,328
Deferred Inflows of Resources			
Unearned revenues	3,110,818	2,167,400	-
Unavailable revenues	-	60,977	-
Total Deferred Inflows of Resources	3,110,818	2,228,377	-
Fund Balances (Deficit)			
Nonspendable	14,592	-	-
Restricted	-	19,244	-
Committed	-	-	-
Assigned	9,110	-	-
Unassigned (deficit)	1,139,920	-	(464,735)
Total Fund Balances (Deficit)	1,163,622	19,244	(464,735)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	$ 5,909,713	$ 2,247,621	$ 633,593

See accompanying notes to financial statements.

2016 Capital Borrowing Capital Project	Nonmajor Governmental Funds	Totals
$ 2,929,402	$ 1,346,250	$ 5,911,871
-	242,852	5,600,016
-	-	405
-	-	432,322
-	-	49,615
-	-	6,076
-	110,595	110,595
-	-	534,131
-	-	633,593
-	-	8,111
-	-	133,291
$ 2,929,402	$ 1,699,697	$ 13,420,026
$ 39,161	$ 29,827	$ 456,191
-	-	1,312,678
-	-	534,131
-	24,888	29,943
-	-	29,799
-	133,291	598,026
39,161	188,006	2,960,768
-	242,852	5,521,070
-	-	60,977
-	242,852	5,582,047
-	-	14,592
2,890,241	1,074,355	3,983,840
-	324,585	324,585
-	3,190	12,300
-	(133,291)	541,894
2,890,241	1,268,839	4,877,211
$ 2,929,402	$ 1,699,697	$ 13,420,026

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, 2016

Total Fund Balances - Governmental Funds	$ 4,877,211
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
Other capital assets	66,897,368
Less: Accumulated depreciation	(26,158,034)
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.	60,977
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,002,340
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,134,254)
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	(27,576,717)
Compensated absences	(887,710)
Net pension liability	(538,462)
Accrued interest	(346,243)
Unamortized premium	(212,379)
Other postemployment benefits	(387,474)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 21,486,332

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General	Debt Service	Breakwater Project Capital Project
REVENUES			
Taxes	$ 2,903,848	$ 2,100,000	$ -
Intergovernmental	3,638,824	-	679,094
Licenses and permits	545,907	73,810	-
Fines, forfeitures and penalties	136,227	-	-
Public charges for services	873,854	-	-
Special assessments	-	24,778	-
Investment income	9,100	1,938	-
Miscellaneous	722,851	-	-
Total Revenues	8,830,611	2,200,526	679,094
EXPENDITURES			
Current			
General government	1,218,473	-	-
Public safety	3,891,819	-	-
Public works	2,160,669	-	-
Health and human services	9,218	-	-
Culture, recreation and education	1,569,371	-	-
Conservation and development	197,620	-	-
Capital Outlay	211,069	-	1,204,389
Debt Service			
Principal	-	1,698,283	-
Interest and fiscal charges	-	692,941	-
Total Expenditures	9,258,239	2,391,224	1,204,389
Excess (deficiency) of revenues over expenditures	(427,628)	(190,698)	(525,295)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	-
Premium on debt issued	-	-	-
Transfers in	466,611	226,470	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	466,611	226,470	-
Net Change in Fund Balances	38,983	35,772	(525,295)
FUND BALANCES (DEFICIT) - Beginning of Year	1,124,639	(16,528)	60,560
FUND BALANCES (DEFICIT) - END OF YEAR	$ 1,163,622	$ 19,244	$ (464,735)

See accompanying notes to financial statements.

2016 Capital Borrowing Capital Project	Nonmajor Governmental Funds	Totals
$ -	$ 314,392	$ 5,318,240
-	30,121	4,348,039
-	-	619,717
-	-	136,227
-	1,182,717	2,056,571
-	-	24,778
13,231	7,836	32,105
-	260,215	983,066
13,231	1,795,281	13,518,743
-	17,131	1,235,604
-	-	3,891,819
-	167,374	2,328,043
-	-	9,218
-	933,053	2,502,424
-	258,246	455,866
2,254,087	1,742,841	5,412,386
5,650,000	-	7,348,283
111,282	28,764	832,987
8,015,369	3,147,409	24,016,630
(8,002,138)	(1,352,128)	(10,497,887)
10,680,000	1,500,000	12,180,000
212,379	-	212,379
-	-	693,081
-	(281,470)	(281,470)
10,892,379	1,218,530	12,803,990
2,890,241	(133,598)	2,306,103
-	1,402,437	2,571,108
$ 2,890,241	$ 1,268,839	$ 4,877,211

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, 2016

Net change in fund balances - total governmental funds	$	2,306,103
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		5,412,386
Some items reported as capital outlay were not capitalized		(2,853,756)
Depreciation is reported in the government-wide financial statements		(1,483,806)
Net book value of assets retired		(185,802)
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		(24,955)
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		(12,180,000)
Principal repaid		7,348,283
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Premium		(212,379)
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		(30,471)
Other postemployment benefits		(52,656)
Accrued interest on debt		(98,912)
Net pension asset/liability		(1,358,367)
Deferred outflows of resources related to pensions		2,159,488
Deferred inflows of resources related to pensions		(1,134,254)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(2,389,098)

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
ASSETS			
Current Assets			
Cash and investments	$ 909,640	$ 2,146,117	$ 3,055,757
Receivables			
Accounts	540,556	403,815	944,371
Inventory	29,296	-	29,296
Advances to other funds	464,735	-	464,735
Restricted Assets			
Redemption account	267,022	24,481	291,503
Total Current Assets	2,211,249	2,574,413	4,785,662
Noncurrent Assets			
Restricted Assets			
Cash and investments	2,239,622	1,523,540	3,763,162
Capital Assets			
Land and land rights	51,529	-	51,529
Property and equipment	27,698,406	31,583,474	59,281,880
Less: Accumulated depreciation	(10,167,778)	(16,700,250)	(26,868,028)
Total Noncurrent Assets	19,821,779	16,406,764	36,228,543
Total Assets	22,033,028	18,981,177	41,014,205
DEFERRED OUTFLOWS OF RESOURCES			
Loss on advance refunding	-	16,989	16,989
Pension related amounts	400,791	163,541	564,332
Total Deferred Outflows of Resources	400,791	180,530	581,321

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	$ 91,060	$ 47,564	$ 138,624
Accrued interest	-	6,198	6,198
Accrued liabilities	241	-	241
Compensated absences	51,614	18,332	69,946
Current portion of general obligation debt	-	7,786	7,786
Liabilities payable from restricted assets			
Current portion of revenue bonds	345,358	260,000	605,358
Accrued Interest	50,848	2,815	53,663
Total Current Liabilities	539,121	342,695	881,816
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	-	134,555	134,555
Revenue bonds	5,352,651	1,400,000	6,752,651
Unamortized debt premiums	70,512	22,124	92,636
Net pension liability	72,491	29,852	102,343
Compensated absences	90,824	35,982	126,806
OPEB obligation	72,250	25,334	97,584
Total Noncurrent Liabilities	5,658,728	1,647,847	7,306,575
Total Liabilities	6,197,849	1,990,542	8,188,391
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	152,701	62,883	215,584
NET POSITION			
Net investment in capital assets	13,237,937	13,340,747	26,578,684
Restricted for			
Debt service	231,316	21,666	252,982
Equipment replacement	800,180	1,258,540	2,058,720
Unrestricted	1,813,836	2,487,329	4,301,165
TOTAL NET POSITION	$ 16,083,269	$ 17,108,282	$ 33,191,551

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, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
OPERATING REVENUES			
Charges for services	$ 2,714,792	$ 2,155,529	$ 4,870,321
Other operating income	217,156	10,194	227,350
Total Operating Revenues	2,931,948	2,165,723	5,097,671
OPERATING EXPENSES			
Operation and maintenance	1,456,345	1,185,710	2,642,055
Depreciation	482,370	851,354	1,333,724
Total Operating Expenses	1,938,715	2,037,064	3,975,779
Operating Income	993,233	128,659	1,121,892
NONOPERATING REVENUES (EXPENSES)			
Investment income	16,907	27,563	44,470
Interest expense	(215,545)	(46,371)	(261,916)
Amortization of premium and loss on advance refunding	3,440	1,934	5,374
Other	-	7,301	7,301
Total Nonoperating Revenues (Expenses)	(195,198)	(9,573)	(204,771)
Income Before Contributions and Transfers	798,035	119,086	917,121
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	237,984	510,843	748,827
Transfers out	(411,611)	-	(411,611)
Total Contributions and Transfers	(173,627)	510,843	337,216
Change in Net Position	624,408	629,929	1,254,337
NET POSITION - Beginning of Year	15,458,862	16,478,352	31,937,214
NET POSITION - END OF YEAR	$ 16,083,270	$ 17,108,281	$ 33,191,551

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 2,911,122	$ 2,159,016	$ 5,070,138
Paid to suppliers for goods and services	(819,063)	(747,254)	(1,566,317)
Paid to employees for services	(577,254)	(440,205)	(1,017,459)
Net Cash Flows From Operating Activities	1,514,805	971,557	2,486,362
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	629,000	1,922,000	2,551,000
Investment income	16,907	27,563	44,470
Investments purchased	(365,000)	(727,000)	(1,092,000)
Net Cash Flows From Investing Activities	280,907	1,222,563	1,503,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(411,611)	-	(411,611)
Net Cash Flows From Noncapital Financing Activities	(411,611)	-	(411,611)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(334,930)	(262,359)	(597,289)
Interest paid	(120,781)	(47,134)	(167,915)
Proceeds from debt issue	2,500,000	-	2,500,000
Debt issuance costs and premium on debt	(4,172)	-	(4,172)
Connection fees received	-	271,263	271,263
Acquisition and construction of capital assets	(1,589,850)	(816,179)	(2,406,029)
Capital related advances received	285,265	105,568	390,833
Net Cash Flows From Capital and Related Financing Activities	735,532	(748,841)	(13,309)
Net Change in Cash and Cash Equivalents	2,119,633	1,445,279	3,564,912
CASH AND CASH EQUIVALENTS - Beginning of Year	931,651	1,521,859	2,453,510
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,051,284	$ 2,967,138	$ 6,018,422

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	$ 993,233	$ 128,659	$ 1,121,892
Nonoperating revenue	-	7,301	7,301
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	482,370	851,354	1,333,724
Depreciation charged to other funds	29,710	-	29,710
Changes in assets and liabilities			
Accounts receivable	(50,535)	(14,008)	(64,543)
Inventories	669	-	669
Compensated absences	(23,689)	(10,377)	(34,066)
Accounts payable	65,110	2,124	67,234
Other current liabilities	(33,163)	(14,759)	(47,922)
Pension related deferrals and assets	51,100	21,263	72,363
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 1,514,805	$ 971,557	$ 2,486,362
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	$ 909,640	$ 2,146,117	$ 3,055,757
Restricted cash and investments	2,506,644	1,548,021	4,054,665
Total Cash and Investments	3,416,284	3,694,138	7,110,422
Less: Noncash equivalents	(365,000)	(727,000)	(1,092,000)
CASH AND CASH EQUIVALENTS	$ 3,051,284	$ 2,967,138	$ 6,018,422
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Developer contributions of capital assets	$ 237,984	$ 239,580	
Amortization	$ 11,771	$ -	

See accompanying notes to financial statements.

CITY OF PORT WASHINGTON

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2016

	Agency Fund Tax Collection Fund
ASSETS	
Cash and investments	$ 10,551,649
Taxes receivable	1,924,510
TOTAL ASSETS	$ 12,476,159
LIABILITIES	
Due to other taxing units	$ 12,476,159

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, 2016

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	20
	D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
	1. Deposits and Investments	22
	2. Receivables	23
	3. Inventories and Prepaid Items	25
	4. Restricted Assets	25
	5. Capital Assets	25
	6. Deferred Outflows of Resources	26
	7. Compensated Absences	26
	8. Long-Term Obligations/Conduit Debt	27
	9. Deferred Inflows of Resources	27
	10. Equity Classifications	28
	11. Pension	29
	12. 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	38
	F. Long-Term Obligations	40
	G. Net Position/Fund Balances	45
	H. Component Units	47
IV	Other Information	49
	A. Employees' Retirement System	49
	B. Risk Management	55
	C. Commitments and Contingencies	56
	D. Joint Ventures	57
	E. Other Postemployment Benefits	58
	F. Subsequent Events	59
	G. Effect of New Accounting Standards on Current-Period Financial Statements	60

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.

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.H. 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, 2016. 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.H. 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, 2016. The BID does not issue separate financial statements.

B. *Government-Wide and Fund Financial Statements*

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.

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.

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

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

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.
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 Capital Project Fund - used to account for and report financial resources to be used for construction related to the Breakwater Project.
2016 Capital Borrowing Capital Project Fund - used to account for and report financial resources to be used for construction related to the 2016 Capital Borrowing.

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.

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

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.

Coal Dock Project
2014 Capital Borrowing
TID No. 2
Franklin Street Streetscape
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

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.

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

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (cont.)

Government-Wide Financial Statements (cont.)

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, 2016, 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.

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.

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

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (cont.)

Fund Financial Statements (cont.)

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.

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.

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.)

Investment of most trust 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, 2016, 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.

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.

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.)

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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 $160,743.

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.

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.)

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.

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.

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.)

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.

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.

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* (cont.)

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, 2016, 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 originally issued was $3,000,000, made up of one issue. The balance outstanding at the end of the year is unknown.

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.

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.

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. *Pension*

For purposes of measuring the net pension asset (liability), 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.

12. *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.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

A budget has been adopted for the general fund, debt service fund, marina special revenue fund, tourism special revenue fund, senior center special revenue fund, payment to townships special revenue fund, coal dock capital project fund, breakwater capital project fund, recycling/garbage special revenue fund, TID No. 2 capital project fund, Water Utility, and Wastewater Utility. A budget has not been formally adopted for revolving loan special revenue fund, library special revenue fund, library trust special revenue fund, tree replacement special revenue fund, environmental planning special revenue fund, open space special revenue fund, waterfront safety special revenue fund, marina special events special revenue fund, Franklin Street streetscape capital project fund, 2014 capital borrowing capital project fund, TID No. 3 capital project fund and 2016 capital borrowing capital project fund. 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
Debt Service	$ 2,382,603	$ 2,391,224	$ 8,621
Tourism Special Revenue	178,000	202,430	24,430
TID #2 Capital Project	1,548,187	1,562,418	14,231
Breakwater Project Capital Project	400,000	1,204,389	804,389

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, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
TID No. 3 Capital Project	$ (133,291)	Expenditures in excess of increment
Breakwater project Capital Project	(464,735)	Expenditures in excess of revenues

TID 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 breakwater project capital project fund deficit is anticipated to be funded with future contributions and/or grant revenues.

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 22,524,115	$ 21,836,356	Custodial credit
LGIP	1,048,012	1,048,012	Credit
Petty cash	1,815	-	N/A
Total Deposits and Investments	$ 23,573,942	$ 22,884,368	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	$ 8,967,628		
Restricted cash and investments	4,054,665		
Per statement of assets and liabilities - agency fund			
Agency Fund	10,551,649		
Total Deposits and Investments	$ 23,573,942		

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.

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

A. Deposits and Investments (cont.)

The city maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of $18,000,004 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.

As of December 31, 2016, $199,063 of the city's total bank balances was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 199,063

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.

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:

	General Fund	Debt Service	Nonmajor Funds	Totals
Receivables				
Taxes	$ 3,178,402	$ 2,178,762	$ 242,852	$ 5,600,016
Accounts	538,913	-	-	538,913
Special assessments	-	49,615	-	49,615
Delinquent personal property taxes	405	-	-	405
Delinquent special assessments	6,076	-	-	6,076
Loans	-	-	271,338	271,338
Gross receivables	3,723,796	2,228,377	514,190	6,466,363
Less: Allowance for uncollectibles	(106,591)	-	(160,743)	(267,334)
Net Total Receivables	$ 3,617,205	$ 2,228,377	$ 353,447	$ 6,199,029
Amounts not expected to be collected within one year	$ 6,481	$ -	$ 100,789	$ 107,270

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	$ 5,521,070	$ -
Other unearned revenues	5,055	-
Special assessments not yet due	-	60,977
Slip rentals collected in advance	24,888	-
Total Unearned/Unavailable Revenue for Governmental Funds	$ 5,551,013	$ 60,977
Unearned revenue included in liabilities	$ 29,943	
Unearned revenue included in deferred inflows	5,521,070	
Total Unearned Revenue for Governmental Funds	$ 5,551,013	

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, 2016, 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.

Following is a list of restricted assets at December 31, 2016:

	Restricted Assets
Bond redemption account	$ 291,503
Bond reserve account	648,725
Bond depreciation account	800,180
Construction account	1,055,717
Equipment replacement account	1,258,540
Total	$ 4,054,665

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

D. Capital Assets

Capital asset activity for the year ended December 31, 2016, 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	82,605	-	82,605	-
Total Capital Assets Not Being Depreciated	3,972,314	-	82,605	3,889,709
Capital assets being depreciated				
Buildings	15,483,363	-	-	15,483,363
Machinery and equipment	10,176,082	356,725	313,612	10,219,195
Infrastructure	39,358,579	2,201,905	365,674	41,194,810
Total Capital Assets Being Depreciated	65,018,024	2,558,630	679,286	66,897,368
Total Capital Assets	68,990,338	2,558,630	761,891	70,787,077
Less: Accumulated depreciation for				
Buildings	(5,769,232)	(283,889)	-	(6,053,121)
Machinery and equipment	(5,908,221)	(456,583)	310,612	(6,054,192)
Infrastructure	(13,572,864)	(743,334)	265,477	(14,050,721)
Total Accumulated Depreciation	(25,250,317)	(1,483,806)	576,089	(26,158,034)
Net Capital Assets Being Depreciated	39,767,707	1,074,824	103,197	40,739,334
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 43,740,021	$ 1,074,824	$ 185,802	$ 44,629,043

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 65,934
Public safety	291,158
Public works	779,454
Culture, recreation and education	347,260
Total Governmental Activities Depreciation Expense	$ 1,483,806

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

D. Capital Assets (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated				
Land and land rights	$ 51,529	$ -	$ -	$ 51,529
Capital assets being depreciated				
Source of supply	702,078	-	-	702,078
Pumping	638,223	13,807	7,508	644,522
Treatment	2,751,222	5,460	-	2,756,682
Transmission and distribution	19,866,842	1,733,220	223,031	21,377,031
Administrative and general assets	2,201,584	16,507	-	2,218,091
Total Capital Assets Being Depreciated	26,159,949	1,768,994	230,539	27,698,404
Total Capital Assets	26,211,478	1,768,994	230,539	27,749,933
Less: Accumulated depreciation for				
Source of supply	(421,032)	(11,949)	-	(432,981)
Pumping	(608,371)	(17,269)	7,508	(618,132)
Treatment	(2,299,492)	(76,313)	-	(2,375,805)
Transmission and distribution	(4,424,458)	(374,334)	223,031	(4,575,761)
Administrative and general assets	(2,132,882)	(32,215)	-	(2,165,097)
Total Accumulated Depreciation	(9,886,235)	(512,080)	230,539	(10,167,776)
Net Capital Assets Being Depreciated	16,273,714	1,256,914	-	17,530,628
Net Water Capital Assets	$ 16,325,243	$ 1,256,914	$ -	$ 17,582,157

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Wastewater				
Capital assets being depreciated				
Collection system	12,918,167	946,109	5,000	13,859,276
Collection system pumping	3,264,660	45,362	11,500	3,298,522
Treatment and disposal	13,715,086	46,551	4,500	13,757,137
Administrative and general assets	653,631	14,907	-	668,538
Total Capital Assets Being Depreciated	30,551,544	1,052,929	21,000	31,583,473
Less: Accumulated depreciation for Wastewater plant	(15,869,896)	(851,354)	21,000	(16,700,250)
Net Capital Assets Being Depreciated	14,681,648	201,575	-	14,883,223
Net Wastewater Capital Assets	$ 14,681,648	$ 201,575	$ -	$ 14,883,223
Business-type Capital Assets, Net of Accumulated Depreciation	$ 31,006,891	$ 1,458,489	$ -	$ 32,465,380

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 482,370
Wastewater	851,354
Total Business-type Activities Depreciation Expense	$ 1,333,724

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.

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:

Receivable Fund	Payable Fund	Amount
General fund	Breakwater project capital project	$ 534,131
Total - Fund Financial Statements		534,131
Less: Fund eliminations		(534,131)
Add: Interfund advances		464,735
Total Internal Balances - Government-Wide Statement of Net Position		$ 464,735

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.

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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	TID No. 3 capital project	$ 133,291	$ 133,291
Water	Breakwater project capital project	464,735	464,735
Total - Fund Financial Statements		598,026	
Less: Fund eliminations		(133,291)	
Total - Interfund Advances		$ 464,735	

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Marina special revenue fund	$ 55,000	Administrative costs
General fund	Water utility	411,611	Tax equivalent
Debt service fund	Marina special revenue fund	226,470	Share of debt service
Total - Fund Financial Statements		693,081	
Less: Fund eliminations		(281,470)	
Total Transfers - Government-Wide Statement of Activities		$ 411,611	

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.

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 22,745,000	$ 12,180,000	$ 7,348,283	$ 27,576,717	$ 1,799,492
Premiums	-	212,379	-	212,379	14,159
Sub-totals	22,745,000	12,392,379	7,348,283	27,789,096	1,813,651
Other Liabilities					
Vested compensated absences	857,239	346,293	315,822	887,710	348,188
Other postemployment benefits	334,818	52,656	-	387,474	-
Net pension liability (asset)	(819,905)	1,358,367	-	538,462	-
Total Other Liabilities	372,152	1,757,316	315,822	1,813,646	348,188
Total Governmental Activities Long-Term Liabilities	$ 23,117,152	$ 14,149,695	$ 7,664,105	$ 29,602,742	$ 2,161,839
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 149,700	$ -	$ 7,359	$ 142,341	$ 7,786
Revenue bonds	5,447,939	2,500,000	589,930	7,358,009	605,358
Premiums	43,631	60,776	11,771	92,636	11,771
Sub-totals	5,641,270	2,560,776	609,060	7,592,986	624,915
Other Liabilities					
Vested compensated absences	251,988	35,880	91,116	196,752	69,946
Other postemployment benefits	89,486	8,098	-	97,584	-
Net pension liability (asset)	(157,503)	259,846	-	102,343	-
Total Other Liabilities	183,971	303,824	91,116	396,679	69,946
Total Business-type Activities Long-Term Liabilities	$ 5,825,241	$ 2,864,600	$ 700,176	$ 7,989,665	$ 694,861

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, 2016, was $46,574,215. Total general obligation debt outstanding at year end was $27,719,058.

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Refunding bonds	01/01/06	09/01/25	3.50 - 5.00%	$ 7,210,000	$ 5,185,000
Promissory notes	09/15/08	09/01/18	3.40 - 5.60	730,000	175,000
Refunding bonds	06/02/10	09/01/29	2.00 - 4.45	2,895,000	2,260,000
Refunding bonds	09/15/10	09/01/24	2.00 - 3.25	4,015,000	2,395,000
Refunding bonds	07/18/11	09/01/27	2.00 - 3.80	3,650,000	2,810,000
Public recreation bonds	11/14/12	09/01/27	2.00 - 2.38	1,030,000	805,000
Refunding bonds	07/01/13	09/01/32	2.25 - 3.25	3,965,000	3,595,000
Promissory notes	08/04/14	09/01/24	2.00 - 2.63	4,200,000	3,580,000
State trust fund loan	02/03/15	03/15/34	3.75	250,000	241,717
Refunding bonds	07/06/16	09/01/31	2.00 - 2.50	5,030,000	5,030,000
State trust fund loan	02/04/16	03/15/35	3.75	1,500,000	1,500,000
Total Governmental Activities - General Obligation Debt					$ 27,576,717

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Promissory notes	06/10/09	03/15/29	5.50%	$ 188,900	$ 142,341

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

F. *LONG-TERM OBLIGATIONS* (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2017	$ 1,799,492	$ 871,125	$ 7,786	$ 7,829
2018	1,927,887	796,177	8,215	7,400
2019	2,020,433	740,620	8,667	6,949
2020	2,092,916	683,538	9,125	6,490
2021	2,155,809	620,946	53,818	24,258
2022-2026	11,283,740	1,992,623	54,730	7,731
2027-2031	5,584,412	562,712	-	-
2032-2035	712,028	51,267	-	-
Totals	$ 27,576,717	$ 6,319,008	$ 142,341	$ 60,657

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 24.00% of net revenues. The total principal and interest remaining to be paid on the bonds is $7,089,794. Principal and interest paid for the current year and total customer net revenues were $455,711 and $1,478,437, 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 29.00% of net revenues. The total principal and interest remaining to be paid on the bonds is $1,781,523. Principal and interest paid for the current year and total customer net revenues were $309,493 and $1,009,584, respectively.

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

F. *LONG-TERM OBLIGATIONS* (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2016, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Water Utility					
Revenue bonds	11/29/00	05/01/20	2.97%	$ 539,587	$ 134,538
Revenue bonds	11/28/01	05/01/21	2.75	2,864,113	888,471
Revenue bonds	05/01/08	05/21/28	3.25 - 4.00	3,100,000	2,175,000
Revenue bonds	06/06/16	05/01/36	2.25 - 3.00	2,500,000	2,500,000
				Total Water Utility	5,698,009
Wastewater Utility					
Revenue bonds	11/01/12	12/01/22	2.00 - 2.15%	$ 2,650,000	$ 1,660,000
Total Business-type Activities - Revenue Debt					$ 7,358,009

Debt service requirements to maturity are as follows:

	Business-type Activities Revenue Debt	
Years	Principal	Interest
2017	$ 605,358	$ 228,225
2018	730,939	189,595
2019	751,676	169,592
2020	767,572	149,064
2021	757,464	128,549
2022-2026	1,850,000	422,361
2027-2031	1,120,000	168,596
2032-2036	775,000	57,325
Totals	$ 7,358,009	$ 1,513,307

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

F. *LONG-TERM OBLIGATIONS* (cont.)

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.

The utilities are covered under the following insurance policies at December 31, 2016:

Type	Coverage		Expiration
General Liability & Property	$ 1,000,000	Combined limit	01/01/17
Automobile	1,000,000	Combined limit	01/01/17
Excess Liability	5,000,000	Each occurrence	01/01/17
Workers Compensation	500,000	Each incident	01/01/17

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

F. LONG-TERM OBLIGATIONS (cont.)

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volume for 2016:

	Customers		Sales (000 gals)
	Water	Wastewater	Total
Residential	4,287	4,748	172,706
Commercial	381	307	42,406
Industrial	34	30	119,619
Public authority	63	48	24,165
Wholesale	39	39	16,751
Totals	4,804	5,172	375,647

Utility Budget

The 2016 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, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	$ 3,889,709
Other capital assets, net of accumulated depreciation	40,739,334
Less: Long-term debt outstanding	(25,660,000)
Plus: Unspent capital related debt proceeds	2,890,241
Total Net Investment in Capital Assets	$ 21,859,284

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, 2016, include the following:

	General Fund	Debt Service	Breakwater Project Capital Project	2016 Capital Borrowing Capital Project	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Prepaid items	$ 8,111	$ -	$ -	$ -	$ -	$ 8,111
Long-term receivables	6,481	-	-	-	-	6,481
Restricted for:						
Debt service	-	19,244	-	-	-	19,244
Loan programs	-	-	-	-	786,483	786,483
Library	-	-	-	-	98,971	98,971
Capital projects	-	-	-	2,890,241	96,820	2,987,061
Grant purposes	-	-	-	-	5,198	5,198
TID purposes	-	-	-	-	86,883	86,883
Committed to:						
Marina projects	-	-	-	-	119,270	119,270
Open spaces	-	-	-	-	70,195	70,195
Tree replacement	-	-	-	-	91,910	91,910
Payments to townships	-	-	-	-	2,384	2,384
Senior center	-	-	-	-	3,974	3,974
Recycling	-	-	-	-	36,378	36,378
Assigned to:						
Civil defense fund	300	-	-	-	-	300
Bike path fund	1,493	-	-	-	-	1,493
Subdividers deposits - trees	860	-	-	-	-	860
Equipment purchases	6,457	-	-	-	-	6,457
Capital projects	-	-	-	-	3,190	3,190
Unassigned (deficit):	1,139,920	-	(464,735)	-	(133,291)	541,894
Total Fund Balances (Deficit)	$ 1,163,622	$ 19,244	$ (464,735)	$ 2,890,241	$ 1,268,365	$ 4,876,737

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	32,413,852
Less: Long-term debt outstanding	(7,500,350)
Plus: Unspent capital related debt proceeds	1,706,289
Plus: Unamortized debt discount, premiums and loss on refunding	(92,636)
Total Net Investment in Capital Assets	$ 26,578,684

H. 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

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	$ 310,994	$ -	$ -	$ 310,994	N/A

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

H. COMPONENT UNIT (cont.)

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 6,318	$ 6,318	Custodial credit

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.

c. Receivables

Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. At the end of the current fiscal year, the BID reported $60,076 in unearned revenue for property taxes receivable for the subsequent year.

NOTE IV - OTHER INFORMATION

A. Employees' Retirement System

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.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

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

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 $376,785 in contributions from the city.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the city reported a liability (asset) of $640,805 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability (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, 2015, the city's proportion was 0.03943463%, which was a decrease of 0.00035769% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of $779,172.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the city reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 109,389	$ 1,348,563
Changes in assumptions	448,335	-
Net differences between projected and actual earnings on pension plan investments	2,626,831	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,386	1,275
Employer contributions subsequent to the measurement date	373,731	-
Totals	$ 3,566,672	$ 1,349,838

$373,731 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, 2017. 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	Deferred Inflows of Resources
2017	$ 829,581	$ 326,664
2018	829,581	326,664
2019	829,581	326,664
2020	689,855	326,664
2021	14,343	43,182

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
Variable Fund Asset Class				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

NOTE IV - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

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

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

	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 liability (asset)	$4,494,619	$640,805	$(2,369,092)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/publications/cafr.htm.

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. *RISK MANAGEMENT*

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. 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.

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, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

NOTE IV - OTHER INFORMATION (cont.)

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.

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

Municipality	% Exp Paid
City of Port Washington	7.24 %
Village of Grafton	7.31
City of West Bend	24.16
Village of Germantown	10.50
City of Mequon	12.23
City of Hartford	8.01
Village of Kewaskum	3.54
Village of Slinger	7.42
Village of Jackson	5.01
Village of Saukville	5.74
Town of Hartford	0.18
Town of Trenton	2.09
Village of Newburg	0.31
City of Cedarburg	3.48
Village of Fredonia	0.63
Village of Thiensville	2.15
Total	100.00 %

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, 2016 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.

NOTE IV - OTHER INFORMATION (cont.)

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.

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 2016, 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) 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		12,729
Adjustment to annual required contribution		-
Annual OPEB cost		75,629
Contributions made		(14,875)
Increase in net OPEB obligation		60,754
Net OPEB Obligation - Beginning of Year		424,304
Net OPEB Obligation - End of Year	$	485,058

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 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, 2014	$ 56,579	26.29 %	$ 365,319
December 31, 2015	73,860	20.14 %	424,304
December 31, 2016	75,629	19.67 %	485,058

NOTE IV - OTHER INFORMATION (cont.)

E. Other Postemployment Benefits (cont.)

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)	$	602,334
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.

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. 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, 2016, was 30 years.

F. Subsequent Events

On June 27, 2017 the city issued general obligation promissory notes in the amount of $5,445,000 with interest rates ranging between 2.00 and 3.00%. This amount will be used for public purposes, including the financing of buildings and improvements and refunding obligations of the city.

NOTE IV - OTHER INFORMATION (cont.)

F. Effect of New Accounting Standards on Current-Period Financial Statements

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

> 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. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*

> Statement No. 81, *Irrevocable Split-Interest Agreements*

> Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	$ 2,810,480	$ 2,810,477	$ (3)
Public accommodation (room) taxes	79,000	92,013	13,013
Interest and penalties on taxes	2,600	1,358	(1,242)
Total Taxes	2,892,080	2,903,848	11,768
INTERGOVERNMENTAL			
State shared revenues	2,690,591	2,691,295	704
Fire insurance tax (2% fire dues)	31,000	32,766	1,766
State aid - exempt computer	12,000	14,408	2,408
State aid - law enforcement improvement	3,040	6,720	3,680
State aid - other public safety	4,900	9,976	5,076
State aid - general transportation aids	713,433	712,352	(1,081)
Local goverment - libraries	-	13,633	13,633
County aid - libraries	127,228	130,588	3,360
Federal aid - law enforcement	-	6,977	6,977
State aid - tree planting	-	20,109	20,109
Total Intergovernmental	3,582,192	3,638,824	56,632
LICENSES AND PERMITS			
Liquor and malt beverage licenses	20,000	18,551	(1,449)
Operators' license	6,500	5,965	(535)
Cigarette licenses	1,200	900	(300)
Other business and occupational licenses	3,000	2,915	(85)
Cable television franchise fees	160,000	155,750	(4,250)
Bicycle licenses	25	21	(4)
Dog and cat licenses	1,900	1,520	(380)
Building permits	90,000	278,731	188,731
Electrical permits	12,000	38,714	26,714
Plumbing permits	12,000	37,624	25,624
Occupancy permits	2,800	4,260	1,460
Other permits	1,350	956	(394)
Total Licenses and Permits	310,775	545,907	235,132
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	97,350	114,824	17,474
Parking violations	27,000	21,403	(5,597)
Total Fines, Forfeitures and Penalties	124,350	136,227	11,877

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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES			
Clerk's fees	$ 2,400	$ 3,097	$ 697
Publication fees	600	607	7
Photocopies	800	3,828	3,028
Law enforcement fees	7,300	36,353	29,053
Fire protection fees	109,000	116,675	7,675
Ambulance fees	475,150	475,475	325
Other public safety	3,800	6,174	2,374
Streets	14,000	7,577	(6,423)
Parking meters	2,000	125	(1,875)
Zoning fees	500	2,400	1,900
Refuse and garbage collection	-	150	150
Recreation programs	202,580	212,552	9,972
Senior citizens center	-	5,546	5,546
Plan review fees	3,000	3,295	295
Total Public Charges for Services	821,130	873,854	52,724
INVESTMENT INCOME			
Investment income	5,000	9,100	4,100
MISCELLANEOUS			
Mitigation payment-WEPCO	500,000	500,000	-
Rent	115,000	127,233	12,233
Plans and specifications	200	-	(200)
Other miscellaneous	10,200	696	(9,504)
Insurance recoveries	2,000	60,808	58,808
Donations	1,000	3,824	2,824
Workmen's compensation	9,400	19,080	9,680
Insurance dividends	10,000	11,210	1,210
Total Miscellaneous	647,800	722,851	75,051
Total Revenues	8,383,327	8,830,611	447,284

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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
Council	$ 48,110	$ 48,453	$ (343)
Police and fire commission	14,775	5,061	9,714
Administrative	350,120	367,492	(17,372)
Elections	108,886	117,296	(8,410)
Assessor	31,550	26,945	4,605
Treasurer	106,021	66,868	39,153
City attorney	128,000	171,096	(43,096)
Municipal court	27,000	41,607	(14,607)
Municipal building	84,266	94,279	(10,013)
Insurance	252,246	279,376	(27,130)
Contingency	25,000	-	25,000
Total General Government	1,175,974	1,218,473	(42,499)
PUBLIC SAFETY			
Police	2,990,694	3,056,204	(65,510)
Parking meters	15,513	7,691	7,822
Crossing guards	42,448	40,995	1,453
Fire department	286,464	280,495	5,969
Emergency government	2,520	422	2,098
Ambulance	396,357	399,319	(2,962)
Inspection and zoning	95,773	105,810	(10,037)
McGruff safehouse	1,208	883	325
Total Public Safety	3,830,977	3,891,819	(60,842)
PUBLIC WORKS			
Street commissioner	50,785	60,125	(9,340)
Engineering	194,986	200,338	(5,352)
Vacations, sick leave, holidays, longevity	121,231	117,833	3,398
Gas and oil	71,550	45,658	25,892
Machinery and trucks	165,358	181,358	(16,000)
Workers compensation	1,488	-	1,488
Garage	62,946	70,646	(7,700)
Street repairs	146,098	164,937	(18,839)
Tree and brush removal	238,216	299,774	(61,558)
Street signs	93,895	79,995	13,900
Street cleaning	15,171	10,470	4,701
Snow and ice control	158,741	137,971	20,770
Street lighting	287,460	292,939	(5,479)
Storm sewer maintenance	39,656	66,154	(26,498)
Refuse and garbage collection	437,538	426,556	10,982
Recycling	11,575	5,915	5,660
Total Public Works	2,096,694	2,160,669	(63,975)
HEALTH AND HUMAN SERVICES			
Health and safety payments	7,500	9,218	(1,718)

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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
CULTURE, RECREATION AND EDUCATION			
Library	$ 581,887	$ 544,042	$ 37,845
Museum	1,725	1,526	199
Senior citizens center	91,712	95,521	(3,809)
Public restrooms	18,500	24,531	(6,031)
Park maintenance	287,638	316,130	(28,492)
Concessions	19,000	23,257	(4,257)
Triathlon	1,100	1,017	83
Yoga & more	10,765	9,135	1,630
Recreation administration	199,309	220,050	(20,741)
Recreation maintenance	44,275	51,372	(7,097)
Celebration and entertainment	58,093	68,711	(10,618)
Playground	21,666	24,784	(3,118)
Playhouse	25,083	25,902	(819)
Swimming pool	153,757	134,342	19,415
Softball	8,513	6,670	1,843
Tennis	4,731	4,265	466
Basketball	3,222	3,894	(672)
Gym activities	12,172	13,159	(987)
Volleyball	1,885	1,063	822
Total Culture, Recreation and Education	1,545,033	1,569,371	(24,338)
CONSERVATION AND DEVELOPMENT			
Weed control	44,580	42,394	2,186
Economic development	145,269	155,226	(9,957)
Total Conservation and Development	189,849	197,620	(7,771)
CAPITAL OUTLAY			
Law enforcement	84,350	91,612	(7,262)
Elections	-	2,925	(2,925)
Fire protection	5,000	5,648	(648)
General administration	32,750	46,629	(13,879)
Ambulance	-	3,112	(3,112)
Library	4,200	19,136	(14,936)
Parks	-	10,492	(10,492)
Recreation	32,000	31,515	485
Total Capital Outlay	158,300	211,069	(52,769)
Total Expenditures	9,004,327	9,258,239	(253,912)
Excess (deficiency) of revenues over (under) expenditures	(621,000)	(427,628)	193,372
OTHER FINANCING SOURCES			
Transfers in	496,000	466,611	(29,389)

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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
Net Change in Fund Balance	$ (125,000)	38,983	$ 163,983
FUND BALANCE - Beginning of Year		1,124,639	
FUND BALANCE - END OF YEAR		$ 1,163,622	

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, 2016

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.

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

CITY OF PORT WASHINGTON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	0.03973232%	$ (977,408)	$ 4,782,327	20.44%	102.74%
12/31/16	0.03943463%	640,805	4,861,923	13.18%	98.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 378,253	$ 378,253	$ -	$ 4,861,923	7.78%
12/31/16	373,731	373,731	-	4,880,600	7.66%

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

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, 2016

	Special Revenue Funds			
	Marina	Revolving Loan	Library	Tourism
ASSETS				
Cash and investments	$ 148,281	$ 675,888	$ 20,100	$ 24,430
Receivables (net)				
Taxes	-	-	-	-
Loans	-	110,595	-	-
TOTAL ASSETS	$ 148,281	$ 786,483	$ 20,100	$ 24,430
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 4,123	$ -	$ -	$ 24,430
Unearned revenues	24,888	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	29,011	-	-	24,430
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Fund Balances (Deficit)				
Restricted	-	786,483	20,100	-
Committed	119,270	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	119,270	786,483	20,100	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 148,281	$ 786,483	$ 20,100	$ 24,430

Special Revenue Funds						
Library Trust	Open Spaces	Tree Replacement	Payments to Townships	Senior Center	Recycling/ Garbage	Environmental Planning
$ 78,871	$ 70,195	$ 91,910	$ 2,384	$ 3,974	$ 36,378	$ 5,198
-	-	-	11	35,000	159,084	-
-	-	-	-	-	-	-
$ 78,871	$ 70,195	$ 91,910	$ 2,395	$ 38,974	$ 195,462	$ 5,198
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	11	35,000	159,084	-
78,871	-	-	-	-	-	5,198
-	70,195	91,910	2,384	3,974	36,378	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,871	70,195	91,910	2,384	3,974	36,378	5,198
$ 78,871	$ 70,195	$ 91,910	$ 2,395	$ 38,974	$ 195,462	$ 5,198

CITY OF PORT WASHINGTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds		Capital Projects Funds	
	Waterfront Safety	Marina Special Events	Franklin Street Streetscape	2014 Capital Borrowing
ASSETS				
Cash and investments	$ 3,190	$ 474	$ 67,085	$ 33
Receivables (net)				
Taxes	-	-	-	-
Loans	-	-	-	-
TOTAL ASSETS	$ 3,190	$ 474	$ 67,085	$ 33
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ 64	$ -
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	-	64	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Fund Balances (Deficit)				
Restricted	-	-	67,021	33
Committed	-	474	-	-
Assigned	3,190	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	3,190	474	67,021	33
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,190	$ 474	$ 67,085	$ 33

Capital Project Funds			
Coal Dock Project	TID No. 2	TID No. 3	Total Nonmajor Governmental Funds
$ 29,766	$ 88,093	$ -	$ 1,346,250
-	48,757	-	242,852
-	-	-	110,595
$ 29,766	$ 136,850	$ -	$ 1,699,697
$ -	$ 1,210	$ -	$ 29,827
-	-	-	24,888
-	-	133,291	133,291
-	1,210	133,291	188,006
-	48,757	-	242,852
29,766	86,883	-	1,074,355
-	-	-	324,585
-	-	-	3,190
-	-	(133,291)	(133,291)
29,766	86,883	(133,291)	1,268,839
$ 29,766	$ 136,850	$ -	$ 1,699,697

CITY OF PORT WASHINGTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds			
	Marina	Revolving Loan	Library	Tourism
REVENUES				
Taxes	$ -	$ -	$ -	$ 202,430
Intergovernmental	-	-	-	-
Public charges for services	998,936	-	28,831	-
Investment income	1,351	5,173	6	-
Miscellaneous	10,214	-	-	-
Total Revenues	1,010,501	5,173	28,837	202,430
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	757,244	-	15,404	-
Conservation and development	-	55,816	-	202,430
Capital Outlay	7,467	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	764,711	55,816	15,404	202,430
Excess (deficiency) of revenues over expenditures	245,790	(50,643)	13,433	-
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers out	(281,470)	-	-	-
Total Other Financing Sources (Uses)	(281,470)	-	-	-
Net Change in Fund Balances	(35,680)	(50,643)	13,433	-
FUND BALANCES (DEFICIT) - Beginning of Year	154,950	837,126	6,667	-
FUND BALANCES (DEFICIT) - END OF YEAR	$ 119,270	$ 786,483	$ 20,100	$ -

Special Revenue Funds						
Library Trust	Open Spaces	Tree Replacement	Payments to Townships	Senior Center	Recycling/ Garbage	Environmental Planning
$ -	$ -	$ -	$ 5	$ 68,400	$ -	$ -
-	-	-	-	-	18,208	-
-	-	-	-	-	154,950	-
-	138	-	-	-	-	-
-	36,149	104,160	-	-	-	4,399
-	36,287	104,160	5	68,400	173,158	4,399
-	-	-	-	-	-	-
-	-	-	-	-	165,016	2,358
-	13,725	-	-	68,200	-	-
-	-	-	-	-	-	-
-	13,771	13,860	-	-	-	-
-	-	-	-	-	-	-
-	27,496	13,860	-	68,200	165,016	2,358
-	8,791	90,300	5	200	8,142	2,041
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	8,791	90,300	5	200	8,142	2,041
78,871	61,404	1,610	2,379	3,774	28,236	3,157
$ 78,871	$ 70,195	$ 91,910	$ 2,384	$ 3,974	$ 36,378	$ 5,198

CITY OF PORT WASHINGTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds		Capital Projects Funds	
	Waterfront Safety	Marina Special Events	Franklin Street Streetscape	2014 Capital Borrowing
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Investment income	-	-	329	839
Miscellaneous	4,753	53,816	-	-
Total Revenues	4,753	53,816	329	839
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	3,698	74,782	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	4,896	169,254
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	3,698	74,782	4,896	169,254
Excess (deficiency) of revenues over expenditures	1,055	(20,966)	(4,567)	(168,415)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,055	(20,966)	(4,567)	(168,415)
FUND BALANCES (DEFICIT) - Beginning of Year	2,135	21,440	71,588	168,448
FUND BALANCES (DEFICIT) - END OF YEAR	$ 3,190	$ 474	$ 67,021	$ 33

Capital Projects Funds			
Coal Dock Project	TID No. 2	TID No. 3	Total Nonmajor Governmental Funds
$ -	$ 43,557	$ -	$ 314,392
-	11,913	-	30,121
-	-	-	1,182,717
-	-	-	7,836
-	46,724	-	260,215
-	102,194	-	1,795,281
-	17,131	-	17,131
-	-	-	167,374
-	-	-	933,053
-	-	-	258,246
7,057	1,516,523	10,013	1,742,841
-	28,764	-	28,764
7,057	1,562,418	10,013	3,147,409
(7,057)	(1,460,224)	(10,013)	(1,352,128)
-	1,500,000	-	1,500,000
-	-	-	(281,470)
-	1,500,000	-	1,218,530
(7,057)	39,776	(10,013)	(133,598)
36,823	47,107	(123,278)	1,402,437
$ 29,766	$ 86,883	$ (133,291)	$ 1,268,839

CITY OF PORT WASHINGTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - MARINA
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
PUBLIC CHARGES FOR SERVICES			
Marina	$ 1,140,000	$ 998,936	$ (141,064)
INVESTMENT INCOME			
Investment income	500	1,351	851
MISCELLANEOUS			
Donations	1,000	1,200	200
Other miscellaneous	8,000	9,014	1,014
Total Miscellaneous	9,000	10,214	1,214
Total Revenues	1,149,500	1,010,501	(138,999)
EXPENDITURES			
CULTURE, RECREATION AND EDUCATION			
Marina	856,834	757,244	99,590
CAPITAL OUTLAY			
Recreation	10,000	7,467	2,533
Total Expenditures	866,834	764,711	102,123
Excess of revenues over expenditures	282,666	245,790	(36,876)
OTHER FINANCING USES			
Transfers out	(281,470)	(281,470)	-
Net Change in Fund Balance	$ 1,196	(35,680)	$ (36,876)
FUND BALANCE - Beginning of Year		154,950	
FUND BALANCE - END OF YEAR		$ 119,270	

CITY OF PORT WASHINGTON

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET -
COMPONENT UNIT - COMMUNITY DEVELOPMENT AUTHORITY
As of December 31, 2016

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

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, 2016

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

CITY OF PORT WASHINGTON

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET -
COMPONENT UNIT - BUSINESS IMPROVEMENT DISTRICT
As of December 31, 2016

	Business Improvement District	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	$ 6,318	$ -	$ 6,318
Taxes receivable	60,076	-	60,076
TOTAL ASSETS	$ 66,394	$ -	$ 66,394
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	$ 60,076	$ -	$ 60,076
FUND BALANCE/NET POSITION			
Fund Balance			
Unassigned	6,318	(6,318)	-
Total Fund Balance	6,318	(6,318)	-
Total Deferred Inflows of Resources and Fund Balance	$ 66,394		
Net Position			
Unrestricted		6,318	6,318
TOTAL NET POSITION		$ -	$ 6,318

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, 2016

	Business Improvement District	Statement of Activities
EXPENDITURES/EXPENSES		
Economic development	$ 66,563	$ 66,563
GENERAL REVENUES		
Investment income	40	40
Miscellaneous	60,234	60,234
Total General Revenues	60,274	60,274
Excess (deficiency) of revenues over expenditures	(6,289)	(6,289)
FUND BALANCE/NET POSITION -		
Beginning of Year	12,607	12,607
END OF YEAR	$ 6,318	$ 6,318