

CITY OF STURGEON BAY
FINANCE/PURCHASING & BUILDING COMMITTEE
Tuesday, April 29, 2014
Council Chambers, City Hall - 421 Michigan Street
7:00pm

1. Roll call.
2. Adoption of agenda.
3. Consideration of: 2013 Audit
4. Consideration of: Chemical Spraying of Aquatic Vegetation
5. Review bills.
6. Adjourn.

NOTE: DEVIATION FROM THE AGENDA ORDER SHOWN MAY OCCUR.

Notice is hereby given that a majority of the Common Council may be present at this meeting to gather information about a subject over which they have decision-making responsibility. If a quorum of the Common Council does attend, this may constitute a meeting of the Common Council and is noticed as such, although the Common Council will not take any formal action at this meeting.

Posted:
Date: 04/25/14
Time: 2:45pm
By: TM

Finance /Purchasing & Building Committee Members:
Joseph Stutting, Chair
Danny Wiegand, Vice Chair
Robert Schlicht Jr.

EXECUTIVE SUMMARY

TITLE: 2013 Audit

BACKGROUND: Schenck Government & Not-For-Profit Solutions has completed the 2013 financial audit for the City of Sturgeon Bay. A clean audit opinion was issued by Schenck. The details of their financial audit can be found in the attached audit report and management letter.

FISCAL IMPACT: The fiscal impact to the City is the contracted amount of \$16,880.

OPTIONS: Accept or reject the Schenck Government & Not-For-Profit Solutions 2013 audit report.

RECOMMENDATION:

Recommend to the Common Council to accept the Schenck Government & Not-For-Profit Solutions 2013 financial audit report for the City of Sturgeon Bay and place it on file.

PREPARED BY:

Valerie J. Clarizio
Valerie J. Clarizio
Finance Director/City Treasurer

4/21/14
Date

REVIEWED BY:

Stephen McNeil
Stephen McNeil
City Administrator

4/21/14
Date

MANAGEMENT COMMUNICATIONS
CITY OF STURGEON BAY, WISCONSIN
DECEMBER 31, 2013

CITY OF STURGEON BAY, WISCONSIN
December 31, 2013

TABLE OF CONTENTS

	<u>Page No.</u>
COMMUNICATION TO THE CITY COUNCIL	1 - 3
SUMMARY FINANCIAL INFORMATION	
1. City Governmental Fund Balances	4
Tax Incremental District No. 1	5
Tax Incremental District No. 2	6
Tax Incremental District No. 3	7
Tax Incremental District No. 4	8
2. Sturgeon Bay Utilities	9
APPENDIX	
Management Representation Letter	



Schenck

CPAs AND SO MUCH MORE.

To the City Council
City of Sturgeon Bay
Sturgeon Bay, Wisconsin

We have completed our audit of the basic financial statements of the City of Sturgeon Bay, Wisconsin (the "City") for the year ended December 31, 2013. The City's financial statements, including our report thereon dated April 3, 2014, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, noncompliance with the provisions of laws, regulations, contracts and grants or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the City as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 58 - 59 of the annual report.



Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency:

Finding 2013-001 Preparation of Annual Financial Report

This finding is described in detail in the schedule of findings and responses on page 60 of the annual report.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no significant transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates included in the financial statements were:

Depreciable Life of Capital Assets

- Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.

Accumulated Sick Leave

- Management's estimate of accumulated sick leave is based upon analysis of the employees sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the related liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Other Post-Employment Benefits

- Management's estimate of the other post-employment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The financial statements reflect all accounting adjustments proposed during our audit. These entries are considered routine in nature and normally do not vary significantly from year to year. Copies of the audit adjustments are available from management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 3, 2014. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

This communication, which does not affect our report dated April 3, 2014 on the financial statements of the City, is intended solely for the information and use of the City Council, management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Certified Public Accountants
Green Bay, Wisconsin
April 3, 2014

SUMMARY FINANCIAL INFORMATION

1. City Governmental Fund Balances

Presented below is a summary of governmental fund balances on December 31, 2013, including a comparison to the prior year. The information is provided for assessing financial results for 2013 and for indicating financial resources available for 2014 and subsequent years.

	12/31/13	12/31/12
General Fund		
Nonspendable		
Inventories and prepaid items	\$ 1,125	\$ 1,190
Assigned for subsequent expenditures	416,547	308,542
Unassigned	2,947,883	2,694,320
Total General Fund	<u>3,365,555</u>	<u>3,004,052</u>
Special Revenue Funds		
Restricted		
Revolving loan	153,681	351,455
Assigned		
Cable TV	251,864	212,832
Total Special Revenue Funds	<u>405,545</u>	<u>564,287</u>
Capital Projects Funds		
Restricted		
Tax Increment Districts		
#1 - Industrial Park	156,496	146,002
#2 - Waterfront District	1,735,196	3,041,569
#3 - Blight Elimination	610,752	463,881
Assigned		
Capital Improvements	2,369,069	2,441,933
Unassigned		
#4 - West Waterfront	(407,773)	-
Total Capital Projects Funds	<u>4,463,740</u>	<u>6,093,385</u>
Total Governmental Funds	<u>\$ 8,234,840</u>	<u>\$ 9,661,724</u>

The following is a calculation of the working capital reserve approved for the general fund at December 31, 2013:

Calendar 2014 operating budget	\$ 10,137,400
Reserve percentage	x .25
RESERVE	<u>\$ 2,534,350</u>

The excess of the general fund unassigned balance over the working capital reserve is \$413,533. The City used \$416,547 of the 2013 excess to finance expenditures for 2014. In the Capital Improvements fund, the entire balance has been assigned to 2014.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 1 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 1991

Date Approved: September 20, 1991

Latest Possible Termination Date: December 31, 2028

	Current Year	Cumulative
Revenues		
Tax increments	\$ 457,752	\$ 4,817,843
Other	10,494	1,742,346
Total Revenues	468,246	6,560,189
Expenditures		
Planning and administration	-	102,664
Capital outlay	-	2,205,594
Interest	-	1,293,401
Bond issuance costs	-	110,399
Total Expenditures	-	3,712,058
Subtotal Excess Recovered Project Costs		2,848,131
Transfer to Tax incremental district #2 (Year 1)		(283,928)
Transfer to Tax Incremental district #2 (Year 2)		(350,407)
Transfer to Tax Incremental district #2 & #3 (Year 3)		(369,879)
Transfer to Tax Incremental district #2 & #3 (Year 4)		(391,430)
Transfer to Tax Incremental district #2 & #3 (Year 5)		(384,801)
Transfer to Tax Incremental district #2 & #3 (Year 6)		(453,438)
Transfer to Tax Incremental district #2 & #3 (Year 7)		(457,752)
Net Excess Recovered Project Costs		\$ 156,496
Outstanding Long-term Debt at December 31, 2013		\$ -

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 2 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 1994

Date Approved: September 6, 1994

Latest Possible Termination Date: December 31, 2031

	Current Year	Cumulative
Revenues		
Tax increments	\$ 1,191,505	\$ 17,696,812
Other	164,550	8,629,887
Total Revenues	1,356,055	26,326,699
Expenditures		
Planning and administration	28,571	1,317,883
Capital outlay	153,784	28,213,866
Interest	942,192	17,180,844
Bond refunding costs	348,280	1,093,810
Total Expenditures	1,472,827	47,806,403
Subtotal Unreimbursed Project Costs		21,479,704
Transfer from Tax incremental district #1 (Year 1)		(283,928)
Transfer from Tax incremental district #1 (Year 2)		(350,407)
Transfer from Tax incremental district #1 (Year 3)		(313,414)
Transfer from Tax incremental district #1 (Year 4)		(331,976)
Transfer from Tax incremental district #1 (Year 5)		(263,124)
Transfer from Tax incremental district #1 (Year 6)		(328,043)
Transfer from Tax incremental district #1 (Year 7)		(326,422)
Net Unreimbursed Project Costs		\$ 19,282,390
Outstanding Long-term Debt at December 31, 2013		\$ 21,017,586

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 3 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 2008

Date Approved: October 2, 2008

Latest Possible Termination Date: December 31, 2034

	Current Year	Cumulative
Revenues		
Tax increments	\$ -	\$ 8,034
Other	94,710	594,109
Total Revenues	<u>94,710</u>	<u>602,143</u>
Expenditures		
Planning and administration	7,300	139,015
Capital outlay	74,600	1,874,653
Interest	62,268	227,043
Total Expenditures	<u>144,168</u>	<u>2,240,711</u>
Subtotal Unreimbursed Project Costs		1,638,568
Transfer from Tax incremental district #1 (Year 3)		(56,465)
Transfer from Tax incremental district #1 (Year 4)		(59,454)
Transfer from Tax incremental district #1 (Year 5)		(121,677)
Transfer from Tax incremental district #1 (Year 6)		(125,395)
Transfer from Tax incremental district #1 (Year 7)		<u>(131,330)</u>
Net Unreimbursed Project Costs		<u>\$ 1,144,247</u>
Outstanding Long-term Debt at December 31, 2013		<u>\$ 1,755,000</u>

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 4 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 2013

Date Approved: March 19, 2013

Latest Possible Termination Date: December 31, 2040

	Current Year	Cumulative
Revenues		
Tax increments	\$ -	\$ -
Other	-	-
Total Revenues	-	-
Expenditures		
Planning and administration	304,869	304,869
Capital outlay	102,904	102,904
Total Expenditures	407,773	407,773
Net Unreimbursed Project Costs		<u>\$ 407,773</u>
Outstanding Long-term Debt at December 31, 2013		<u>\$ -</u>

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

SUMMARY FINANCIAL INFORMATION

2. Sturgeon Bay Utilities

A condensed income statement showing the results of operations for the year ended December 31, 2013, including a comparison to 2012 follows:

	Water	Electric	Sewer	Total
Operating Revenues				
Charges for services	\$ 1,998,729	\$ 15,681,551	\$ 2,034,150	\$ 19,714,430
Other	71,183	302,497	14,752	388,432
	<u>2,069,912</u>	<u>15,984,048</u>	<u>2,048,902</u>	<u>20,102,862</u>
Operating Expenses				
Operation and maintenance	1,236,962	13,471,196	1,237,535	15,945,693
Depreciation	401,827	1,038,411	446,584	1,886,822
Taxes	26,182	204,012	15,448	245,642
Transfer for tax equivalent	343,501	425,679	-	769,180
	<u>2,008,472</u>	<u>15,139,298</u>	<u>1,699,567</u>	<u>18,847,337</u>
2013 Operating Income	<u>\$ 61,440</u>	<u>\$ 844,750</u>	<u>\$ 349,335</u>	<u>\$ 1,255,525</u>
2013 PSC Operating Income	<u>\$ 201,401</u>	<u>\$ 982,572</u>	<u>N/A</u>	
2013 PSC Rate of Return	<u>3.06%</u>	<u>6.30%</u>	<u>N/A</u>	
Effective Date of Rates	<u>8/1/13</u>	<u>6/1/11</u>	<u>1/1/12</u>	
2012 Operating Income	<u>\$ (44,876)</u>	<u>\$ 842,728</u>	<u>\$ 442,939</u>	

Summary comments:

The operating income of the above analysis derived from the financial statements is lower than the PSC amount primarily due to depreciation on contributed plant, which is not used in PSC calculated amount.

APPENDIX

CITY of STURGEON BAY



STURGEON BAY UTILITIES



Stephen McNeil, City Administrator
421 Michigan Street
Sturgeon Bay, WI 54235

920-746-2900 Phone
920-746-2905 Fax
www.sturgeonbaywi.org

James M. Stawicki, General Manager
230 East Vine St
Sturgeon Bay, WI 54235

920-746-2820 Phone
920-746-2822 Fax
www.sbunet.com

April 21, 2014

Schenck SC
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of the City of Sturgeon Bay, Wisconsin (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2013, and the respective changes in the financial position and where applicable, cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 3, 2014, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 27, 2014, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. In regards to accounting estimates:
 - The measurement processes used by management in determining accounting estimates is appropriate and consistent.
 - The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
 - The disclosures related to accounting estimates are complete and appropriate.

- No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
4. We acknowledge our responsibility for 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.
 5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
 6. Significant assumptions we used in making accounting estimates are reasonable.
 7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
 8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
 9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the City's accounts.
 10. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 11. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council and Utility Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
 - a. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - i. Management,
 - ii. Employees who have significant roles in internal control, or
 - iii. Others where the fraud could have a material effect on the financial statements.
 - b. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.

15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
17. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

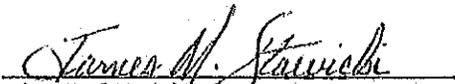
Government - specific

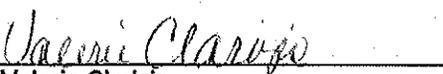
18. We have made available to you all financial records and related data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
23. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or equity.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. As part of your audit, you assisted with preparation of the financial statements and related notes, and state financial report. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, and state financial report.
27. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as disclosed in the annual financial report.
28. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities.

32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position were properly recognized under the policy.
41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
42. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, and supporting schedules, (the supplementary information) in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
43. We agree with the findings of specialists in evaluating the other post-employment benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
44. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the City's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.
45. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
46. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

- 47. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
- 48. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
- 49. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 50. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.
- 51. Expenditures of federal awards were below the \$500,000 threshold in the year ended December 31, 2013, and we were not required to have an audit in accordance with *OMB Circular A-133*.
- 52. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: 
Stephen McNeil
City Administrator

Signed: 
James Stawicki
SBU General Manager

Signed: 
Valarie Clarizio
Finance Director/City Treasurer

Signed: 
Laurie Bauldry
SBU Accountant

MANAGEMENT COMMUNICATIONS
CITY OF STURGEON BAY, WISCONSIN
DECEMBER 31, 2013

CITY OF STURGEON BAY, WISCONSIN
December 31, 2013

TABLE OF CONTENTS

	<u>Page No.</u>
COMMUNICATION TO THE CITY COUNCIL	1 - 3
SUMMARY FINANCIAL INFORMATION	
1. City Governmental Fund Balances	4
Tax Incremental District No. 1	5
Tax Incremental District No. 2	6
Tax Incremental District No. 3	7
Tax Incremental District No. 4	8
2. Sturgeon Bay Utilities	9
APPENDIX	
Management Representation Letter	



Schenck

CPAs AND SO MUCH MORE.

To the City Council
City of Sturgeon Bay
Sturgeon Bay, Wisconsin

We have completed our audit of the basic financial statements of the City of Sturgeon Bay, Wisconsin (the "City") for the year ended December 31, 2013. The City's financial statements, including our report thereon dated April 3, 2014, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, noncompliance with the provisions of laws, regulations, contracts and grants or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the City as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 58 - 59 of the annual report.



Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency:

Finding 2013-001 Preparation of Annual Financial Report

This finding is described in detail in the schedule of findings and responses on page 60 of the annual report.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no significant transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates included in the financial statements were:

Depreciable Life of Capital Assets

- Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.

Accumulated Sick Leave

- Management's estimate of accumulated sick leave is based upon analysis of the employees sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the related liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Other Post-Employment Benefits

- Management's estimate of the other post-employment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The financial statements reflect all accounting adjustments proposed during our audit. These entries are considered routine in nature and normally do not vary significantly from year to year. Copies of the audit adjustments are available from management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 3, 2014. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

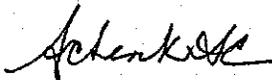
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

This communication, which does not affect our report dated April 3, 2014 on the financial statements of the City, is intended solely for the information and use of the City Council, management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Certified Public Accountants
Green Bay, Wisconsin
April 3, 2014

SUMMARY FINANCIAL INFORMATION

1. City Governmental Fund Balances

Presented below is a summary of governmental fund balances on December 31, 2013, including a comparison to the prior year. The information is provided for assessing financial results for 2013 and for indicating financial resources available for 2014 and subsequent years.

	12/31/13	12/31/12
General Fund		
Nonspendable		
Inventories and prepaid items	\$ 1,125	\$ 1,190
Assigned for subsequent expenditures	416,547	308,542
Unassigned	2,947,883	2,694,320
Total General Fund	<u>3,365,555</u>	<u>3,004,052</u>
Special Revenue Funds		
Restricted		
Revolving loan	153,681	351,455
Assigned		
Cable TV	251,864	212,832
Total Special Revenue Funds	<u>405,545</u>	<u>564,287</u>
Capital Projects Funds		
Restricted		
Tax Increment Districts		
#1 - Industrial Park	156,496	146,002
#2 - Waterfront District	1,735,196	3,041,569
#3 - Blight Elimination	610,752	463,881
Assigned		
Capital Improvements	2,369,069	2,441,933
Unassigned		
#4 - West Waterfront	(407,773)	-
Total Capital Projects Funds	<u>4,463,740</u>	<u>6,093,385</u>
Total Governmental Funds	<u>\$ 8,234,840</u>	<u>\$ 9,661,724</u>

The following is a calculation of the working capital reserve approved for the general fund at December 31, 2013:

Calendar 2014 operating budget	\$ 10,137,400
Reserve percentage	x .25
RESERVE	<u>\$ 2,534,350</u>

The excess of the general fund unassigned balance over the working capital reserve is \$413,533. The City used \$416,547 of the 2013 excess to finance expenditures for 2014. In the Capital Improvements fund, the entire balance has been assigned to 2014.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 1 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 1991

Date Approved: September 20, 1991

Latest Possible Termination Date: December 31, 2028

	Current Year	Cumulative
Revenues		
Tax increments	\$ 457,752	\$ 4,817,843
Other	10,494	1,742,346
Total Revenues	468,246	6,560,189
Expenditures		
Planning and administration	-	102,664
Capital outlay	-	2,205,594
Interest	-	1,293,401
Bond issuance costs	-	110,399
Total Expenditures	-	3,712,058
Subtotal Excess Recovered Project Costs		2,848,131
Transfer to Tax incremental district #2 (Year 1)		(283,928)
Transfer to Tax Incremental district #2 (Year 2)		(350,407)
Transfer to Tax Incremental district #2 & #3 (Year 3)		(369,879)
Transfer to Tax Incremental district #2 & #3 (Year 4)		(391,430)
Transfer to Tax Incremental district #2 & #3 (Year 5)		(384,801)
Transfer to Tax Incremental district #2 & #3 (Year 6)		(453,438)
Transfer to Tax Incremental district #2 & #3 (Year 7)		(457,752)
Net Excess Recovered Project Costs		\$ 156,496
Outstanding Long-term Debt at December 31, 2013		\$ -

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 2 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 1994

Date Approved: September 6, 1994

Latest Possible Termination Date: December 31, 2031

	Current Year	Cumulative
Revenues		
Tax increments	\$ 1,191,505	\$ 17,696,812
Other	164,550	8,629,887
Total Revenues	1,356,055	26,326,699
Expenditures		
Planning and administration	28,571	1,317,883
Capital outlay	153,784	28,213,866
Interest	942,192	17,180,844
Bond refunding costs	348,280	1,093,810
Total Expenditures	1,472,827	47,806,403
Subtotal Unreimbursed Project Costs		21,479,704
Transfer from Tax incremental district #1 (Year 1)		(283,928)
Transfer from Tax incremental district #1 (Year 2)		(350,407)
Transfer from Tax incremental district #1 (Year 3)		(313,414)
Transfer from Tax incremental district #1 (Year 4)		(331,976)
Transfer from Tax incremental district #1 (Year 5)		(263,124)
Transfer from Tax incremental district #1 (Year 6)		(328,043)
Transfer from Tax incremental district #1 (Year 7)		(326,422)
Net Unreimbursed Project Costs		\$ 19,282,390
Outstanding Long-term Debt at December 31, 2013		\$ 21,017,586

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 3 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 2008

Date Approved: October 2, 2008

Latest Possible Termination Date: December 31, 2034

	Current Year	Cumulative
Revenues		
Tax increments	\$ -	\$ 8,034
Other	94,710	594,109
Total Revenues	94,710	602,143
Expenditures		
Planning and administration	7,300	139,015
Capital outlay	74,600	1,874,653
Interest	62,268	227,043
Total Expenditures	144,168	2,240,711
Subtotal Unreimbursed Project Costs		1,638,568
Transfer from Tax incremental district #1 (Year 3)		(56,465)
Transfer from Tax incremental district #1 (Year 4)		(59,454)
Transfer from Tax incremental district #1 (Year 5)		(121,677)
Transfer from Tax incremental district #1 (Year 6)		(125,395)
Transfer from Tax incremental district #1 (Year 7)		(131,330)
Net Unreimbursed Project Costs		\$ 1,144,247
Outstanding Long-term Debt at December 31, 2013		\$ 1,755,000

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 4 ANNUAL REPORT
For the Year Ended December 31, 2013

Date Created: January 1, 2013

Date Approved: March 19, 2013

Latest Possible Termination Date: December 31, 2040

	Current Year	Cumulative
Revenues		
Tax increments	\$ -	\$ -
Other	-	-
Total Revenues	-	-
Expenditures		
Planning and administration	304,869	304,869
Capital outlay	102,904	102,904
Total Expenditures	407,773	407,773
Net Unreimbursed Project Costs		<u>\$ 407,773</u>
Outstanding Long-term Debt at December 31, 2013		<u>\$ -</u>

In accordance with the TID statutes, this annual financial summary should be made available to the public with copies being submitted to Door County, Sturgeon Bay Schools, and the Northeast Wisconsin Technical College.

SUMMARY FINANCIAL INFORMATION

2. Sturgeon Bay Utilities

A condensed income statement showing the results of operations for the year ended December 31, 2013, including a comparison to 2012 follows:

	Water	Electric	Sewer	Total
Operating Revenues				
Charges for services	\$ 1,998,729	\$ 15,681,551	\$ 2,034,150	\$ 19,714,430
Other	71,183	302,497	14,752	388,432
	<u>2,069,912</u>	<u>15,984,048</u>	<u>2,048,902</u>	<u>20,102,862</u>
Operating Expenses				
Operation and maintenance	1,236,962	13,471,196	1,237,535	15,945,693
Depreciation	401,827	1,038,411	446,584	1,886,822
Taxes	26,182	204,012	15,448	245,642
Transfer for tax equivalent	343,501	425,679	-	769,180
	<u>2,008,472</u>	<u>15,139,298</u>	<u>1,699,567</u>	<u>18,847,337</u>
2013 Operating Income	<u>\$ 61,440</u>	<u>\$ 844,750</u>	<u>\$ 349,335</u>	<u>\$ 1,255,525</u>
2013 PSC Operating Income	<u>\$ 201,401</u>	<u>\$ 982,572</u>	<u>N/A</u>	
2013 PSC Rate of Return	<u>3.06%</u>	<u>6.30%</u>	<u>N/A</u>	
Effective Date of Rates	<u>8/1/13</u>	<u>6/1/11</u>	<u>1/1/12</u>	
2012 Operating Income	<u>\$ (44,876)</u>	<u>\$ 842,728</u>	<u>\$ 442,939</u>	

Summary comments:

The operating income of the above analysis derived from the financial statements is lower than the PSC amount primarily due to depreciation on contributed plant, which is not used in PSC calculated amount.

APPENDIX

CITY of STURGEON BAY



STURGEON BAY UTILITIES



Stephen McNeil, City Administrator
421 Michigan Street
Sturgeon Bay, WI 54235

920-746-2900 Phone
920-746-2905 Fax
www.sturgeonbaywi.org

James M. Stawicki, General Manager
230 East Vine St
Sturgeon Bay, WI 54235

920-746-2820 Phone
920-746-2822 Fax
www.sbunet.com

April 21, 2014

Schenck SC
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of the City of Sturgeon Bay, Wisconsin (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2013, and the respective changes in the financial position and where applicable, cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 3, 2014, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 27, 2014, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. In regards to accounting estimates:
 - The measurement processes used by management in determining accounting estimates is appropriate and consistent.
 - The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
 - The disclosures related to accounting estimates are complete and appropriate.

- No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
4. We acknowledge our responsibility for 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.
 5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
 6. Significant assumptions we used in making accounting estimates are reasonable.
 7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
 8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
 9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the City's accounts.
 10. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 11. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council and Utility Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
 - a. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - i. Management,
 - ii. Employees who have significant roles in internal control, or
 - iii. Others where the fraud could have a material effect on the financial statements.
 - b. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.

15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
17. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

18. We have made available to you all financial records and related data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
23. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or equity.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. As part of your audit, you assisted with preparation of the financial statements and related notes, and state financial report. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, and state financial report.
27. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as disclosed in the annual financial report.
28. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities.

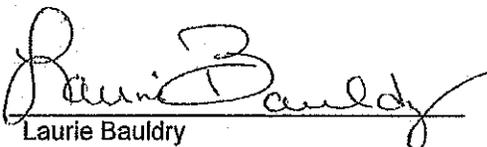
32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position were properly recognized under the policy.
41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
42. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, and supporting schedules, (the supplementary information) in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
43. We agree with the findings of specialists in evaluating the other post-employment benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
44. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the City's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.
45. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
46. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

47. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
48. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
49. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
50. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.
51. Expenditures of federal awards were below the \$500,000 threshold in the year ended December 31, 2013, and we were not required to have an audit in accordance with *OMB Circular A-133*.
52. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: 
Stephen McNeil
City Administrator

Signed: 
James Stawicki
SBU General Manager

Signed: 
Valarie Clarizio
Finance Director/City Treasurer

Signed: 
Laurie Bauldry
SBU Accountant

CITY OF STURGEON BAY, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2013

CITY OF STURGEON BAY, WISCONSIN
December 31, 2013

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13 - 14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15 - 17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18 - 20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	21
Statement of Net Position (Deficit) - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Net Position (Deficit) - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24 - 25
Notes to Basic Financial Statements	26 - 47
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress - Other Post-employment Benefit Plan	48
Schedule of Employer Contributions - Other Post-employment Benefit Plan	49
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	50 - 51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	52 - 53
Detailed Comparison of Revenues - Budget and Actual - General Fund	54 - 55
Detailed Comparison of Expenditures - Budget and Actual - General Fund	56 - 57
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58 - 59
Schedule of Findings and Responses	60

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Sturgeon Bay, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sturgeon Bay, Wisconsin ("the City") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund 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 management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions on pages 3 through 11 and 48 through 49 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited the City of Sturgeon Bay's 2012 financial statements, and our report dated April 11, 2013, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
April 3, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY of STURGEON BAY



STURGEON BAY UTILITIES



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Management's Discussion and Analysis December 31, 2013

As management of the City of Sturgeon Bay, we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2013 by \$83,705,031 (*net position*). Of this amount, \$13,379,209 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,711,238. Several factors contributed to the overall increase as follows:
 - The City's Governmental activities' total net position decreased by \$392,264.
 - The City's Business-type activities' (*Solid Waste Fund*) total net position decreased by \$101,746.
 - The City's total net position of Sturgeon Bay Utilities increased by \$2,205,248.
- The City's general fund increased by \$361,503 primarily due to staff reorganization, allocation of staff time to other funds, and conservative spending in several other expense line items.
- The assessed property tax rate, without TID, increased from \$6.98 to \$7.06 per \$1,000 of property value for the year ended December 31, 2013.
- As of December 31, 2013 the City's governmental funds reported combined ending fund balances of \$8,234,840, a decrease of \$1,426,884 in comparison with the prior year. Approximately 31% of this total amount, \$2,540,110 is available for spending at the City's discretion (*unassigned fund balance*).
- As of December 31, 2013, unassigned fund balance for the general fund was \$2,947,883, or approximately 28% of the total general fund expenditures budgeted for 2014.
- The City's total general-obligation debt decreased by \$294,494 (2%) during 2013. The key factor in this decrease was the routine retirement of debt in accordance with the debt schedules.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, health and human services, culture and recreation, conservation and development, debt service and capital outlay. The business-type activities of the City include the Solid Waste Fund and Sturgeon Bay Utility activities including water, wastewater and electric operations.

The government-wide financial statements include only the City itself (known as the *primary government*).

The government-wide financial statements can be found on pages 12 - 14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Tax Incremental District #2 Fund each of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15 - 21 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste Fund and Utility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City does not use internal service funds at this time. Because this/these service(s) predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility, which is considered to be a major fund of the City, and the Solid Waste Fund which is considered to be a nonmajor fund of the City.

The basic proprietary fund financial statements can be found on pages 22 - 25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 - 47 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 50 - 57.

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$83,703,091 at the close of 2013.

City of Sturgeon Bay's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 29,439,408	\$ 31,337,317	\$ 10,902,973	\$ 10,098,457	\$ 40,342,381	\$ 41,435,774
Capital assets	52,452,165	53,534,596	40,603,932	39,198,426	93,056,097	92,733,022
Total assets	\$ 81,891,573	\$ 84,871,913	\$ 51,506,905	\$ 49,296,883	\$ 133,398,478	\$ 134,168,796
Deferred outflows of resources	\$ 453,036	\$ -	\$ -	\$ -	\$ 453,036	\$ -
Long-term liabilities outstanding	26,725,383	25,989,847	475,227	403,544	27,200,610	26,393,391
Other liabilities	13,032,062	15,757,138	2,214,752	2,179,915	15,246,814	17,937,053
Total liabilities	\$ 39,757,445	\$ 41,746,985	\$ 2,689,979	\$ 2,583,459	\$ 42,447,424	\$ 44,330,444
Deferred inflows of resources	\$ 7,699,059	\$ 7,844,559	\$ -	\$ -	\$ 7,699,059	\$ 7,844,559
Net position:						
Invested in capital assets, net of related debt	\$ 26,277,565	\$ 25,685,627	\$ 40,162,513	\$ 38,836,882	\$ 66,440,078	\$ 64,522,509
Restricted	3,364,391	4,002,907	521,353	520,856	3,885,744	4,523,763
Unrestricted	5,246,149	5,591,835	8,133,060	7,355,686	13,379,209	12,947,521
Total net position	\$ 34,888,105	\$ 35,280,369	\$ 48,816,926	\$ 46,713,424	\$ 83,705,031	\$ 81,993,793

By far the largest portion of the City's net position (79%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,379,209) may be used to meet the City's ongoing obligations to citizens and creditors.

Change in net position. Governmental activities decreased the City's net position by \$394,204. Key elements of this decrease are as follows:

City of Sturgeon Bay's Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 910,778	\$ 903,134	\$ 20,483,876	\$ 20,065,752	\$ 21,394,654	\$ 20,968,886
Operating grants and contributions	592,502	593,945	-	-	592,502	593,945
Capital grants and contributions	604,610	635,254	612,566	819,960	1,217,176	1,455,214
General revenues:						
Property taxes	7,565,989	7,228,943	-	150,000	7,565,989	7,378,943
Other taxes	218,402	226,542	-	-	218,402	226,542
Grants and contributions not restricted to specific programs	955,142	971,398	-	-	955,142	971,398
Other revenues	1,005,137	943,996	(472,997)	(513,939)	532,140	430,057
Total revenues	\$ 11,852,560	\$ 11,503,212	\$ 20,623,445	\$ 20,521,773	\$ 32,476,005	\$ 32,024,985
Expenses:						
General government	\$ 1,807,665	\$ 1,771,166	\$ -	\$ -	\$ 1,807,665	\$ 1,771,166
Public safety	4,362,509	4,222,119	-	-	4,362,509	4,222,119
Public works	2,933,553	3,312,425	-	-	2,933,553	3,312,425
Culture and recreation	1,146,212	986,366	-	-	1,146,212	986,366
Conservation and development	879,547	506,706	-	-	879,547	506,706
Interest on long-term debt	1,115,338	1,143,066	-	-	1,115,338	1,143,066
Water	-	-	1,664,971	1,671,785	1,664,971	1,671,785
Wastewater	-	-	1,699,567	1,641,112	1,699,567	1,641,112
Electric	-	-	14,713,836	14,486,055	14,713,836	14,486,055
Solid waste	-	-	441,569	805,429	441,569	805,429
Total expenses	\$ 12,244,824	\$ 11,941,848	\$ 18,519,943	\$ 18,604,381	\$ 30,764,767	\$ 30,546,229
Increase (Decrease) in net position	(392,264)	(438,636)	2,103,502	1,917,392	1,711,238	1,478,756
Net position - January 1	35,280,369	35,719,005	46,713,424	44,796,032	81,993,793	80,515,037
Net position - December 31	\$ 34,888,105	\$ 35,280,369	\$ 48,816,926	\$ 46,713,424	\$ 83,705,031	\$ 81,993,793

The property tax levy increased by \$78,570 (1.4%), without TID, for the 2013 collection year. This increase was directed toward the following areas:

\$ 96,615 for the General Fund Operations and Debt
 \$ 131,955 for Capital Improvements
 \$ (150,000) for Solid Waste Fund

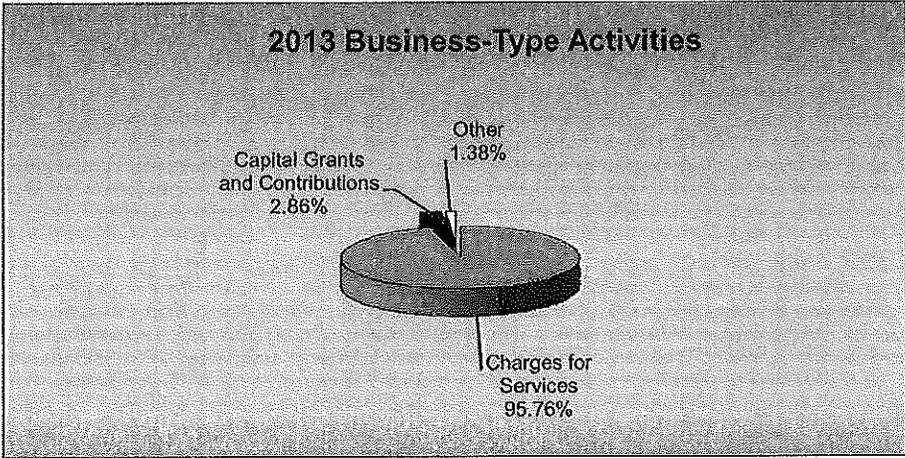
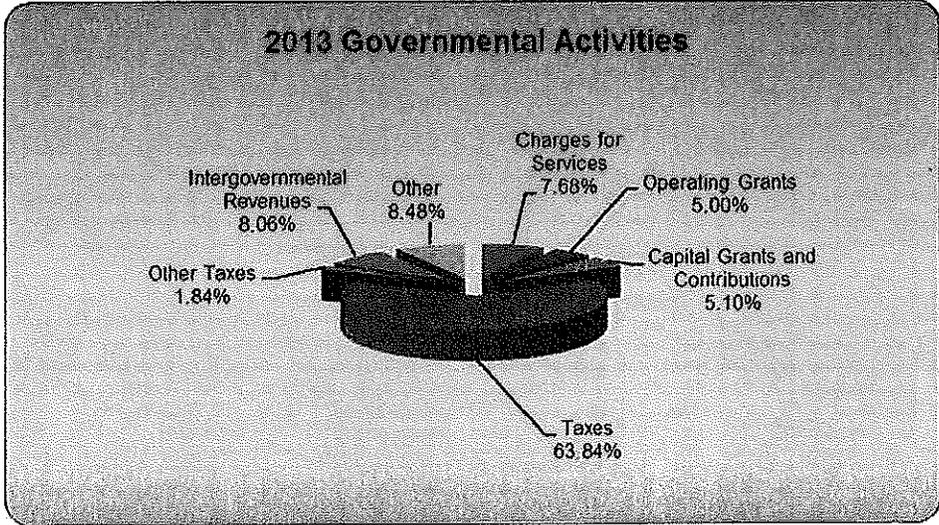
Investment earnings increased/(decreased) in the following funds primarily due to increasingly low interest rates and maintaining slightly lower fund balances:

\$ (3,967) General
 \$ (4) Capital Fund
 \$ (11) Tourism Fund
 \$ (2,093) Tax Increment District #2
 \$ (143) Tax Increment District #1
 \$ (44) Tax Increment District #3
 \$ (295) Revolving Loan Fund

The City realized a one-time loss of \$203,929 on the sale of land and capital assets.

Funding Sources for the governmental activities and business-type activities for the City of Sturgeon Bay and Sturgeon Bay Utilities

The Chart on the right illustrates how governmental activities are funded. Property taxes and other taxes account for 65.68% of the total revenue needed to fund governmental activities. Intergovernmental revenues and grants comprise another 18.16%, while charges for services and all other sources are equal to 16.16% of revenues.



Business-Type activities depend on charges for services as their primary revenue sources, as shown on the graph to the left. Charges for services account for 95.76% of the revenues needed to support the City's business activities.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$8,234,840, a decrease of \$1,426,884 in comparison with the prior year. Approximately 31% of this amount (\$2,540,110) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *restricted or assigned* to indicate that it is not available for new spending because it has already been restricted or assigned for the following:

\$	1,125	Prepaid Items
	2,502,444	Restricted for other Governmental Funds
	3,191,161	Assigned for Governmental Funds
<u>\$</u>	<u>5,694,730</u>	Total

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$2,947,883. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents 28% of total 2014 budgeted General Fund expenditures, and the total general fund balance also represents 31% of that same amount.

The fund balance of the City's general fund increased by \$361,503 during the current year. Key factors in this increase are as follows:

- Staff reorganization
- Reallocation of staff time to special funds
- Insurance and other expense savings

The Capital Improvements Fund has a total fund balance of \$2,369,069. The entire amount is assigned. Assigned fund balance represents 152% of total 2014 budgeted Capital Fund expenditures. The Tax Incremental District #2 Fund has a total fund balance of \$1,735,196 and the Tax Incremental District #3 Fund has a total fund balance of \$610,752. The TID District fund balances are restricted to carry out the project plan of the Districts.

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

Unrestricted net position of the Utility fund at the end of the year amounted to \$8,164,178. The total increase in net position was \$2,205,248.

Unrestricted net position of the Solid Waste fund at the end of the year amounted to (\$52,389). The total decrease in net position was \$101,746.

Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

In generally, the original budget is rarely modified. In most instances, when the budget is modified, the line item adjustments are made within the department. Following is a list of budget adjustments that were made in 2013 where the adjustments were made between different departments:

- 1) The amount of \$3,694.95 was transferred from Parks Department - Machinery (capital) to Police Department - Vehicles (capital) to purchase a vehicle.
- 2) The amount of \$3,000.00 was transferred from General Fund – Contingency (operating) to Parks Department – Miscellaneous Contractual (operating) for the Maritime Museum sign.

During the year, actual general fund revenues were more than budgeted revenues and appropriated balances by \$81,744 prior to applying budgeted appropriated balances and reserves. The 2013 budget contained \$1,713,542 in appropriated balances and reserves.

Actual expenditures were less than budgeted expenditures by \$1,937,678 in the general fund primarily due to lack of appropriations from the ERP contingency, savings realized due to the staff reorganization, and reallocation of staff time to special funds.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$93,098,097 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the City's investment in capital assets for the current year was \$323,075 or roughly .35% compared to last year.

Major capital assets acquired or constructed during the year include:

- One Squad Car
- Annual Storm Sewer Outlay.
- Annual Road Resurfacing and Repair.
- Annual Alley/Parking Lot Repair.
- Annual Curbing & Sidewalk Repair.
- Installation of Athletic Field Lighting.
- Replaced water and sewer main on North 4th Avenue.
- Replaced altitude valves at the Redwood and Duluth elevated tanks.
- Purchased a new water service vehicle.
- Renovated the Industrial substation and purchased a new substation transformer.
- Rebuilt or replaced multiple underground and overhead electric circuits throughout the City.
- Continued assessment and replacement of substandard manholes on the City's west side.

City of Sturgeon Bay's Capital Assets (Governmental Activities are net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 6,032,968	\$ 6,274,318	\$ 318,085	\$ 318,085	\$ 6,351,053	\$ 6,592,403
Land improvements	717,866	844,111	-	-	717,866	844,111
Buildings	6,567,818	6,803,947	6,207,535	6,200,824	12,775,353	13,004,771
Machinery and equipment and vehicles	1,649,029	1,706,881	18,277,080	16,984,860	19,926,109	18,691,741
Infrastructure	37,242,822	37,776,155	47,435,116	45,238,249	84,677,938	83,014,404
Less: Utility and solid waste fund depreciation	-	-	(32,015,377)	(30,685,680)	(32,015,377)	(30,685,680)
Construction in progress	241,662	129,184	423,493	1,184,088	665,155	1,313,272
Total	\$ 52,452,165	\$ 53,534,596	\$ 40,645,932	\$ 39,240,426	\$ 93,098,097	\$ 92,775,022

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$26,659,957 of this amount, \$15,059,957 comprises debt backed by the full faith and credit of the government and \$11,600,000 is debt which is expected to be paid by Tax Incremental Districts.

City of Sturgeon Bay's Outstanding Debt General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation debt:						
Bonds	\$ 13,320,000	\$ 13,540,000	\$ -	\$ -	\$ 13,320,000	\$ 13,540,000
Notes	1,254,600	1,408,969	483,419	403,544	1,738,019	1,812,513
Total general obligation debt	\$ 14,574,600	\$ 14,948,969	\$ 483,419	\$ 403,544	\$ 15,058,019	\$ 15,352,513
Lease revenue bonds	11,600,000	12,900,000	-	-	11,600,000	12,900,000
Total	\$ 26,174,600	\$ 27,848,969	\$ 483,419	\$ 403,544	\$ 26,658,019	\$ 28,252,513

The City's total debt decreased by \$1,594,494 during the current fiscal year. The key factor in this decrease was primarily due to the retirement of TID #2 lease revenue bonds.

The Sturgeon Bay Utility has no outstanding debt as of December 31, 2013.

The City maintains an Aa3 rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the City may issue to 5% of its total equalized valuation. The current debt limitation for the City is \$40,684,920, which is significantly in excess of the City's \$15,058,019, in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The economic condition and outlook of the City has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry and retail activities which support our tax base.
- Inflationary trends in our region compare favorably to national indices.
- During the current year, unassigned fund balance in the general fund increased to \$2,947,883. The City has assigned fund balance in the amount of \$416,547 for spending in the 2014 fiscal year budget.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director/City Treasurer, City of Sturgeon Bay, 421 Michigan St, Sturgeon Bay, WI 54235.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

CITY OF STURGEON BAY, WISCONSIN
Statement of Net Position
December 31, 2013
(With summarized financial information as of December 31, 2012)

	Governmental Activities	Business-type Activities	Total	
			2013	2012
ASSETS				
Cash and investments	\$ 11,822,121	\$ 5,744,409	\$ 17,566,530	\$ 19,326,406
Receivables				
Taxes	15,303,122	-	15,303,122	16,042,709
Accounts	93,287	1,768,514	1,861,801	1,762,917
Special assessments	726,839	-	726,839	761,519
Loans	708,266	-	708,266	508,248
Other	-	261,177	261,177	92,399
Internal balances	783,548	(783,548)	-	-
Due from other governments	1,100	1,000,000	1,001,100	-
Inventories and prepaid items	1,125	644,855	645,980	783,552
Restricted assets				
Cash and investments	-	521,353	521,353	520,856
Investment in American Transmission Company	-	1,704,213	1,704,213	1,595,168
Non-utility property	-	42,000	42,000	42,000
Capital assets, nondepreciable				
Land	6,032,968	276,085	6,309,053	6,550,403
Construction in progress	241,662	423,493	665,155	1,313,272
Capital assets, depreciable				
Land improvements	4,199,839	-	4,199,839	4,199,839
Buildings and improvements	9,819,098	6,207,535	16,026,633	16,019,922
Machinery and equipment	7,476,341	18,277,080	25,753,421	24,192,334
Infrastructure	55,573,298	47,435,116	103,008,414	100,627,909
Less: Accumulated depreciation	(30,891,041)	(32,015,377)	(62,906,418)	(60,170,657)
TOTAL ASSETS	81,891,573	51,506,905	133,398,478	134,168,796
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	453,036	-	453,036	-
LIABILITIES				
Accounts payable	253,746	1,660,852	1,914,598	2,030,436
Other current liabilities	250,387	84,736	335,123	335,111
Accrued interest payable	196,823	10,503	207,326	281,833
Due to other governments	11,566,271	-	11,566,271	11,906,963
Deposits	-	135,088	135,088	152,342
Compensated absences	764,835	313,227	1,078,062	1,071,500
Public benefits payable	-	2,154	2,154	1,560
Long-term obligations				
Due within one year	2,451,100	8,192	2,459,292	2,157,308
Due in more than one year	24,274,283	475,227	24,749,510	26,393,391
TOTAL LIABILITIES	39,757,445	2,689,979	42,447,424	44,330,444
DEFERRED INFLOWS OF RESOURCES				
Property taxes	7,671,151	-	7,671,151	7,555,113
Grants	27,908	-	27,908	289,446
Total Deferred Inflows of Resources	7,699,059	-	7,699,059	7,844,559
NET POSITION				
Net investment in capital assets	26,277,565	40,162,513	66,440,078	64,522,509
Restricted for				
Capital improvements	2,502,444	521,353	3,023,797	3,664,060
Loan program	861,947	-	861,947	859,703
Unrestricted	5,246,149	8,133,060	13,379,209	12,947,521
TOTAL NET POSITION	\$ 34,888,105	\$ 48,816,926	\$ 83,705,031	\$ 81,993,793

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

CITY OF STURGEON BAY, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2013

(With summarized financial information for the year ended December 31, 2012)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,807,665	\$ 174,608	\$ -	\$ -
Public safety	4,362,509	526,431	85,966	286,536
Public works	2,933,553	13,219	489,075	277,113
Culture and recreation	1,146,212	190,393	17,461	40,961
Development	879,547	6,127	-	-
Interest on debt	1,115,338	-	-	-
Total Governmental Activities	12,244,824	910,778	592,502	604,610
Business-type Activities				
Water utility	1,664,971	2,069,993	-	34,262
Sewer utility	1,699,567	2,060,030	-	(335)
Electric utility	14,713,836	16,014,030	-	578,639
Solid waste utility	441,569	339,823	-	-
Total Business-type Activities	18,519,943	20,483,876	-	612,566
Total Primary Government	\$ 30,764,767	\$ 21,394,654	\$ 592,502	\$ 1,217,176

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for capital projects

Other taxes

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

Interest and investment earnings

Miscellaneous

Salvage on disposal of capital asset

Gain (loss) on sale of capital asset

Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	
		2013	2012

\$ (1,633,057)	\$ -	\$ (1,633,057)	\$ (1,609,301)
(3,463,576)	-	(3,463,576)	(3,489,754)
(2,154,146)	-	(2,154,146)	(2,451,895)
(897,397)	-	(897,397)	(613,720)
(873,420)	-	(873,420)	(501,779)
(1,115,338)	-	(1,115,338)	(1,143,066)
<u>(10,136,934)</u>	<u>-</u>	<u>(10,136,934)</u>	<u>(9,809,515)</u>

-	439,284	439,284	513,199
-	360,128	360,128	460,241
-	1,878,833	1,878,833	1,812,247
-	(101,746)	(101,746)	(504,356)
-	<u>2,576,499</u>	<u>2,576,499</u>	<u>2,281,331</u>
<u>(10,136,934)</u>	<u>2,576,499</u>	<u>(7,560,435)</u>	<u>(7,528,184)</u>

5,220,405	-	5,220,405	5,273,790
2,345,584	-	2,345,584	2,105,153
218,402	-	218,402	226,542
955,142	-	955,142	971,398
31,106	204,195	235,301	241,926
204,851	8,060	212,911	206,854
-	83,928	83,928	-
-	-	-	(18,723)
769,180	(769,180)	-	-
<u>9,744,670</u>	<u>(472,997)</u>	<u>9,271,673</u>	<u>9,006,940</u>

(392,264)	2,103,502	1,711,238	1,478,756
<u>35,280,369</u>	<u>46,713,424</u>	<u>81,993,793</u>	<u>80,515,037</u>
<u>\$ 34,888,105</u>	<u>\$ 48,816,926</u>	<u>\$ 83,705,031</u>	<u>\$ 81,993,793</u>

Fund Financial Statements

CITY OF STURGEON BAY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2013

(With summarized financial information as of December 31, 2012)

	General Fund	Tax Incremental District #2	Other Governmental Funds
ASSETS			
Cash and investments	\$ 6,387,441	\$ 1,871,573	\$ 3,563,107
Receivables			
Taxes	12,910,255	1,125,719	1,267,148
Accounts	16,425	25,335	51,527
Special assessments	726,839	-	-
Loans	-	-	708,266
Due from other funds	1,397,013	-	2,589
Due from other governments	1,100	-	-
Inventories and prepaid items	1,125	-	-
TOTAL ASSETS	\$ 21,440,198	\$ 3,022,627	\$ 5,592,637
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 252,862	\$ -	\$ 884
Accrued payroll liabilities	250,387	-	-
Due to other funds	-	161,712	454,342
Due to other governments	11,566,271	-	-
Total Liabilities	12,069,520	161,712	455,226
Deferred Inflows of Resources			
Property taxes	5,278,284	1,125,719	1,267,148
Grants	-	-	27,908
Special assessments	726,839	-	-
Loans receivable	-	-	708,266
Total Deferred Inflows of Resources	6,005,123	1,125,719	2,003,322
Fund Balances			
Nonspendable			
Inventories and prepaid items	1,125	-	-
Restricted for capital improvements	-	1,735,196	767,248
Assigned for subsequent year expenditures	416,547	-	2,774,614
Unassigned	2,947,883	-	(407,773)
Total Fund Balances	3,365,555	1,735,196	3,134,089
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,440,198	\$ 3,022,627	\$ 5,592,637

(Continued)

Total Governmental Funds	
2013	2012

\$ 11,822,121 \$ 13,101,689

15,303,122	16,042,709
93,287	213,573
726,839	761,519
708,266	508,248
1,399,602	832,700
1,100	-
1,125	1,190

\$ 30,055,462 \$ 31,461,628

\$ 253,746	\$ 395,511
250,387	258,793
616,054	124,311
11,566,271	11,906,963
<u>12,686,458</u>	<u>12,685,578</u>

7,671,151	7,555,113
27,908	289,446
726,839	761,519
708,266	508,248
<u>9,134,164</u>	<u>9,114,326</u>

1,125	1,190
2,502,444	4,002,907
3,191,161	2,963,307
2,540,110	2,694,320
<u>8,234,840</u>	<u>9,661,724</u>

\$ 30,055,462 \$ 31,461,628

CITY OF STURGEON BAY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2013

(With summarized financial information as of year ended December 31, 2012)

	2013	2012
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances as shown on previous page	\$ 8,234,840	\$ 9,661,724
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	52,452,165	53,534,596
Some special assessments and loans used in governmental financing activities are unavailable financial resources and therefore are deferred in the funds.	1,435,105	1,269,767
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(14,574,600)	(14,948,969)
Lease revenue bonds	(11,600,000)	(12,900,000)
Deferred charge on refunding	453,036	-
Compensated absences	(764,835)	(756,730)
Other post-employment benefits	(388,846)	(298,186)
Bond premium	(161,937)	-
Accrued interest on long-term obligations	(196,823)	(281,833)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 12)	<u>\$ 34,888,105</u>	<u>\$ 35,280,369</u>

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

CITY OF STURGEON BAY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013
(With summarized financial information for the year ended December 31, 2012)

	General Fund	Tax Incremental District #2	Other Governmental Funds
Revenues			
Taxes	\$ 5,438,807	\$ 1,236,736	\$ 1,108,848
Special assessments	-	-	34,681
Intergovernmental	1,513,691	3,105	299,923
Licenses and permits	124,078	-	124,140
Fines and forfeits	51,819	-	6,974
Public charges for services	214,550	-	6,000
Intergovernmental charges for services	461,638	-	-
Commercial	47,157	-	-
Miscellaneous	97,034	3,116	460,746
Total Revenues	<u>7,948,774</u>	<u>1,242,957</u>	<u>2,041,312</u>
Expenditures			
Current			
General government	1,375,268	-	-
Public safety	4,011,397	-	-
Public works	1,454,109	-	-
Culture and recreation	716,645	-	-
Development	324,944	25,981	690,688
Debt service			
Principal	403,500	1,755,855	1,690,000
Interest and fiscal charges	122,486	940,936	62,268
Capital outlay	-	153,784	1,694,540
Total Expenditures	<u>8,408,349</u>	<u>2,876,556</u>	<u>4,137,496</u>
Excess of Revenues Over (Under) Expenditures	<u>(459,575)</u>	<u>(1,633,599)</u>	<u>(2,096,184)</u>
Other Financing Sources (Uses)			
Long-term debt issued	1,735,000	3,685,000	1,836,924
Premium on debt issued	51,838	110,099	-
Payment to refunded escrow agent	(1,780,022)	(3,753,014)	-
Sale of capital assets	-	3,000	104,469
Transfers in	827,367	326,422	147,024
Transfers out	(13,105)	(44,281)	(474,247)
Total Other Financing Sources (Uses)	<u>821,078</u>	<u>327,226</u>	<u>1,614,170</u>
Net Change in Fund Balances	<u>361,503</u>	<u>(1,306,373)</u>	<u>(482,014)</u>
Fund Balances - January 1	<u>3,004,052</u>	<u>3,041,569</u>	<u>3,616,103</u>
Fund Balances - December 31	<u>\$ 3,365,555</u>	<u>\$ 1,735,196</u>	<u>\$ 3,134,089</u>

(Continued)

Total Governmental Funds	
2013	2012

\$ 7,784,391	\$ 7,455,485
34,681	109,652
1,816,719	1,666,063
248,218	231,004
58,793	66,791
220,550	211,859
461,638	468,123
47,157	43,933
560,896	734,515
<u>11,233,043</u>	<u>10,987,425</u>

1,375,268	1,616,298
4,011,397	3,939,759
1,454,109	1,451,902
716,645	769,027
1,041,613	872,261

3,849,355	2,861,715
1,125,690	1,168,533
1,848,324	2,117,334
<u>15,422,401</u>	<u>14,796,829</u>

<u>(4,189,358)</u>	<u>(3,809,404)</u>
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7,256,924	2,815,000
161,937	28,208
(5,533,036)	-
107,469	364,896
1,300,813	2,299,284
(531,633)	(1,590,895)
<u>2,762,474</u>	<u>3,916,493</u>

(1,426,884)	107,089
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<u>9,661,724</u>	<u>9,554,635</u>
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<u>\$ 8,234,840</u>	<u>\$ 9,661,724</u>
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CITY OF STURGEON BAY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2013
(With summarized financial information for the year ended December 31, 2012)

<u>Reconciliation to the Statement of Activities</u>	2013	2012
Net Change in Fund Balances as shown on previous page	\$ (1,426,884)	\$ 107,089
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	\$ 1,054,382	
Depreciation expense reported in the statement of activities	<u>(1,597,177)</u>	
Amount by which capital outlays are greater (less) than depreciation in current period	(542,795)	76,973
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Loss on disposition reported on the statement of activities	(539,636)	(671,860)
Book value of assets disposed		
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits (increased) by:		
	(98,765)	(109,406)
Some capital assets acquired and debt retired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:		
	(7,256,924)	(2,815,000)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		
	8,931,293	2,861,715
Governmental funds report the effect of premium, discounts, deferred charges on advance refundings, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
	291,099	-
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.		
	85,010	(3,104)
Governmental funds do not record revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
	(34,680)	(92,441)
Rehabilitation loans that are deferred in the fund statements are recognized as revenue in the statement of activities.		
	200,018	207,398
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 13 - 14)	<u>\$ (392,264)</u>	<u>\$ (438,636)</u>

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

CITY OF STURGEON BAY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 5,446,780	\$ 5,446,780	\$ 5,438,807	\$ (7,973)
Intergovernmental	1,484,900	1,484,900	1,513,691	28,791
Licenses and permits	119,955	119,955	124,078	4,123
Fines and forfeits	65,000	65,000	51,819	(13,181)
Public charges for services	200,335	200,335	214,550	14,215
Intergovernmental charges for services	461,640	461,640	461,638	(2)
Commercial	43,870	43,870	47,157	3,287
Miscellaneous	44,550	44,550	97,034	52,484
Total Revenues	7,867,030	7,867,030	7,948,774	81,744
Expenditures				
Current				
General government	3,020,291	3,017,291	1,375,268	1,642,023
Public safety	4,039,990	4,043,685	4,011,397	32,288
Public works	1,582,925	1,582,925	1,454,109	128,816
Culture and recreation	801,890	801,195	716,645	84,550
Development	358,065	358,065	324,944	33,121
Debt service				
Principal	412,577	412,577	405,431	7,146
Interest and fiscal charges	130,288	130,288	120,555	9,733
Total Expenditures	10,346,026	10,346,026	8,408,349	1,937,677
Excess of Revenues Over (Under) Expenditures	(2,478,996)	(2,478,996)	(459,575)	2,019,421
Other Financing Sources (Uses)				
General obligation debt issued	-	1,786,838	1,786,838	-
Payment to refunded escrow agent	-	(1,786,838)	(1,780,022)	6,816
Transfers in	827,367	827,367	827,367	-
Transfers out	(13,105)	(13,105)	(13,105)	-
Total Other Financing Sources (Uses)	814,262	814,262	821,078	6,816
Net Change in Fund Balance	(1,664,734)	(1,664,734)	361,503	2,026,237
Fund Balance - January 1	3,004,052	3,004,052	3,004,052	-
Fund Balance - December 31	\$ 1,339,318	\$ 1,339,318	\$ 3,365,555	\$ 2,026,237

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

CITY OF STURGEON BAY, WISCONSIN
Statement of Net Position (Deficit)
Proprietary Funds
December 31, 2013
(With summarized financial information as of December 31, 2012)

	Enterprise Funds					
	Sturgeon Bay Utilities			Nonmajor Fund Solid Waste	Total	
	Sewer Utility	Water Utility	Electric Utility		2013	2012
ASSETS						
Cash and investments	\$ 670,030	\$ 451,598	\$ 4,622,781	\$ -	\$ 5,744,409	\$ 6,224,717
Receivables						
Accounts	128,908	196,579	1,443,027	-	1,768,514	1,549,344
Other	93,450	2,527	165,200	-	261,177	92,399
Due from other funds	411,399	1,046,521	-	-	1,457,920	1,322,034
Due from other governments	250,000	250,000	500,000	-	1,000,000	-
Inventories and prepaid expenses	8,627	86,846	549,382	-	644,855	782,362
Restricted assets						
Cash and investments	521,353	-	-	-	521,353	520,856
Investment in American Transmission Company	-	-	1,704,213	-	1,704,213	1,595,168
Non-utility property	-	42,000	-	-	42,000	42,000
Capital assets, nondepreciable						
Land	95,170	80,840	100,075	-	276,085	276,085
Construction in progress	200,359	13,100	210,034	-	423,493	1,184,088
Capital assets, depreciable						
Buildings	2,596,393	1,563,890	2,047,252	-	6,207,535	6,200,824
Machinery and equipment	6,889,021	2,643,811	8,295,704	448,544	18,277,080	16,984,860
Infrastructure	10,165,823	15,132,036	22,137,257	-	47,435,116	45,238,249
Less: Accumulated depreciation	(10,726,113)	(7,461,262)	(13,760,701)	(67,301)	(32,015,377)	(30,685,680)
TOTAL ASSETS	11,304,420	14,048,486	28,014,224	381,243	53,748,373	51,327,306
LIABILITIES						
Accounts payable	169,114	28,679	1,459,546	3,513	1,660,852	1,634,925
Accrued interest	-	-	-	10,503	10,503	-
Other current liabilities	12,043	12,294	57,695	2,704	84,736	76,318
Due to other funds - municipality	-	343,501	425,679	-	769,180	708,389
Due to other funds	-	-	1,457,920	14,368	1,472,288	1,322,034
Deposits	-	-	135,088	-	135,088	152,342
Compensated absences	39,822	40,652	232,753	-	313,227	314,770
Public benefits payable	-	-	2,154	-	2,154	1,560
Long-term obligations						
Due within one year	-	-	8,192	-	8,192	-
Due in more than one year	-	-	71,683	403,544	475,227	403,544
TOTAL LIABILITIES	220,979	425,126	3,850,710	434,632	4,931,447	4,613,882
NET POSITION (DEFICIT)						
Net investment in capital assets	9,220,653	12,014,415	18,949,746	(22,301)	40,162,513	38,836,882
Restricted for						
Capital projects	521,353	-	-	-	521,353	520,856
Unrestricted	1,341,435	1,608,945	5,213,768	(31,088)	8,133,060	7,355,686
TOTAL NET POSITION	\$ 11,083,441	\$ 13,623,360	\$ 24,163,514	\$ (53,389)	\$ 48,816,926	\$ 46,713,424

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

CITY OF STURGEON BAY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position (Deficit)
Proprietary Funds
For the Year Ended December 31, 2013
(With summarized financial information for the year ended December 31, 2012)

	Enterprise Funds					
	Sturgeon Bay Utilities			Nonmajor Fund Solid Waste	Total	
	Sewer Utility	Water Utility	Electric Utility		2013	2012
Operating Revenues						
Charges for services						
Electric charges	\$ -	\$ -	\$ 15,681,551	\$ -	\$ 15,681,551	\$ 15,409,522
Water charges	-	1,998,729	-	-	1,998,729	1,870,006
Wastewater charges	2,034,150	-	-	-	2,034,150	2,069,586
Solid waste charges	-	-	-	298,896	298,896	296,173
Other	14,752	71,183	302,497	40,927	429,359	403,772
Total Operating Revenues	<u>2,048,902</u>	<u>2,069,912</u>	<u>15,984,048</u>	<u>339,823</u>	<u>20,442,685</u>	<u>20,049,059</u>
Operating Expenses						
Operation and maintenance	1,237,535	1,236,962	13,471,196	386,198	16,331,891	16,417,778
Depreciation	446,584	401,827	1,038,411	44,868	1,931,690	1,928,366
Taxes	15,448	26,182	204,012	-	245,642	258,091
Total Operating Expenses	<u>1,699,567</u>	<u>1,664,971</u>	<u>14,713,619</u>	<u>431,066</u>	<u>18,509,223</u>	<u>18,604,235</u>
Operating Income (Loss)	<u>349,335</u>	<u>404,941</u>	<u>1,270,429</u>	<u>(91,243)</u>	<u>1,933,462</u>	<u>1,444,824</u>
Nonoperating Revenues (Expenses)						
Interest income	6,921	4,398	192,876	-	204,195	204,515
Merchandising and jobbing	11,128	81	29,982	-	41,191	16,693
Interest expense	-	-	(217)	(10,503)	(10,720)	(146)
Property taxes	-	-	-	-	-	150,000
Miscellaneous income	8,060	-	-	-	8,060	8,658
Salvage on disposal of asset	83,928	-	-	-	83,928	-
Loss on sale of asset	-	-	-	-	-	(18,723)
Total Nonoperating Revenues	<u>110,037</u>	<u>4,479</u>	<u>222,641</u>	<u>(10,503)</u>	<u>326,654</u>	<u>360,997</u>
Income (Loss) Before Contributions and Transfers	<u>459,372</u>	<u>409,420</u>	<u>1,493,070</u>	<u>(101,746)</u>	<u>2,260,116</u>	<u>1,805,821</u>
Capital contributions	(335)	34,262	578,639	-	612,566	819,960
Transfers out	-	(343,501)	(425,679)	-	(769,180)	(708,389)
Change in Net Position	<u>459,037</u>	<u>100,181</u>	<u>1,646,030</u>	<u>(101,746)</u>	<u>2,103,502</u>	<u>1,917,392</u>
Net Position - January 1	<u>10,624,404</u>	<u>13,523,179</u>	<u>22,517,484</u>	<u>48,357</u>	<u>46,713,424</u>	<u>44,796,032</u>
Net Position (Deficit) - December 31	<u>\$ 11,083,441</u>	<u>\$ 13,623,360</u>	<u>\$ 24,163,514</u>	<u>\$ (53,389)</u>	<u>\$ 48,816,926</u>	<u>\$ 46,713,424</u>

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

CITY OF STURGEON BAY, WISCONSIN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2013

(With summarized financial information for the year ended December 31, 2012)

	Sturgeon Bay Utilities	Nonmajor Fund Solid Waste	Total	
			2013	2012
Cash Flows from Operating Activities				
Cash received from user charges	\$ 19,309,822	\$ 298,896	\$ 19,608,718	\$ 19,753,108
Cash received from other charges	437,683	40,927	478,610	429,123
Cash payments to suppliers	(14,704,582)	(382,685)	(15,087,267)	(15,254,081)
Cash payments to employees for operating payroll	(1,186,302)	10,721	(1,175,581)	(1,337,382)
Net Cash Provided by (Used in) Operating Activities	3,856,621	(32,141)	3,824,480	3,590,768
Cash Flows from Noncapital Financing Activities				
Paid to municipality for tax equivalent	(769,180)	-	(769,180)	(708,389)
Loan to local school district	(1,000,000)	-	(1,000,000)	-
Property taxes	-	-	-	150,000
Advance from other fund	-	14,368	14,368	-
Net Cash Provided By (Used in) Noncapital Financing Activities	(1,769,180)	14,368	(1,754,812)	(558,389)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(2,713,784)	-	(2,713,784)	(2,780,544)
Proceeds from sale of capital assets	-	-	-	45,000
Interest payments on long-term debt	(217)	(10,503)	(10,720)	(146)
Proceeds from debt issue	81,923	-	81,923	403,544
Principal payments on long-term debt	(2,048)	-	(2,048)	-
Net Cash Used in Capital and Related Financing Activities	(2,634,126)	(10,503)	(2,644,629)	(2,332,146)
Cash Flows from Investing Activities				
Increase in ATC investment	(109,045)	-	(109,045)	(130,927)
Investment income	204,195	-	204,195	204,515
Net Cash Provided by Investing Activities	95,150	-	95,150	73,588
Net Increase (Decrease) in Cash and Cash Equivalents	(451,535)	(28,276)	(479,811)	773,821
Cash and Cash Equivalents - January 1	6,717,297	28,276	6,745,573	5,971,752
Cash and Cash Equivalents - December 31	\$ 6,265,762	\$ -	\$ 6,265,762	\$ 6,745,573
Noncash Noncapital Financing Activities:				
Developer financed additions to utility plant	\$ 612,566	\$ -	\$ 612,566	\$ 819,960

(Continued)

CITY OF STURGEON BAY, WISCONSIN

Statement of Cash Flows (Continued)

Proprietary Funds

For the Year Ended December 31, 2013

(With summarized financial information for the year ended December 31, 2012)

	Sturgeon Bay Utilities	Nonmajor Fund Solid Waste	Total	
			2013	2012
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 2,024,705	\$ (91,243)	\$ 1,933,462	\$ 1,444,824
Nonoperating revenue	49,251	-	49,251	25,351
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,886,822	44,868	1,931,690	1,928,366
Depreciation charged to other accounts	73,082	-	73,082	138,697
Changes in assets and liabilities:				
Customer accounts receivable	(219,170)	-	(219,170)	60,691
Other accounts receivable	(168,778)	-	(168,778)	58,093
Inventories and prepaid expenses	137,507	-	137,507	(144,089)
Accounts payable	22,414	3,513	25,927	30,302
Deposits	(17,254)	-	(17,254)	(10,963)
Accrued and other current liabilities	68,991	10,721	79,712	70,409
Public benefits payable	594	-	594	(9,045)
Compensated absences payable	(1,543)	-	(1,543)	(1,868)
Net Cash Provided by (Used in) Operating Activities	\$ 3,856,621	\$ (32,141)	\$ 3,824,480	\$ 3,590,768
Reconciliation of Cash and Cash Equivalents to				
Statement of Net Position:				
Cash and investments	\$ 5,744,409	\$ -	\$ 5,744,409	\$ 6,224,717
Restricted cash and investments	521,353	-	521,353	520,856
Total Cash and Cash Equivalents	\$ 6,265,762	\$ -	\$ 6,265,762	\$ 6,745,573

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

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The City of Sturgeon Bay is a municipal corporation governed by an elected seven-member council. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Jointly Governed Organizations

DOOR COUNTY LIBRARY

The City of Sturgeon Bay is a participant with Door County, Wisconsin in a joint venture to operate the Door County Library. The Door County Library is governed by a seven-member board composed of two members of the City of Sturgeon Bay Council and five members appointed by Door County. The City and County are obligated by agreement to fund one-half of the utilities, janitorial service, insurance, maintenance and repair and related supplies for grounds, building, its contents and equipment located at the library. During 2013, the City remitted an appropriation of \$72,239 to Door County for the library. The library building is owned by the City and is included in the capital assets of the governmental activities. Complete financial statements for the Door County Library can be obtained from Door County at 421 Nebraska St. Sturgeon Bay, Wisconsin 54235.

DOOR COUNTY TOURISM ZONE

The City of Sturgeon Bay is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the room tax collected to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During 2013, the City of Sturgeon Bay received \$137,702 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from its office in Sister Bay, Wisconsin. Revenue received is recorded in the general fund of the City.

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and the proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City has no internal service funds. 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

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

TAX INCREMENTAL DISTRICT NO. 2, WATERFRONT DISTRICT

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities within the boundaries of the waterfront tax incremental district.

The City reports the following major proprietary fund:

STURGEON BAY UTILITIES

This fund is used to account for the operations of the City's water, electric and sewer utilities.

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus and Basis of Accounting

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain charges between the City's water, electric, sewer and solid waste utilities and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Payments in lieu of taxes are reported as an interfund transfer in the year of payment as the amount is not considered reasonably equivalent in value to the services provided by the general fund.

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

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

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

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

a. Cash and Investments

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

b. Accounts Receivable

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

c. Interfund Receivables and Payables

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

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

d. Inventories

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

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

e. Prepaid Items

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

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

f. Other Assets

Investment in American Transmission Company (ATC)

The utility is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The utility owns less than 1/2 of 1 percent of ATC.

The investment earns dividends quarterly, 80% of which is paid in cash and 20% of which is required to be reinvested. From time to time, the utility has the option to contribute additional funds to maintain their proportionate share of ownership. The asset is valued at original cost plus additional contributions and reinvested dividends, which is \$1,704,213 at December 31, 2013.

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets for governmental activities are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of two years. Capital assets for business-type activities are defined by Sturgeon Bay Utilities as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

	Governmental Activities Years
<u>Assets</u>	
Land improvements	15
Buildings and improvements	40
Machinery and equipment	5 - 10
Infrastructure	60 - 100
	Business-type Activities Years
<u>Assets</u>	
Electric Plant	
Distribution	16 - 40
General	3 - 39
Water Plant	
Source of supply	22 - 56
Pumping	23 - 32
Water treatment	19 - 32
Transmission and distribution	18 - 77
General	3 - 24
Sewer Plant	
Collecting system	50 - 100
Collecting system pumping	25
Treatment and disposal	15 - 40
General	3 - 40
Solid Waste	
Machinery and equipment	5 - 10

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements or employee benefit policy. Employees may accumulate sick leave up to 100 days pay. Upon retirement, employees may take 50 days of unused sick leave in cash, except for fire department employees, or apply up to 100 days of unused sick pay towards health insurance premiums. If an employee leaves for reasons other than retirement all unused sick leave is forfeited. Sturgeon Bay Utilities' employees are allowed to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements or employee benefit policy. Employees are allowed to accumulate up to 125 days of sick leave. Upon retirement, disability or death, unused sick leave credits shall be used for the purpose of payment of health insurance premiums upon qualified retirement. Qualified retirement means the employee is entitled to retirement benefits from the Wisconsin Retirement System. The above credit would be reduced by the percentage reduction in retirement benefits if employee elects early retirement. Vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

i. Public Benefits

The electric utility charges public benefit fees to all customers as required by the 1999 Energy Reliability Act. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance ("Commitment to Community") programs. The utility is acting as an agent administering the program so receipts and disbursements associated with the program are recorded as a current liability of the statement of net position.

j. Customer Deposits

The balance represents amounts collected from customers who may be refundable based on rules filed with the Public Service Commission of Wisconsin (PSCW) or statutory requirements.

k. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one item that qualifies for reporting in this category, deferred charges on refunding.

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

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Accounting gains or losses on refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses when incurred.

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

m. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

n. Use of Estimates

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

o. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- a. During the year, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council with a two-thirds majority vote.
- e. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2013.

2. Deficit Fund Equity

The following funds had a deficit fund equity as of December 31, 2013:

Fund	Deficit
Solid Waste	\$ 53,389
TID No. 4	\$407,773

The deficit will be financed with future revenues of the funds.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

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

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

The carrying amount of the City's cash and investments totaled \$19,792,096 on December 31, 2013 as summarized below:

Petty cash and cash on hand	\$ 900
Deposits with financial institutions	6,616,461
Other investments	
Wisconsin local government investment pool	8,141,969
Negotiable FDIC insured CDs	3,328,553
Investment in American Transmission Company (ATC)	1,704,213
	<u>\$ 19,792,096</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	
Cash and investments	\$ 17,566,530
Restricted cash and investments	521,353
Investment in American Transmission Company (ATC)	1,704,213
	<u>\$ 19,792,096</u>

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

CITY OF STURGEON BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

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

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

As of December 31, 2013, \$1,205,144 of City's deposits with financial institutions were in excess of federal and state depository insurance. The entire amount was collateralized by the pledging financial institution or trust department or agent but not in the City's name.

As of December 31, 2013, \$3,042,675 of the Utilities' deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized by the pledging financial institution or its trust department or agent but not in the Utilities' name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. At December 31, 2013, none of the investment types maintained by the City was rated.

Concentration of Credit Risk

The investment policy of the City provides that the City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and the authorized local government investment pool, no more than 50% of the City's total investment portfolio will be invested in a single security or with a single financial institution.

Interest Rate Risk

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

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government Investment Pool	\$ 8,141,969	\$ 8,141,969	\$ -	\$ -	\$ -
Negotiable FDIC insured CDs	3,328,553	3,228,791	99,762	-	-
Totals	\$ 11,470,522	\$ 11,370,760	\$ 99,762	\$ -	\$ -

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$8,141,969 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Investment in American Transmission Company (ATC)

The Utilities is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The Utilities own less than 1/2 of 1 percent of ATC.

The investment earns dividends quarterly, 80% of which is paid in cash and 20% of which is required to be reinvested. From time to time, the Utilities have the option to contribute additional funds to maintain their proportionate share of ownership. The asset is valued at original cost plus additional contributions and reinvested dividends, which is \$1,704,213 at December 31, 2013.

2. Restricted Assets

Restricted assets on December 31, 2013 totaled \$521,353 and consisted of cash and investments held for the following purposes:

Enterprise Fund

Wastewater replacement account \$ 521,353

The utility has established an equipment replacement account to be used for significant wastewater treatment mechanical equipment replacement as required by the Wisconsin Department of Natural Resources as a condition to receiving construction grants.

3. Property Taxes

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

The City bills and collects its own property taxes and also levies and collects taxes for the Sturgeon Bay, Southern Door and Sevastopol School Districts, Door County, Northeast Wisconsin Technical College and the State of Wisconsin.

CITY OF STURGEON BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,274,318	\$ -	\$ 241,350	\$ 6,032,968
Construction in progress	129,184	178,966	66,488	241,662
Total capital assets, not being depreciated	6,403,502	178,966	307,838	6,274,630
Capital assets, being depreciated:				
Land improvements	4,199,839	-	-	4,199,839
Buildings	9,819,098	-	-	9,819,098
Machinery and equipment	7,207,474	351,375	82,508	7,476,341
Infrastructure	55,389,660	524,041	340,403	55,573,298
Subtotals	76,616,071	875,416	422,911	77,068,576
Less accumulated depreciation for:				
Land improvements	3,355,728	126,245	-	3,481,973
Buildings	3,015,151	236,129	-	3,251,280
Machinery and equipment	5,500,593	374,251	47,532	5,827,312
Infrastructure	17,613,505	860,552	143,581	18,330,476
Subtotals	29,484,977	1,597,177	191,113	30,891,041
Total capital assets, being depreciated, net	47,131,094	(721,761)	231,798	46,177,535
Governmental activities capital assets, net	<u>\$ 53,534,596</u>	<u>\$ (542,795)</u>	<u>\$ 539,636</u>	52,452,165
Less related long-term debt outstanding				26,176,538
Net investment in capital assets				<u>\$ 26,275,627</u>
Business-type activities:				
Capital assets, not being depreciated:				
Non-utility land	\$ 42,000	\$ -	\$ -	\$ 42,000
Land	276,085	-	-	276,085
Construction in progress	1,184,088	53,881	814,476	423,493
Total capital assets, not being depreciated	1,502,173	53,881	814,476	741,578
Capital assets, being depreciated:				
Buildings	6,200,824	18,306	11,595	6,207,535
Machinery and equipment	16,984,860	1,464,785	172,565	18,277,080
Infrastructure	45,238,249	2,483,921	287,054	47,435,116
Subtotals	68,423,933	3,967,012	471,214	71,919,731
Less accumulated depreciation for:				
Wastewater utility	10,461,210	457,506	192,603	10,726,113
Electric distribution utility	13,028,788	973,438	241,525	13,760,701
Water utility	7,173,249	409,027	121,014	7,461,262
Solid waste	22,433	44,868	-	67,301
Subtotals	30,685,680	1,884,839	555,142	32,015,377
Total capital assets, being depreciated, net	37,738,253	2,082,173	(83,928)	39,904,354
Business-type activities capital assets, net	<u>\$ 39,240,426</u>	<u>\$ 2,136,054</u>	<u>\$ 730,548</u>	40,645,932
Less related long-term debt outstanding				483,419
Net investment in capital assets				<u>\$ 40,162,513</u>

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
General government	\$ 195,642
Public safety	182,763
Public works	1,062,860
Culture and recreation	155,912
Total depreciation expense - governmental activities	<u>\$ 1,597,177</u>
Business-type activities	
Sewer	\$ 446,584
Water	401,827
Electric	1,038,411
Solid waste	44,868
Total depreciation expense - business-type activities	<u>\$ 1,931,690</u>

Change to accumulated depreciation includes increases (e.g. salvage value) and decreases (e.g. cost of removal) of disposed capital assets.

5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2013 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds		
General Fund	\$ 1,397,013	\$ -
Water Utility	-	343,501
Electric Utility	-	425,679
Capital Improvements	2,589	-
Tax Incremental District #2	-	161,712
Tax Incremental District #3	-	5,458
Tax Incremental District #4	-	406,889
Revolving Loan	-	41,995
Solid Waste	-	14,368
Totals	<u>\$ 1,399,602</u>	<u>\$ 1,399,602</u>

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers for the year ended December 31, 2013 were as follows:

	Transfer from:			
	Totals	General Fund	Sturgeon Bay Utilities	Cable TV
Transfers to:				
General fund	\$ 827,367	\$ -	\$ 769,180	\$ 4,500
Capital improvements	15,694	13,105	-	-
TID No. 2	326,422	-	-	-
TID No. 3	131,330	-	-	-
Totals	<u>\$ 1,300,813</u>	<u>\$ 13,105</u>	<u>\$ 769,180</u>	<u>\$ 4,500</u>

	Transfer from:		
	Revolving Loan	Tax Incremental District #1	Tax Incremental District #2
Transfers to:			
General fund	\$ 11,995	\$ -	\$ 41,692
Capital improvements	-	-	2,589
TID No. 2	-	326,422	-
TID No. 3	-	131,330	-
Totals	<u>\$ 11,995</u>	<u>\$ 457,752</u>	<u>\$ 44,281</u>

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them (3) transfer the annual tax equivalent to the municipality.

6. Due from Other Governments

During the year, the Utilities issued a short-term note receivable to the Sturgeon Bay School District in the amount of \$1,000,000. The note carries an interest rate of 0.45% and matures on October 23, 2014. The note receivable is allocated to each of the utilities as detailed below:

	Amount
Sewer utility	\$ 250,000
Water utility	250,000
Electric utility	500,000
Total note receivable	<u>\$ 1,000,000</u>

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2013:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 13,540,000	\$ 7,175,000	\$ 7,395,000	\$ 13,320,000	\$ 860,000
Notes	1,408,969	81,924	236,293	1,254,600	241,100
Total General Obligation Debt	14,948,969	7,256,924	7,631,293	14,574,600	1,101,100
Lease revenue bonds	12,900,000	-	1,300,000	11,600,000	1,350,000
Compensated absences	756,730	8,105	-	764,835	-
Post-employment benefits	298,186	103,660	13,000	388,846	-
Premium on refunded debt	-	161,937	-	161,937	-
Governmental activities Long-term obligations	<u>\$ 28,903,885</u>	<u>\$ 7,530,626</u>	<u>\$ 8,944,293</u>	<u>\$ 27,490,218</u>	<u>\$ 2,451,100</u>
Business-type activities:					
General Obligation Debt					
Note	\$ 403,544	\$ 81,923	\$ 2,048	\$ 483,419	\$ 8,192
Compensated absences	314,770	6,620	8,163	313,227	-
Business-type activities Long-term obligations	<u>\$ 718,314</u>	<u>\$ 88,543</u>	<u>\$ 10,211</u>	<u>\$ 796,646</u>	<u>\$ 8,192</u>

Total interest paid during the year on long-term debt totaled \$976,248.

General Obligation Debt

General obligation debt outstanding is detailed as follows:

General Obligation Bonds

\$2,620,000 issued 6/1/05; \$50,000 to \$300,000 due 2009 through 2021; interest 3.5% to 4.1%	\$ 440,000
\$2,695,000 issued 6/1/05; \$100,000 to \$200,000 due annually through 2025; interest 3.25% to 4.3%	255,000
\$3,220,000 issued 6/1/06; \$175,000 to \$295,000 due annually through 2021; interest 3.25% to 4.0%	725,000
\$1,985,000 issued 9/1/11; \$980,000 and \$1,005,000 due 2021 and 2022, respectively; interest 2.35% to 2.55%	1,985,000
\$2,815,000 issued 7/5/12; \$75,000 to 1,050,000 due annually 2013 through 2023; interest .7% to 2.5%	2,740,000
\$1,755,000 issued 10/22/13; \$60,000 to \$115,000 due annually 2014 through 2033; interest 2.625% to 4.625%	1,755,000
\$1,735,000 issued 12/30/13; \$15,000 to \$190,000 due annually 2014 through 2025; interest 2.0% to 3.0%	1,735,000
\$1,620,000 issued 12/30/13; \$20,000 to \$285,000 due annually 2014 through 2021; interest 2.0% to 3.0%	1,620,000
\$585,000 issued 12/30/13; \$585,000 balloon payment due 10/1/2018; interest 2.0%	585,000
\$1,480,000 issued 12/30/13; \$20,000 to \$295,000 due annually from 2014 through 2021; interest 2.0% to 3.0%	<u>1,480,000</u>
Total General Obligation Bonds	<u>13,320,000</u>

(Continued)

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Notes

\$417,132 issued 11/14/05; \$14,523 to \$33,401 due annually through 2025; interest 5%	310,787
\$31,563 issued 1/31/06; \$1,087 to \$2,502 due annually through 2026; interest 5%	23,281
\$158,476 issued 5/11/06; \$4,978 to \$12,024 due annually through 2026; interest 5%	118,579
\$75,383 issued 9/21/06; \$795 to \$6,078 due annually through 2026; interest 5%	59,939
\$13,575 issued 4/16/09; \$2,896 due in 2014; interest 3.50%	2,896
\$44,953 issued 6/26/09; \$9,528 due in 2014; interest 3.50%	9,528
\$23,827 issued 6/26/09; \$5,050 due in 2014; interest 3.50%	5,050
\$12,996 issued 6/26/09; \$2,755 due in 2014; interest 3.50%	2,755
\$4,253 issued 9/8/09; \$1,138 due in 2014; interest 3.50%	1,138
\$119,145 issued 9/8/09; \$31,889 due in 2014; interest 3.50%	31,889
\$46,750 issued 1/8/10; \$12,373 due in 2014; interest 3.50%	12,373
\$13,070 issued 1/8/10; \$3,459 due in 2014; interest 3.50%	3,459
\$26,216 issued 1/8/10; \$6,939 due in 2014; interest 3.50%	6,939
\$43,978 issued 2/11/10; \$3,921 to \$5,812 due annually through 2019; interest 4.50%	31,326
\$11,402 issued 2/11/10; \$3,008 due in 2014; interest 3.50%	3,008
\$12,000 issued 1/26/10; \$3,171 due in 2014; interest 3.50%	3,171
\$13,783 issued 2/11/10; \$3,636 due in 2014; interest 3.50%	3,636
\$6,000 issued 1/26/10; \$1,585 due in 2014; interest 3.50%	1,585
\$77,770 issued 2/11/10; \$20,519 due in 2014; interest 3.50%	20,519
\$30,000 issued 8/24/10; \$2,500 to \$3,559 due annually through 2020; interest 4.50%	18,019
\$107,842 issued 8/19/11; \$20,588 to \$22,659 due annually through 2016; interest 3.25%	65,864
\$52,000 issued 8/19/11; \$9,927 to \$10,925 due annually through 2016; interest 3.25%	31,759
\$5,000 issued 8/19/11; \$1,116 due in 2014; interest 3.25%	1,116
\$5,970 issued 8/19/11; \$1,140 to \$1,254 due annually through 2016; interest 3.25%	3,646
\$22,197 issued 8/19/11; \$4,238 to \$4,664 due annually through 2016; interest 3.25%	13,557
\$4,450 issued 8/19/11; \$383 to \$514 due annually through 2021; interest 3.75%	3,629
\$980 issued 8/19/11; \$84 to \$113 due annually through 2021; interest 3.75%	799
\$1,541 issued 8/19/11; \$133 to \$178 due annually through 2021; interest 3.75%	1,257
\$625 issued 8/19/11; \$54 to \$72 due annually through 2021; interest 3.75%	510
\$7,395 issued 8/19/11; \$637 to \$855 due annually through 2021; interest 3.75%	6,030
\$12,898 issued 8/19/11; \$1,110 to \$1,490 due annually through 2021; interest 3.75%	10,518
\$4,495 issued 8/19/11; \$386 to \$519 due annually through 2021; interest 3.75%	3,666
\$5,970 issued 8/19/11; \$514 to \$690 due annually through 2021; interest 3.75%	4,868
\$19,000 issued 11/2/11; \$1,900 due annually through 2020; interest 3.6%	15,200
\$26,820 issued 11/2/11; \$2,682 due annually through 2020; interest 3.6%	21,457
\$164,214 issued 11/2/11; \$16,421 due annually through 2020; interest 3.6%	131,372
\$75,000 issued 11/2/11; \$7,500 due annually through 2020; interest 3.6%	60,000
\$162,000 issued 11/2/11; \$16,200 due annually through 2020; interest 3.6%	129,600
\$403,544 issued 12/18/12; \$95,403 to 105,265 due annually from 2014 through 2017; interest 2.50%	403,544
\$163,848 issued 9/30/13; \$12,288 to \$16,384 due annually from 2014 through 2023; non-interest bearing	159,750
	<hr/>
Total General Obligation Notes Payable	1,738,019
	<hr/>
Total General Obligation Debt	<u>\$ 15,058,019</u>

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$15,058,019 on December 31, 2013 are detailed below:

Year Ended December 31	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,101,100	\$ 381,700	\$ 8,192	\$ -	\$ 1,109,292	\$ 381,700
2015	975,300	375,200	103,595	12,493	1,078,895	387,693
2016	998,600	339,400	108,385	7,704	1,106,985	347,104
2017	961,300	309,500	110,875	5,213	1,072,175	314,713
2018	1,488,700	285,500	113,457	2,632	1,602,157	288,132
2019-2023	7,622,900	940,700	38,915	-	7,661,815	940,700
2024-2028	901,800	217,200	-	-	901,800	217,200
2029-2033	524,900	74,100	-	-	524,900	74,100
	<u>\$ 14,574,600</u>	<u>\$ 2,923,300</u>	<u>\$ 483,419</u>	<u>\$ 28,042</u>	<u>\$ 15,058,019</u>	<u>\$ 2,951,342</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2013 was \$25,626,901 as follows:

Equalized valuation of the City	\$ 813,698,400
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>40,684,920</u>
Total outstanding general obligation debt applicable to debt limitation	<u>(15,058,019)</u>
Legal Margin for New Debt	<u>\$ 25,626,901</u>

Advance Refunding

During 2013, the City advance refunded general obligation bond issues from 2005 and 2006. The City issued \$5,420,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$245,793 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$225,932.

At December 31, 2013, \$5,070,000 of outstanding general obligation bonds and notes are considered defeased.

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Lease Revenue Bonds

Annual principal and interest maturities of the outstanding lease revenue bonds of \$11,600,000 December 31, 2013 are shown below:

Due	Governmental Activities		
	Principal	Interest	Total
2014	\$ 1,350,000	\$ 497,100	\$ 1,847,100
2015	1,405,000	443,100	1,848,100
2016	1,465,000	385,500	1,850,500
2017	1,530,000	324,700	1,854,700
2018	1,600,000	259,700	1,859,700
2019-2021	4,250,000	344,400	4,594,400
	<u>\$ 11,600,000</u>	<u>\$ 2,254,500</u>	<u>\$ 13,854,500</u>

The above leases require TID No. 2, Waterfront District to make annual payments equal to the principal and interest payments on the debt incurred to finance plan projects.

8. Conduit Debt Obligations

The City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements.

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire, are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General category, including 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. Contribution rates are as follows:

	2013	
	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives & Elected Officials	7.0%	7.0%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

CITY OF STURGEON BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

The payroll for City employees covered by the WRS for the year ended December 31, 2013 was \$5,197,348; the employer's total payroll was \$5,239,682. The total required contribution for the year ended December 31, 2013 was \$824,377, which consisted of \$478,754 or 9.21% of covered payroll from the employer, and \$345,623, or 6.65% of covered payroll from employees. Total contributions for the years ended December 31, 2012 and 2011 were \$742,427 and \$727,966, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

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

2. Other Post-Employment Benefits
Plan Description

The City provides health care insurance coverage for employees who retire until they reach the age of 65. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. There are 68 active and 4 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities 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 the plan, and changes in the City's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 103,660
Interest on net OPEB	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	103,660
Contributions made	(13,000)
Change in net OPEB obligation	90,660
OPEB obligation - beginning of year	298,186
OPEB obligation - end of year	\$ 388,846

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

The annual required contribution for the current year was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.0% discount rate.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2013 is 30 years, and the remaining amount is \$678,096. The City intends to reduce or eliminate the calculated liability through benefit modifications.

Trend Information

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/12	\$ 99,554	8.04%	\$ 298,186
12/31/13	103,660	12.5%	388,846

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$678,096. The annual payroll for active employees covered by the plan for the 2013 fiscal year was \$5,239,682 for a ratio of the UAAL to covered payroll of 13%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

Actuarial Methods and Assumptions

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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 9.3%, reduced by decrements to an ultimate rate of 4.7% after seventy years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

CITY OF STURGEON BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

3. The Wisconsin Public Power Incorporated System (WPPI)

The Sturgeon Bay Utilities (the "Utilities") purchases all of its electric requirements from the Wisconsin Public Power Incorporated System (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act Sec. 66.073 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

The Utilities is a member of WPPI located throughout the States of Wisconsin, Michigan and Iowa. On December 1, 1989, each of WPPI's members, including the Utilities, commenced purchasing electric service from WPPI under a Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. In 2002, all WPPI members ratified a thirteen year extension to their contracts. The current contract expires December 31, 2037.

Under the Long-term Contract, the Utilities and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality. The Utilities have agreed to charge rates to the retail ratepayers sufficient to meet its obligations to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the Utilities payable from any operating and maintenance fund established by the Utilities for that system.

The long-term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial thirty-five year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through Wisconsin Public Power, Inc. System for distribution to its customers. Total purchases under this arrangement amounted to approximately \$12.05 million in 2013.

4. Risk Management

The City has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the City. There have been no settlements in excess of coverage in any of the past three years and there have been no significant reductions in coverage from the prior year.

CITY OF STURGEON BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

5. Tax Incremental Districts

The City has established separate capital projects funds for four Tax Incremental Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. Except for certain exceptions under Section 66.1105(6)(am)(1), the Statutes allow 15 or 22 years after its creation date for a tax incremental district to incur project costs eligible for financing from tax increments. The City's four Districts were created on January 1, 1991, January 1, 1994, January 1, 2008 and January 1, 2013, respectively.

Since creation of the above Districts, the City has provided various financing sources to each TID. Detail of the amounts recoverable by the City as of December 31, 2013 from future excess tax increment revenues follows:

	Total	TID No. 1	TID No. 2	TID No. 3	TID No. 4
Net (Excess) Unreimbursed Project Costs	\$ 20,677,914	\$ (156,496)	\$ 19,282,390	\$ 1,144,247	\$ 407,773

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

	Termination Year
TID No. 1	2028
TID No. 2	2031
TID No. 3	2034
TID No. 4	2040

6. Contingencies

a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

7. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2013 and 2014 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2013 budget was 1.11%. The actual limit for the City for the 2014 budget was .76%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STURGEON BAY, WISCONSIN
 Schedule of Funding Progress
 Other Post-employment Benefit Plan
 For the Year Ended December 31, 2013

Actuarial Valuation Date January 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 673,263	0.0%	\$ 673,263	N/A	N/A
2011	-	678,096	0.0%	678,096	N/A	N/A

The City implemented GASB Statement No. 45 for the calendar year ended January 1, 2011 with retroactive adjustment for prior years.

CITY OF STURGEON BAY, WISCONSIN
 Schedule of Employer Contributions
 Other Post-employment Benefit Plan
 For the Year Ended December 31, 2013

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2011	\$ 13,000	\$ 93,445	13.9%
2012	8,000	99,554	8.0%
2013	13,000	103,660	12.5%

The District implemented GASB Statement No. 45 for the calendar year ended December 31, 2011 with retroactive adjustment for prior years.

SUPPLEMENTARY INFORMATION

CITY OF STURGEON BAY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Revolving Loan	Cable TV	TID No. 1	TID No. 3
ASSETS				
Cash and investments	\$ 195,676	\$ 251,864	\$ 156,496	\$ 599,235
Receivables				
Taxes	-	-	494,001	8,012
Accounts	-	-	-	16,975
Loans	708,266	-	-	-
Due from other funds	-	-	-	-
TOTAL ASSETS	\$ 903,942	\$ 251,864	\$ 650,497	\$ 624,222
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	41,995	-	-	5,458
Total Liabilities	41,995	-	-	5,458
Deferred Inflows of Resources				
Property taxes	-	-	494,001	8,012
Grants	-	-	-	-
Loans receivable	708,266	-	-	-
Total Deferred Inflows of Resources	708,266	-	494,001	8,012
Fund Balances (Deficit)				
Restricted	-	-	156,496	610,752
Assigned	153,681	251,864	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	153,681	251,864	156,496	610,752
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 903,942	\$ 251,864	\$ 650,497	\$ 624,222

TID No. 4	Capital Improvements	Total Nonmajor Governmental Funds
\$ -	\$ 2,359,836	\$ 3,563,107
-	765,135	1,267,148
-	34,552	51,527
-	-	708,266
-	2,589	2,589
<hr/>		
\$ -	\$ 3,162,112	\$ 5,592,637

\$ 884	\$ -	\$ 884
406,889	-	454,342
407,773	-	455,226

-	765,135	1,267,148
-	27,908	27,908
-	-	708,266
-	793,043	2,003,322

-	-	767,248
-	2,369,069	2,774,614
(407,773)	-	(407,773)
(407,773)	2,369,069	3,134,089

\$ -	\$ 3,162,112	\$ 5,592,637
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CITY OF STURGEON BAY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Revolving Loan	Cable TV	TID No. 1	TID No. 3
Revenues				
Taxes				
General property taxes	\$ -	\$ -	\$ 457,752	\$ 34,201
Special assessments	-	-	-	-
Intergovernmental	-	-	10,165	-
Licenses and permits	-	124,140	-	-
Fines and forfeits	-	-	-	-
Public charges for services	-	-	-	-
Interest	14,253	-	329	-
Miscellaneous	114,983	85	-	508
Total Revenues	<u>129,236</u>	<u>124,225</u>	<u>468,246</u>	<u>34,709</u>
Expenditures				
Current				
Development	315,015	63,504	-	7,300
Debt service				
Principal	-	-	-	1,690,000
Interest and fiscal charges	-	-	-	62,268
Capital outlay				
Capital outlay	-	17,189	-	74,600
Total Expenditures	<u>315,015</u>	<u>80,693</u>	<u>-</u>	<u>1,834,168</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(185,779)</u>	<u>43,532</u>	<u>468,246</u>	<u>(1,799,459)</u>
Other Financing Sources (Uses)				
Long-term debt issued	-	-	-	1,755,000
Sale of capital assets	-	-	-	60,000
Transfers in	-	-	-	131,330
Transfers out	(11,995)	(4,500)	(457,752)	-
Total Other Financing Sources (Uses)	<u>(11,995)</u>	<u>(4,500)</u>	<u>(457,752)</u>	<u>1,946,330</u>
Net Change in Fund Balances	(197,774)	39,032	10,494	146,871
Fund Balances - January 1	<u>351,455</u>	<u>212,832</u>	<u>146,002</u>	<u>463,881</u>
Fund Balances (Deficit) - December 31	<u>\$ 153,681</u>	<u>\$ 251,864</u>	<u>\$ 156,496</u>	<u>\$ 610,752</u>

TID No. 4	Capital Improvements	Total Nonmajor Governmental Funds
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\$ -	\$ 616,895	\$ 1,108,848
-	34,681	34,681
-	289,758	299,923
-	-	124,140
-	6,974	6,974
-	6,000	6,000
-	-	14,582
-	330,588	446,164
-	1,284,896	2,041,312

304,869	-	690,688
-	-	1,690,000
-	-	62,268
102,904	1,499,847	1,694,540
407,773	1,499,847	4,137,496

(407,773)	(214,951)	(2,096,184)
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-	81,924	1,836,924
-	44,469	104,469
-	15,694	147,024
-	-	(474,247)
-	142,087	1,614,170

(407,773)	(72,864)	(482,014)
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-	2,441,933	3,616,103
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\$ (407,773)	\$ 2,369,069	\$ 3,134,089
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CITY OF STURGEON BAY, WISCONSIN
 General Fund
 Detailed Comparison of Revenues - Budget and Actual -
 General Fund
 For the Year Ended December 31, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes				
General property	\$ 5,220,405	\$ 5,220,405	\$ 5,220,405	\$ -
Retained sales tax	120	120	124	4
Payment in lieu of taxes				
Housing authority	19,490	19,490	19,488	(2)
Mobile home	60,000	60,000	60,153	153
Interest on taxes	765	765	935	170
Room taxes	146,000	146,000	137,702	(8,298)
Total Taxes	5,446,780	5,446,780	5,438,807	(7,973)
Intergovernmental				
State				
State shared taxes	915,110	915,110	915,054	(56)
State highway aid	468,850	468,850	483,614	14,764
Law enforcement	13,150	13,150	44,147	30,997
Fire insurance dues	28,000	28,000	29,063	1,063
Municipal services	6,350	6,350	5,461	(889)
Computer aid	17,500	17,500	24,838	7,338
DNR - aids in lieu of taxes	1,700	1,700	1,980	280
DNR - marine patrol	9,240	9,240	9,534	294
DNR - recycling rebate	25,000	25,000	-	(25,000)
Total Intergovernmental	1,484,900	1,484,900	1,513,691	28,791
Licenses and Permits				
State seal	280	280	560	280
Liquor and malt beverages	29,000	29,000	29,393	393
Cigarette licenses	2,000	2,000	2,125	125
Animal licenses	420	420	485	65
Operator's licenses	2,800	2,800	4,285	1,485
Sundry licenses and permits	1,800	1,800	2,162	362
Building permits	36,000	36,000	33,786	(2,214)
Plumbing and electrical permits and licenses	23,600	23,600	22,289	(1,311)
Sign permits	4,200	4,200	4,500	300
Miscellaneous fees and permits	19,855	19,855	24,493	4,638
Total Licenses and Permits	119,955	119,955	124,078	4,123
Fines and Forfeits				
Court fines and penalties	65,000	65,000	51,819	(13,181)

(Continued)

CITY OF STURGEON BAY, WISCONSIN
 General Fund
 Detailed Comparison of Revenues - Budget and Actual -
 General Fund (Continued)
 For the Year Ended December 31, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Charges for Services				
Special assessment letter fee	1,500	1,500	3,020	1,520
Recreation	148,220	148,220	154,185	5,965
Mooring fees	15,000	15,000	14,959	(41)
Sanitation services	8,700	8,700	13,284	4,584
Weights and measures	6,015	6,015	6,005	(10)
Street department	5,400	5,400	10,092	4,692
Weed control	15,500	15,500	13,005	(2,495)
Total Public Charges for Services	<u>200,335</u>	<u>200,335</u>	<u>214,550</u>	<u>14,215</u>
Intergovernmental Charges for Services				
Fire department fees	461,640	461,640	461,638	(2)
Commercial				
Rent from commercial property	43,870	43,870	47,157	3,287
Miscellaneous				
Interest	12,000	12,000	11,695	(305)
Interest on special assessments	550	550	516	(34)
Insurance dividends	-	-	38,843	38,843
Private grants	15,000	15,000	17,461	2,461
Miscellaneous	17,000	17,000	28,519	11,519
Total Miscellaneous	<u>44,550</u>	<u>44,550</u>	<u>97,034</u>	<u>52,484</u>
Total Revenues	<u>\$ 7,867,030</u>	<u>\$ 7,867,030</u>	<u>\$ 7,948,774</u>	<u>\$ 81,744</u>

CITY OF STURGEON BAY, WISCONSIN
 General Fund
 Detailed Comparison of Expenditures - Budget and Actual -
 General Fund
 For the Year Ended December 31, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
City council	\$ 57,465	\$ 57,465	\$ 57,284	\$ 181
Board of review	1,820	1,820	861	959
Mayor	12,365	12,365	11,718	647
City administrator	222,468	222,468	111,324	111,144
Clerk-treasurer	310,190	310,190	303,551	6,639
Municipal services administration	189,061	189,061	157,754	31,307
Elections	10,719	10,719	9,762	957
Telephone	8,500	8,300	6,377	1,923
Postage	9,000	10,000	10,089	(89)
Assessment of property	91,675	91,675	83,125	8,550
Audit	17,000	16,600	16,575	25
Legal	45,000	45,000	41,492	3,508
Special counsel	25,000	25,000	11,768	13,232
City hall	146,821	146,821	122,051	24,770
Property and liability insurance	310,407	310,407	286,966	23,441
Unemployment compensation	12,500	12,500	8,404	4,096
Life insurance	11,000	11,000	8,349	2,651
Family assistance program	1,810	1,810	1,810	-
Publication	8,500	8,500	8,154	346
Computer	59,430	65,710	55,370	10,340
Contingency	1,435,850	1,426,570	5,000	1,421,570
Maintenance of commercial property	8,000	8,000	5,492	2,508
Miscellaneous consultants	-	-	35,321	(35,321)
Miscellaneous	25,710	25,310	16,671	8,639
Total General Government	3,020,291	3,017,291	1,375,268	1,642,023
Public Safety				
Police department	2,250,975	2,254,670	2,277,546	(22,876)
Police department uniform allowance	900	900	876	24
Building inspector	64,135	64,135	64,267	(132)
Fire department	1,594,005	1,594,005	1,546,225	47,780
Fire department uniform allowance	8,200	8,200	7,491	709
Hydrant rental	121,775	121,775	114,992	6,783
Total Public Safety	4,039,990	4,043,685	4,011,397	32,288

(Continued)

CITY OF STURGEON BAY, WISCONSIN
 General Fund
 Detailed Comparison of Expenditures- Budget and Actual -
 General Fund
 For the Year Ended December 31, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Transportation				
Public works administration	192,210	192,210	182,659	9,551
Street machinery	108,540	108,540	78,348	30,192
Garage	57,835	57,835	60,969	(3,134)
Gas and oil	85,000	85,000	79,338	5,662
Storm sewer	49,785	49,785	19,107	30,678
Curb and gutter	12,700	12,700	13,339	(639)
Roadway of streets	161,150	161,150	163,771	(2,621)
Street sweeping	37,550	37,550	33,654	3,896
Snow and ice removal	193,645	193,645	217,518	(23,873)
Street lighting	206,455	206,455	174,741	31,714
Street signs and markings	57,610	57,610	50,675	6,935
Highways	327,625	327,625	299,499	28,126
Sanitation				
Garbage and refuse collection	54,630	54,630	50,197	4,433
Solid waste site	32,410	32,410	24,493	7,917
Weed control	5,780	5,780	5,801	(21)
Total Public Works	1,582,925	1,582,925	1,454,109	128,816
Culture and Recreation				
Library	74,115	74,115	72,239	1,876
Celebration and entertainment	38,420	38,420	35,421	2,999
Recreation	144,640	144,640	93,644	50,996
Municipal dock	46,780	46,780	39,471	7,309
Parks and playground	365,815	365,120	364,101	1,019
Ball fields	29,195	29,195	33,014	(3,819)
Ice rinks	8,615	8,615	4,717	3,898
Beaches	2,590	2,590	176	2,414
Water weed cutting	91,720	91,720	73,862	17,858
Total Culture and Recreation	801,890	801,195	716,645	84,550
Development				
Community development	277,160	277,160	250,016	27,144
Waterfront parks and walkways	55,905	55,905	49,928	5,977
Development zone administration	25,000	25,000	25,000	-
Total Development	358,065	358,065	324,944	33,121
Debt Service				
Principal retirement	412,577	412,577	405,431	7,146
Interest and fiscal charges	130,288	130,288	120,555	9,733
Total Debt Service	542,865	542,865	525,986	16,879
Total Expenditures	\$ 10,346,026	\$ 10,346,026	\$ 8,408,349	\$ 1,937,677

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City of Sturgeon Bay
Sturgeon Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sturgeon Bay, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Sturgeon Bay's basic financial statements, and have issued our report thereon dated April 3, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Item 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Sturgeon Bay, Wisconsin's Response to Findings

The City of Sturgeon Bay, Wisconsin's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City of Sturgeon Bay, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
April 3, 2014

CITY OF STURGEON BAY, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2013

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2013-001	<p>Preparation of Annual Financial Report</p> <p>Condition: Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.</p> <p>Criteria: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.</p> <p>Cause: City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.</p> <p>Effect: Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America within an expected time frame.</p> <p>Recommendation: We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.</p> <p>Management Response: Management believes the cost for additional staff time and training to prepare year end reports outweigh the benefits to be received. We will continue to review and approve the financial reports prior to issuance.</p>

Section II - Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2013.

Executive Summary

Title: Chemical Spraying of Aquatic Vegetation

Background: During the 2014 budget process \$18,000.00 was allocated for spraying 47 acres of Aquatic Vegetation in the Bay of Sturgeon Bay. The Municipal Services Department prepared and sent out bid specs as per our purchasing policy. The specs were sent out to seven companies and one was returned for our consideration. Stantec, Inc. from Stevens Point Wisconsin returned a bid of \$266.00 per acre or a total cost of \$12,499.86 and no charge for a second application if resprayed within 30 days of initial application.

Fiscal Impacts: \$12,499.86 most of this is reimbursed by marina owners

Options: 1) Award contract to Stantec, Inc.
2) Discontinue spray program for 2014

Recommendation: Staff recommends awarding contract to Stantec, Inc. for aquatic vegetation spraying at a cost not to exceed \$12,499.86.

Prepared By: Bob Bordeau
Bob Bordeau
Municipal Services Director
Date: 4/21/2014

Reviewed By: Valerie Clarizio
Valerie Clarizio
Finance Director/City Treasurer
Date: 4/21/14

Reviewed By: Steven McNeil
Steven McNeil
City Administrator
Date: 4/21/2014

2014
Application of Chemical Herbicides for Control of Aquatic Weeds

COMPANY NAME	ADDRESS	BID AMOUNT
Aquatic Biologists, Inc.	N4828 Hwy 45 Fond du Lac, WI 54935	
Aquatic Engineering, Inc.	P.O. Box 3634 LaCrosse, WI 54602	
Lake and Pond Solutions, LLC	N1025 Julius Drive Greenville, WI 54942	
Northern Environmental Technologies, Inc.	12075 N. Corporate Parkway Suite 210 Mequon, WI 53092	
KN Services	W4750 Spring Hill Dr. Sherwood, WI 54169	N20584 LaFave Drive Fence WI 54120
Stantec, Inc.	2841 Stanley Street Stevens Point, WI 54481	$\$266.00/\text{acre} \times 0.00 \text{ Second application}$ $\\$49.00/\text{second app/acre}$ $12,499.86 = \text{Total}$
Jason Wilke	5285 Clarks Lake Road Sturgeon Bay WI	

**INVITATION TO BID
OFFICIAL NOTICE**

Notice is hereby given that sealed bids will be received at the office of the City Clerk of the City of Sturgeon Bay, 421 Michigan Street, Sturgeon Bay, Wisconsin 54235, until 3:00 p.m. on Thursday, April 17, 2014, and will publicly be opened at that location and time for:

*Application of Chemical Herbicides for the Control of Aquatic Weeds
in selected areas in the Bay of Sturgeon Bay*

Sealed bid proposal envelopes must be marked: "Sealed Bid for Application of Chemical Herbicides for the Control of Aquatic Weeds."

Bid proposal specifications and other documents may be obtained at the Park and Recreation office, 835 N. 14th Avenue, Sturgeon Bay, WI 54235.

The City of Sturgeon Bay reserves the right to reject any or all bid proposals or accept the bid proposal most advantageous to the City.

All bidders shall show proof of responsibility in accordance with Section 66.29 (2) Wisconsin Statutes. Proof of Responsibility shall show sufficient financial ability, equipment and experience to properly perform the contract.

*Robert W. Bordeau
Municipal Services Director*

INSTRUCTIONS TO BIDDERS

1. DESCRIPTION OF WORK: *The work included in this contract is for the initial application of chemical herbicides and the secondary applications required if the initial application did not control the aquatic weeds present. The contractor will spray the areas noted within and should be aware that vessels may be docked in place at time of application. Therefore, the contractor will have to spray around and under these vessels to ensure proper contact with the vegetation being sprayed. Chemical to be used is Reward, Cutrine, or generic equivalent, and Surfactant applied as per manufacturer's specifications.*
2. BIDDER RESPONSIBILITY FOR WORK CONDITIONS AND SITE: *Bidders are to inform themselves of the conditions under which the work is to be performed, the site of the work, the structure, the grounds, and any obstacles which may be encountered, and all other relevant matters concerning the work to be performed. The successful bidder will not be allowed any extra compensation or time by reason of any matter or thing about which such bidder might have fully informed himself prior to the bidding.*

INTERPRETATION OF CONTRACT DOCUMENT OBTAINABLE: *If any person*

4. REQUIREMENTS FOR SIGNING BIDS:
 - a) *Bids which are not signed by the individual making same should have attached thereto a power of attorney evidencing authority to sign the bid in the name of the person for whom it is signed.*
 - b) *Bids which are signed for a partnership should be signed by all the partners or by an attorney-in-fact. If signed by an attorney-in-fact, there should be attached to the bid, a power of attorney evidencing authority to sign the bid, executed by the partners.*
 - c) *Bids which are signed for a corporation, should have correct corporate name thereof and the signature of the president or other authorized official of the corporation, manually written below the corporate name following the word "By _____". If such bid is manually signed by an official other than the president of the corporation, a certified copy of a resolution of the Board of Directors evidencing the authority of such official to sign the bid should be attached to it. Such bid should also bear the attesting signature of the secretary of the corporation and the impression of the corporate seal.*
5. WHEN AWARD EFFECTUAL: *The contract shall be deemed as having been awarded when formal notice of award shall have been duly served upon the intended awardee (i.e.), the bidder to whom the City contemplates awarding the contract by some officer or agent of the City duly authorized to give such notice.*

6. WITHDRAWAL OF BIDS: Any bidder may withdraw his bid at anytime prior to the scheduled time for the opening of bids, but no bid shall be withdrawn without the consent of the City for a period of thirty (30) days after the time of opening or bids is passed.
7. QUALIFICATION OF BIDDERS PRIOR TO CONTRACT LETTING: The owner (City) in contemplating the award of contract may require the following information from prospective bidders:
 - a. The bidder's performance record.
 - b. The address and description of the bidder's plant or permanent place of business.
 - c. An itemized list of all equipment expected to be used on the project with photographs (if possible).
 - d. A description, with references, of projects the bidder has completed in the past five years.
 - e. A complete and current financial statement.
 - f. Certification that the "DNR" has approved your operation for applying chemical herbicides.
 - g. Such additional information as will satisfy the owner (City) that the bidder is adequately prepared to fulfill the contract.
8. FORM OF PROPOSAL AND DETERMINATION OF LOW BID: All proposals shall be made on forms prepared by the City, which are attached hereto, otherwise they may not be considered. All prices shall be stated in words and in figures and in cases of conflict, the written amounts shall govern.
9. CONFLICTS: In the event any provision in a contract document is in conflict or inconsistent with any other paragraph or section, the provision contained in the first listed document in ARTICLE III of the CONTRACT shall govern and the other shall be void to the extent of such conflict or inconsistency unless specifically stated to the contrary.
10. REJECTION OF BIDS: The City reserves the right to reject without explanation, any or all bids and to waive any informalities in bidding. Bids must be prepared according to the instructions contained in the contract documents. No bid shall be prepared with a lead pencil; bids so prepared will be rejected without further consideration. Any/all corrections must be authenticated by the person signing the proposal/contract; such authentication shall consist of the person's handwritten initials.
11. SUBMISSION OF BID: Proposal must be placed in a sealed envelope addressed to the City Clerk, City of Sturgeon Bay, 421 Michigan Street, Sturgeon Bay, WI 54235, and plainly marked "Sealed Bid/Proposal for Application of Chemical Herbicides for Aquatic Weed Control for the Bay of Sturgeon Bay".

12. *Chemical applicator will make available to the City: Chemical **Reward and Cutrine or generic equivalent** , application rates, and how much chemical used. The City of Sturgeon Bay reserves the right to send along a City representative during the chemical application.*
13. *Chemical applicator is responsible for all signage needed, as well as labor to post signs. The City of Sturgeon Bay will sign properties, if requested by applicator, however, will charge labor and materials to chemical applicator.*
14. *Chemical applicator must keep in contact with City of Sturgeon Bay Municipal Services Director as to when first application will be applied. Visual inspection must be made by chemical applicator before first application to ensure proper timing of first application. This should ensure adequate weed kill.*
15. *RE-INSPECTION OF SPRAY AREAS: Chemical applicator must do a visual inspection of spray areas to determine if second application is needed. Written report will be made to the Municipal Services Director as to second spray needs. 20% of bid will be withheld until second application process is complete.*

DESCRIPTION OF THE PROPOSED WORK

The work to be done under this contract to include the furnishing of labor, materials, tools and equipment necessary in performing all operations in connection with chemical application of herbicides in various locations of the Bay of Sturgeon Bay. At the time of application, the proper chemical, with a weighting agent to ensure adequate contact with submersed vegetation, will be determined by the consultant approved by a City representative and the DNR. **Chemical to be used is Reward, Cutrine or generic equivalent plus surfactant applied as per manufacturer's specifications.**

The proposal provided by the consultant will include assistance to the City of Sturgeon Bay in obtaining all applicable permits from the DNR. The consultant will also be required to attend up to a maximum of two (2) public informational meetings or public hearings as required and held by the City of Sturgeon Bay.

The following is a list of the areas to be treated with chemical herbicides. Treatment of these areas is to be late May to mid-June with the final determination to be made by the consultant and reviewed by the City representative and/or the DNR. The areas include acreage and water depths based upon 2002 water levels, the acreage shown is the maximum amount to be treated. The City of Sturgeon Bay reserves the right to withdraw or minimize any or all portions of the areas listed below at any time.

Sawyer Boat Launch	.55	acres	6'-7' Average Depth
Sunset Boat Launch	1.00	acres	4'-5' Average Depth
Stone Harbor Marina	1.30	acres	7' Average Depth
Door County Maritime Museum	.51	acres	6' Average Depth
Sturgeon Bay Marina	5.5	acres	6' Average Depth
Quarterdeck Marina	11.78	acres	5' Average Depth
Purves Lagoon	4.96	acres	5' Average Depth
Asher's Lagoon	.45	acres	5' Average Depth
Strawberry Creek	3.20	acres	10' Average Depth
Madelyn Marina	1.00	acres	5'-6' Average Depth
Snug Harbor Marina	.91	acres	4' Average Depth
Harbor Club/Skipper Buds Marina	7.08	acres	9' Average Depth
Center Pointe Marina	3.31	acres	9' Average Depth
Great Lakes Yacht Services	1.37	acres	12' Average Depth
Harbor Shores at the Bay	.75	acres	5' Average Depth
Bay Marine-around fuel dock	.20	acres	6' Average Depth
Sturgeon Bay Yacht Club	1.48	acres	6' Average Depth
"E" Dock-St. Bay Marina (D.Schott)	1.48	acres	6' Average Depth

Total Acres: 46.83

GENERAL CONDITIONS

The contract documents consist of the Advertisement, Instruction to Bidders, General Conditions, General and Specific Specifications, Proposal and Contract, each of which constitutes an integral part of the contract.

1. CONTRACTOR'S INSURANCE: The Contractor shall not commence work under this contract until he has obtained all insurance required under this paragraph and such insurance has been approved by the Owner, nor shall the contractor allow any subcontractor to commence work on his subcontract until all similar insurance required of the subcontractor has been obtained and approved.
 - a. Compensation Insurance: The Contractor shall take out and maintain during the life of this contract, Worker's Compensation Insurance for all of his employees at the site of the project and, in case of any work is sublet, the contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the contractor. In case any class of employees engaged in hazardous work under this contract at the site of the project is not protected under the Worker's Compensation statute, the contractor shall provide and shall cause for each subcontractor to provide and shall cause for each subcontractor to provide adequate insurance coverage for the protection of his employees not otherwise protected.
 - b. Public Liability and Property Damage Insurance: The Contractor shall take out and maintain during the life of this contract such Public Liability and Property Damage Insurance as shall protect him and any subcontractor performing work covered by this contract from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from operations under this contract, whether such operations be by himself or by any subcontractor or by anyone directly or indirectly employed by either of them and the amounts of such insurance shall be as follows:

Bodily Injury:

\$ 1,000,000	Each Occurrence
\$ 1,000,000	Annual Aggregate, Products & Completed Operations

Property Damage:

\$ 500,000	Each Occurrence
\$ 1,000,000	Annual Aggregate

Personal Injury with Employment Exclusion Deleted:

\$ 1,000,000	Annual Aggregate
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- c. Comprehensive Automobile Liability:

Bodily Injury:

\$ 1,000,000	Each Person
\$ 1,000,000	Each Accident

Property Damage

\$ 500,000 Each Occurrence

d. Business Auto Insurance
\$ 1,000,000 Single Limit for bodily injury and/or Property Damage

e. Excess Umbrella Liability Insurance:
\$2,000,000 Limit of Liability

2. PROOF OF COVERAGE OF INSURANCE: The contractor shall furnish the owner with satisfactory proof of coverage of the insurance required. Satisfactory proof shall normally consist of certificate(s) of insurance. The City of Sturgeon Bay shall be named as an additional insured.
3. PAYMENT OF EMPLOYEES: The Contractor and each of his subcontractors shall pay each of his employees engaged in work on the project under his contract in full (less only deductions made mandatory by law) in cash or check and not less than once each week.
4. ACCIDENT PREVENTION: Precaution shall be exercised at all times for the protection of all persons (including employees) and property. All hazardous conditions shall be guarded against or eliminated.
5. PAYMENTS TO CONTRACTOR: Not later than the twentieth (20th) day of each calendar month, the Owner will make payment to the contractor on the basis of a duly certified and approved estimate of the work performed under this contract, during the preceding calendar month. To obtain such payment, Contractor must submit authenticated statement/voucher detailing work completed to Owner not later than the third (3rd) working day of that calendar month. Statements/Vouchers received after the third (3rd) working day will be expeditiously processed, however, payment may be delayed up to thirty (30) days from receipt.
6. TERMINATION FOR BREACH: In the event that any of the provisions of this Contract are violated by the Contractor or his subcontractor(s), the Owner may serve written notice upon the Contractor of its intention to terminate such contract. Such notice shall contain the reasons for such intention to terminate the contract, and unless within five (5) days after serving of such notice upon the Contractor, satisfactory arrangement for correction be made, the contract shall upon the expiration of said five (5) days, cease and terminate.
7. ASSIGNMENT OF CONTRACT: The Contractor shall not assign this contract nor any part hereof, nor any monies due or to become due hereunder, without the written consent of the Owner. No assignment of this contract shall be valid unless it shall contain a provision that the funds to be paid to the Assignee under the assignment are subject to a prior lien for services rendered or materials supplied for the performance of work called for in said contract in favor of all persons, firms, or corporations rendering such services or supplying such materials.
8. SUBCONTRACTING: The Contractor shall not subcontract any work to be performed in the performance of this contract without the consent of the Owner. If the Contractor shall sublet any part of this contract, the Contractor shall be fully

responsible to the Owner for the acts and omissions of his subcontractor, as he is for the acts and omissions of persons directly employed by himself.

9. DEFINITIONS: The following terms as used in this contract are respectively defined as follows:

- a. Contractor: The person, firm, corporation or business entity to whom the within contract is awarded by the Owner and who is subject to the terms thereof.
- b. Subcontractor: The person, firm, corporation or business entity to whom the within contract is awarded by the Owner and who is subject to the terms thereof.
- c. Owner or City: This is understood to mean the City of Sturgeon Bay, Wisconsin, represented by the Purchasing Agent (City Administrator).

CONTRACT

THIS CONTRACT made this _____ day of _____, 20____, by and between _____, hereinafter called the "Contractor", and City of Sturgeon Bay, hereinafter called the "Owner".

WITNESSETH, that the Contractor and the Owner for the Consideration stated herein agree as follows:

ARTICLE I, SCOPE OF WORK: The Contractor shall perform everything required to be performed and shall provide and furnish all of the labor, materials, necessary tools, expendable equipment, and all utility and transportation services required to perform and complete in a workmanlike manner all of the work required for the application of chemical herbicides for the control of aquatic weeds in selected areas in the Bay of Sturgeon Bay. All to be accomplished in accordance with the Contract documents, including any and all addenda, prepared under the direction of the Purchasing Agent of said City of Sturgeon Bay, and in strict compliance with the Contractor's proposal and the other contract documents herein mentioned which are a part of this contract. The Contractor shall do everything required by this contract and other documents constituting any part hereof.

ARTICLE II, THE CONTRACT PRICE: The Owner shall pay to the Contractor for the performance of this contract, subject to any additions or deductions provided herein, in current funds, the contract price computed as follows:

Payments are to be made to the Contractor in accordance with, and subject to the provisions embodied in the documents made a part of this contract.

The actual sum to be paid, however, will be the aggregate total determined by the work actually performed by the Contractor calculated upon the unit prices set out in the Proposal and which are hereto attached and made a part thereof.

ARTICLE III, COMPONENT PARTS OF THIS CONTRACT: This contract consists of the following component parts, all of which are as fully a part of this contract as if herein set out verbatim or, if not attached, as if hereto attached:

- A. Advertisement for bids
- B. Instructions to bidders
- C. Contractor Proposal
- D. General Conditions
- E. Contract
- F. Special Provision

In the event that any provision in any of the above component parts of this contract conflicts with a provision in any other of the component parts, the provision component part first enumerated above shall govern over any other component part which follows in numerically, except as may be otherwise specifically stated.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in two (2) original counterparts the day and year first above written.

(Seal)

(Name of Contractor)

By: _____

(Title)

Attest:

(Title)

(Title)

CITY OF STURGEON BAY

BY: _____
Mayor

Attest:

Stephen McNeil, City Administrator

Approved as to form _____
City Attorney

Date

Provision has been made to pay the liability that will accrue under this contract.

Stephen McNeil, City Administrator

Date

SPECIAL PROVISION

Project Quantities:

- a) *Payment for all work shall be based upon the unit prices within this contract. Final quantities can not be determined until spray areas are approved by the DNR and a permit issued by them to allow this work.*
- b) *Benefiting property owners will also be able to eliminate area from this contract, after bids are received, but not after contractors are signed.*
- c) *Spray area (attached).*

BID FORM & PROPOSAL FOR CITY OF STURGEON BAY
Bids to be received at City Hall, 421 Michigan St., Sturgeon Bay, WI 54235 until
Thursday, April 17, 2014 at 3:00 p.m., at which time bids will be opened.

TO: City Clerk, City of Sturgeon Bay
 421 Michigan Street
 Sturgeon Bay, WI 54235

The undersigned having familiarized himself with the local conditions affecting the cost of the work, and having read and examined the Advertisement for Bids, Description of work, Bid Form & Proposal and locations, hereby proposed to do all the work called for in this proposal and to furnish all labor, tools, equipment and materials necessary for the full completion of said work in a workmanlike manner at the sums, rates and unit prices for said work as follows:

The chemical herbicides _____ application for aquatic weed control to:

<u>AREA</u>	<u>ACREAGE</u>	<u>COST/ACRE</u>	<u>TOTAL</u>
1. SAWYER BOAT LAUNCH	.55		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
2. SUNSET BOAT LAUNCH	1.00		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
3. MADELYN MARINA	1.30		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
4. DOOR COUNTY MARITIME MUSEUM	.51		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
5. STURGEON BAY MARINA	5.5		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
6. QUARTERDECK MARINA	11.78		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____

7. PURVES LAGOON	4.96		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
8. ASHERS LAGOON	.45		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
9. STRAWBERRY CREEK	3.20		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
10. LEATHEM SMITH MARINA	1.00		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
11. SNUG HARBOR MARINA	.91		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
12. HARBOR CLUB/SKIPPER BUDS	7.08		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
13. CENTER POINT MARINA	3.31		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
14. GREAT LAKES YACHT SERVICES	1.37		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
15. HARBOR SHORES AT THE BAY	.75		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____
16. BAY MARINE (around fuel docks)	.20		
<i>First Application</i>		\$ _____	\$ _____
<i>Additional Application</i>		\$ _____	\$ _____

17. STURGEON BAY YACHT CLUB	1.48	\$ _____	\$ _____
<i>First Application</i>			
<i>Additional Application</i>		\$ _____	\$ _____
18. "E" DOCK – ST. BAY MARINA	1.48	\$ _____	\$ _____
<i>First Application</i>			
<i>Additional Application</i>		\$ _____	\$ _____
		Grand Total:	\$ _____

Written Grand Total: _____

Submitted by: _____
 Company Name

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
GENERAL FUND				
REVENUE				
R0000750	GREEN COURTE	OVERPAYMENT MARCH 14 MHT	01-000-000-41300	48.03
TOTAL REVENUE				48.03
TOTAL GENERAL FUND				48.03
MAYOR				
FIRST	FIRST NATIONAL BANK OF OMAHA	DCEDC LUNCHEON	01-100-000-55600	66.00
TOTAL				66.00
TOTAL MAYOR				66.00
CITY COUNCIL				
FIRST	FIRST NATIONAL BANK OF OMAHA	DCEDC LUNCHEON	01-105-000-55600	33.00
TOTAL				33.00
TOTAL CITY COUNCIL				33.00
CITY CLERK-TREASURER				
03767	STAPLES ADVANTAGE	COPY PAPER/INK/LABELS/PENS	01-115-000-51950	383.52
FIRST	FIRST NATIONAL BANK OF OMAHA	WMCA DISTRICT MTG/REINHARDT	01-115-000-55600	28.00
FIRST		HOTEL	01-115-000-55600	70.00
FIRST		MEALS	01-115-000-55600	17.25
FIRST		DCEDC LUNCHEON	01-115-000-55600	66.00
TOTAL				564.77
TOTAL CITY CLERK-TREASURER				564.77
ADMINISTRATION				
FIRST	FIRST NATIONAL BANK OF OMAHA	MEALS	01-120-000-55600	62.30
FIRST		PARKING	01-120-000-55600	6.00
FIRST		FUEL	01-120-000-55600	57.02
FIRST		DCEDC LUNCHEON	01-120-000-56650	33.00
TOTAL				158.32
TOTAL ADMINISTRATION				158.32
COMPUTER				
03101	CDW GOVERNMENT, INC.	3 USB PORT HUBS	01-125-000-51950	42.57
TOTAL				42.57
TOTAL COMPUTER				42.57

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
CITY ASSESSOR				
ASSO APP	ASSOCIATED APPRAISAL	05/06/14 CONTRACT	01-130-000-55010	1,245.83
TOTAL				1,245.83
TOTAL CITY ASSESSOR				1,245.83
MUNICIPAL SERVICES ADMIN.				
03075	CARQUEST OF DOOR COUNTY	BRAKE REPAIR SUPPLIES	01-145-000-56250	346.75
03075		CORE RETRN/ FRICTION CALIPERS	01-145-000-56250	-158.00
TOTAL				188.75
TOTAL MUNICIPAL SERVICES ADMIN.				188.75
PUBLIC WORKS ADMINISTRATION				
03133	CELLCOM WISCONSIN RSA 10	04/14 STREETS CELL SERV	01-150-000-58250	13.45
03133		04/14 BOB B CELL SERV	01-150-000-58250	48.61
22800	WALMART COMMUNITY	STICKERS	01-150-000-51950	3.36
22800		OFFICE SUPPLIES	01-150-000-51950	8.44
FIRST	FIRST NATIONAL BANK OF OMAHA	DCEDC LUNCHEON/SHEFCHIK	01-150-000-55600	33.00
TOTAL				106.86
TOTAL PUBLIC WORKS ADMINISTRATION				106.86
ELECTIONS DEPARTMENT				
22800	WALMART COMMUNITY	PENS & BATTERIES	01-155-000-54999	9.71
TOTAL				9.71
TOTAL ELECTIONS DEPARTMENT				9.71
CITY HALL				
05500	ENERGY CONTROL AND DESIGN INC	VALVE ACTUATOR/CITY HALL	01-160-000-54999	161.68
05500		REMV & REPLCE FAN MTR HVAC	01-160-000-58999	1,053.36
23730	WPS	CITY HALL	01-160-000-56600	2,916.38
MID STAT	MSS-DEPERE	URINAL REPAIR PARTS	01-160-000-54999	84.24
TOTAL				4,215.66
TOTAL CITY HALL				4,215.66
INSURANCE				
BH	BURKART HEISDORF INSURANCE	AMEND PROP VALUES	01-165-000-57350	573.00
TOTAL				573.00

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
			TOTAL INSURANCE	573.00
GENERAL EXPENDITURES				
04696	DOOR COUNTY TREASURER	1ST QTR PHNE	01-199-000-58200	493.95
04696		1ST QTR VOICEMAIL	01-199-000-58200	166.05
15890	PACK AND SHIP PLUS	RETURN SHIPPING	01-199-000-57250	9.72
16590	PITNEY BOWES	2 INK CARTRIDGES	01-199-000-57250	122.38
BUBRICKS	BUBRICK'S COMPLETE OFFICE	5 CTN COPY PAPER	01-199-000-55650	137.50
FIRST	FIRST NATIONAL BANK OF OMAHA	CRDT PREVIOUS MONTH INTEREST	01-199-000-51520	-10.16
STAPLES	WISCONSIN DOCUMENT IMAGING LLC	MAINT AGREE 2ND FLR COPY/C4540	01-199-000-55650	665.00
STAPLES		MAINT AGREEMNT C/T COPY C9145	01-199-000-55650	1,600.00
		TOTAL		3,184.44
		TOTAL GENERAL EXPENDITURES		3,184.44
POLICE DEPARTMENT				
20081	TARGET BANK	2-USB CABLES/ELECTRONICS	01-200-000-55500	45.56
C JEANQ	CANDY JEANQUART	JEANQRT/MEAL REIMB EXCEL CLASS	01-200-000-55600	10.34
CUSTOM	CUSTOM SERVICE INFORMATION LLC	POLICY WRITING SERVICES	01-200-000-51600	750.00
FIRST	FIRST NATIONAL BANK OF OMAHA	DCEDC LUNCHEON/BRINKMAN	01-200-000-55600	33.00
FIRST		2-CISCO WIRELESS ROUTERS	01-200-000-55500	399.90
SPUDE	SARAH SPUDE-OLSON	S OLSON MEAL REIMB/ EXCEL TRN	01-200-000-55600	13.20
US BANK	US BANK EQUIPMENT FINANCE	RICOH COPIER PMT #16 OF 36	01-200-000-55650	181.00
		TOTAL		1,433.00
		TOTAL POLICE DEPARTMENT		1,433.00
POLICE DEPARTMENT/PATROL				
01550	BP AMOCO	BAL DUE TO UNLOCK ACCT	01-215-000-51650	10.72
02208	BAYCOM INC.	LAPTOP MAINT & REFORMAT	01-215-000-58999	1,380.14
02208		MDB REPAIR	01-215-000-58999	55.00
03133	CELLCOM WISCONSIN RSA 10	04/14 CELL SERVICE	01-215-000-58250	738.16
03133		04/14 SQUAD PRINTERS	01-215-000-58999	311.46
03134	CELLCOM-STURGEON BAY STORE	USB DONGLE MODEM	01-215-000-58250	29.95
04696	DOOR COUNTY TREASURER	MARCH FUELCHG 1712.64 @ 3.2930	01-215-000-51650	5,639.72
14875	NWTC GREEN BAY	SFST CLASS/ZAGER & HOUGAARD	01-215-000-55600	190.00
19880	STURGEON BAY UTILITIES	SUNSET PK BT LAUNCH	01-215-000-56150	11.49
19880		NAUTICAL DR CAMERA WWTP	01-215-000-56150	10.84
20725	T R COCHART TIRE CENTER	4 TIRES/ CAPT VEHICLE	01-215-000-58600	336.04
23645	WISCONSIN DEPT JUSTICE TIME	TIME SYSTEM ACC. APRL-JUNE '14	01-215-000-58999	370.50
25650	GREG ZAGER	ZAGER MEALS/ CELLEPHNE WK	01-215-000-55600	8.40
25650		ZAGER MEAL REIB/ MISS CHILD	01-215-000-55600	10.90
25650		ZAGER MEAL REIMB/MINDSET TRNIN	01-215-000-55600	15.91
HOUGAARD	CHAD HOUGAARD	HOUGRD/MEAL REIMB MNDSET TRN	01-215-000-55600	20.47
HOUGAARD		HOUGAARD MEAL REIMB	01-215-000-55600	11.51
MODERN	MODERN MARKETING	NITRILE GLOVES (LG/XL)	01-215-000-54999	82.52
NELSON	NELSON TACTICAL	AMMUNITION	01-215-000-51050	326.08

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
NELSON		SHIPPING	01-215-000-51050	15.00
PELL	DAN PELLIZZER	PELLIZER/MEAL REIMB MNDSET TRN	01-215-000-55600	17.85
R0000048	SHELL FLEET PLUS	CREDIT FED EXCISE TAX	01-215-000-51650	-6.07
R0000048		OUT OF TOWN FUEL	01-215-000-51650	43.03
R0000048		OUT OF TOWN FUEL	01-215-000-51650	34.89
R0000048		OUT OF TOWN FUEL	01-215-000-51650	42.00
R0000608	AUTO ZONE, INC	2 ARMOR AUTO GLASS CLEANER	01-215-000-58550	8.54
WSUG	WISCONSIN SPLIIMAN USER GROUP	2014 WSUG DUES/SUBORD AGENCY	01-215-000-58999	50.00
TOTAL				9,765.05
TOTAL POLICE DEPARTMENT/PATROL				9,765.05
POLICE DEPT. / INVESTIGATIONS				
RDJ SPEC	RDJ SPECIALTIES, INC.	ASSORTED SBPD COLOR BOOKS	01-225-000-57950	550.48
TOTAL				550.48
TOTAL POLICE DEPT. / INVESTIGATIONS				550.48
FIRE DEPARTMENT				
03075	CARQUEST OF DOOR COUNTY	OIL FILTERS	01-250-000-53000	244.37
03075		FUEL FILTER	01-250-000-53000	4.35
03075		AIR FILTER/UNIT #5	01-250-000-53000	8.02
03075		RETURN AIR FILTER	01-250-000-53000	-4.08
03075		BULB	01-250-000-53000	1.11
03075		FUEL FILTER	01-250-000-53000	9.35
03075		FUEL PUMP RETURN	01-250-000-53000	-4.89
03075		BRAKE TUBING & PARTS	01-250-000-53000	43.76
03166	MIKE CIHLAR	2 UNIFORM SHIRTS	01-250-000-52900	26.00
04150	DE JARDIN CLEANERS LLC	REPAIR TURN OUT GEAR	01-250-000-54999	7.00
04520	DOOR AND KEWAUNEE COUNTY	2014 ANNUAL DUES	01-250-000-56000	25.00
04696	DOOR COUNTY TREASURER	MARCH FUEL	01-250-000-51650	1,369.10
06012	FASTENAL COMPANY	RATCHET STRAPS	01-250-000-51350	88.61
06012		STRAPS	01-250-000-51350	38.79
14000	NAPA AUTO PARTS	GREASE & BRAKELEEN	01-250-000-53000	23.07
17250	QUALITY STATE OIL CO., INC.	OIL	01-250-000-53000	732.72
18448	RENNERTS FIRE EQUIP SER INC	AUTO EJECT /UNIT #5	01-250-000-53000	268.36
19880	STURGEON BAY UTILITIES	MEM FLD SPRINKLER	01-250-000-56675	42.00
19880		MEM FLD WARM HOUSE	01-250-000-56675	42.00
19880		835 N 14TH AVE SALT SHED	01-250-000-56675	5.20
19880		835 N 14TH AVE CITY GARAGE	01-250-000-56675	42.00
19880		N 7TH PLACE GARLAND PARK	01-250-000-56675	5.20
19880		DUCK POND	01-250-000-56675	5.20
19880		SUNSET CNTR/NEW CONC	01-250-000-56675	42.00
19880		FRANK GRASSE MEM SHELTER	01-250-000-56675	13.00
19880		OTUMBA PARK	01-250-000-56675	5.20
19880		WEST SIDE WARMING HOUSE	01-250-000-56675	5.20
19880		WEST SIDE FIRE STATION	01-250-000-56675	42.00
19880		WEST SIDE FIRE STATION	01-250-000-56150	88.90
19880		WEST SIDE FIRE STATION	01-250-000-58650	117.06
19880		38 S NEENAH AVE PAVILLION	01-250-000-56675	5.20

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
19880		38 S NEENAH AVE RSTRM	01-250-000-56675	26.00
19880		JAYCEES BALLFLD STAND	01-250-000-56675	13.00
19880		MICH ST JC BALLFLD SPRINKLE	01-250-000-56675	42.00
19880		WEST SIDE BALL FIELD LITES	01-250-000-56675	5.20
19880		GIRLS LITTLE LEAGUE	01-250-000-56675	42.00
19880		FIRE PROTECTION	01-250-000-56675	8,720.75
19880		916 N 14TH WARNING SIREN	01-250-000-56150	8.24
19880		QUINCY BAY SHIP PIT	01-250-000-56675	42.00
19880		COVE RD/CANAL RD SIREN	01-250-000-56150	13.99
19880		SUNSET PK STAR PLANT	01-250-000-56675	42.00
19880		835 N 14TH AVE SIGN SHED	01-250-000-56675	5.20
19880		CHERRY BLOSSM PK	01-250-000-56675	13.00
19880		CLAY BANKS SIREN	01-250-000-56150	15.82
20725	T R COCHART TIRE CENTER	TIRE REPAIR	01-250-000-53000	20.00
22800	WALMART COMMUNITY	WASH FLUID/FERTILIZER/MOP	01-250-000-54999	190.53
23730	WPS	W SIDE FIRE 656 S OXFORD AVE	01-250-000-56600	308.18
FIRST	FIRST NATIONAL BANK OF OMAHA	WIPER SWITCH TANKER 1	01-250-000-53000	207.93
FIRST		SHIPPING ON GATOR	01-250-000-53000	650.00
FIRST		MUFFLER, SWITCH & RELAY	01-250-000-53000	333.46
FIRST		SHOCK SPRINGS/2 TIRES	01-250-000-53000	271.84
FIRST		TIRE UPGRADE	01-250-000-53000	41.60
FIRST		FOOD/ BURN TRAINING	01-250-000-55600	54.46
FIRST		HOTEL/HERLACHE/GOV CONF	01-250-000-55600	77.70
FIRST		MEALS/ HERLACHE/GOV CONF	01-250-000-55600	17.24
LADDER	LADDER TECHNOLOGIES, LTD.	LADDER HEAT LABELS	01-250-000-56250	219.54
MED TECH	MED-TECH RESOURCE INC.	STETHOSCOPES	01-250-000-51350	35.18
US CELL	US CELLULAR	INSPECTION AIR CARDS	01-250-000-58250	48.32
UST FIRE	UST FIRE APPARATUS	2 VALVUE KITS	01-250-000-53000	454.02
WARNER	WARNER-WEXEL WHOLESALE &	HAND TOWELS	01-250-000-54999	128.94
		TOTAL		15,388.94
		TOTAL FIRE DEPARTMENT		15,388.94
STORM SEWERS				
12100	LAMPERT YARDS INC	TREAT LUMBER/STRWBRRY LN WALK	01-300-000-54999	199.65
12100		TREAT LUMBER/ STRWBRRY LN WALK	01-300-000-54999	12.38
12100		TREAT LUMBER/STRWBRRY LNE WALK	01-300-000-54999	108.34
SEPTIC	SEPTIC MAINTENANCE OF DOOR CTY	JET STRM SEWER LINE	01-300-000-51150	1,627.50
		TOTAL		1,947.87
		TOTAL STORM SEWERS		1,947.87
SOLID WASTE MGMT/SPRING/FALL				
18500	R N O W INC	CLUTCH SET	01-311-000-56250	114.00
PALMER	PALMER JOHNSON POWER SYSTEMS	CLTCH SHFT, KEYWAYS, BEARING/44	01-311-000-53000	500.00
PALMER		CLTCH SHFT, KEYWAYS, BEAR/44	01-311-000-56250	68.06
		TOTAL		682.06
		TOTAL SOLID WASTE MGMT/SPRING/FALL		682.06

DATE: 04/25/2014
TIME: 12:48:26
ID: AP443000.CST

CITY OF STURGEON BAY
DEPARTMENT SUMMARY REPORT

PAGE: 6

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
STREET SWEEPING				
02844	BRUCE MUNICIPAL EQUIPMENT INC	A/C SWITCH / #16	01-330-000-51400	58.45
03075	CARQUEST OF DOOR COUNTY	AIR & HI-POP OIL FLTRS/SWP 16	01-330-000-51400	37.43
25700	ZARNOTH BRUSH WORKS INC	2 PIVOT BUSHINGS	01-330-000-51400	169.50
25700		2 PIVOT WELDMENTS	01-330-000-51400	359.80
25700		2 SEALS	01-330-000-51400	57.90
25700		4 BEARINGS	01-330-000-51400	99.80
25700		4 BEARING CUP	01-330-000-51400	54.00
TOTAL				836.88
TOTAL STREET SWEEPING				836.88
ROADWAYS/STREETS				
08225	HERLACHE SMALL ENGINE	6 PK 2 CYCLE OIL	01-400-000-54999	15.00
TOTAL				15.00
TOTAL ROADWAYS/STREETS				15.00
SNOW REMOVAL				
06012	FASTENAL COMPANY	1 ROLL 1/2 " CABLE/PLOW WINGS	01-410-000-51400	758.45
TOTAL				758.45
TOTAL SNOW REMOVAL				758.45
STREET SIGNS AND MARKINGS				
22800	WALMART COMMUNITY	BATTERIES/ROAD FLASHERS	01-420-000-52550	137.64
TOTAL				137.64
TOTAL STREET SIGNS AND MARKINGS				137.64
STREET MACHINERY				
02005	BAY ELECTRONICS, INC.	RADIO REPEATER REPAIR	01-450-000-52150	1,000.00
03075	CARQUEST OF DOOR COUNTY	MECHANICAL FUEL PUMP	01-450-000-52150	43.98
03075		FUEL FILTER	01-450-000-52150	1.46
03075		CREDIT RETURN	01-450-000-52150	-0.04
03075		CREDIT RETURN	01-450-000-52150	-20.20
03075		1/4 PT UNIVERSAL CEM/SHOP	01-450-000-52150	6.15
03075		5 GAL HYD OIL/ UNIT # 13	01-450-000-53000	95.66
03075		AUVECOPAK/SHOP	01-450-000-52150	6.42
03075		MISC AUTO PARTS	01-450-000-52150	6.42
03075		GAL CAR WASH CONCNRATE	01-450-000-52150	45.98
03075		AIR FILTER/ #13	01-450-000-52150	27.71
03075		AIR FILTER	01-450-000-52150	10.71
03075		MISC SUPPLIES	01-450-000-52150	51.84
04603	HALRON LUBRICANTS INC	55 GAL DRUM KEROSENE	01-450-000-53000	323.19

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
06012	FASTENAL COMPANY	1 TAP	01-450-000-53000	10.50
06012		10 GRADE 8 BOLTS	01-450-000-53000	4.20
15890	BACK AND SHIP PLUS	RETURN SHIPPING	01-450-000-54999	8.95
APPLY MS	APPLIED MSS	1 PK 25 CUT OFF WHEELS	01-450-000-53000	96.83
APPLY MS		1 ROLL MECHANICS WIRE	01-450-000-53000	36.44
APPLY MS		2 CUTTING FLUID	01-450-000-53000	32.60
APPLY MS		2 PK NITRILE GLOVES	01-450-000-53000	39.98
APPLY MS		SHIPPING	01-450-000-53000	18.00
EH WULF	E.H. WOLF & SONS, INC.	55 GAL DRM DRVE TRN FLUID/ #13	01-450-000-53000	613.00
QUALITY	QUALITY TRUCK CARE CENTER INC	TURN SIGNAL SWITCH	01-450-000-53000	251.98
TOTAL				2,711.76
TOTAL STREET MACHINERY				2,711.76

CITY GARAGE

03075	CARQUEST OF DOOR COUNTY	HD BARREL PUMP	01-460-000-54999	43.11
03166	MIKE CIHLAR	SAFETY MANUAL BINDING	01-460-000-52350	36.99
19880	STURGEON BAY UTILITIES	835 N 14TH AVE SALT SHED	01-460-000-56150	8.24
19880		835 N 14TH AVE CITY GARAGE	01-460-000-56150	913.30
19880		835 N 14TH AVE CITY GARAGE	01-460-000-58650	127.00
23730	WES	835 N 14TH AVE CITY GARAGE	01-460-000-56600	2,749.67
FIRST	FIRST NATIONAL BANK OF OMAHA	3 1/2 TON SERVICE JACK/STREETS	01-460-000-52700	195.67
VIKING	VIKING ELECTRIC SUPPLY, INC	EMERGENCY LIGHT/SHOP	01-460-000-54999	19.40
TOTAL				4,093.38
TOTAL CITY GARAGE				4,093.38

HIGHWAYS - GENERAL

07887	WALTER HANISKO	HANISKA/WRK BOOT REIMBURSE	01-499-000-56800	100.00
19880	STURGEON BAY UTILITIES	TRFC WARNING LGT ELM CTY C	01-499-000-58000	2.75
TOTAL				102.75
TOTAL HIGHWAYS - GENERAL				102.75

PARK & RECREATION ADMIN

03133	CELLCOM WISCONSIN RSA 10	04/14 BOB B CELL SERV	01-500-000-58250	48.61
03133		04/14 SWYR DCK CELL SERV	01-500-000-58250	14.12
03133		04/14 CELL SERVICE	01-500-000-58250	13.13
FIRST	FIRST NATIONAL BANK OF OMAHA	TEAM LEADERSHIP DEPOSIT	01-500-000-52250	175.00
R0000890	BADGER BOUNCER	BOUNCER/ CG CITY DEDICATION	01-500-000-52250	415.00
TOTAL				665.86
TOTAL PARK & RECREATION ADMIN				665.86

PARKS AND PLAYGROUNDS

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
02005	BAY ELECTRONICS, INC.	RADIO REPEATER REPAIR	01-510-000-53000	780.00
03075	CARQUEST OF DOOR COUNTY	LUBRICANT	01-510-000-54999	6.98
04696	DOOR COUNTY TREASURER	MARCH FUEL CHARGES	01-510-000-51650	1,120.05
08225	HERLACHE SMALL ENGINE	BELTS FOR EDGER	01-510-000-52700	20.60
13049	MAY'S SPORT CENTER	SPARK PLUG	01-510-000-53000	2.95
13075	SHAWN MADDEN	MADDEN/SAFETY GLASS REIMB	01-510-000-56800	100.00
16737	PORTSIDE BUILDERS INC	FRAMING GUN	01-510-000-51350	94.79
19880	STURGEON BAY UTILITIES	S 3RD & OREGON-MARTIN PARK	01-510-000-56150	9.32
19880		MEM FLD WARM HOUSE	01-510-000-56150	106.78
19880		MEM FLD WARM HOUSE	01-510-000-58650	155.70
19880		N 7TH PLACE GARLAND PARK	01-510-000-56150	8.24
19880		SUNSET CNTR/NEW CONC	01-510-000-56150	81.54
19880		SUNSET CNTR/NEW CONC	01-510-000-58650	51.40
19880		FRANK GRASSE MEM SHELTER	01-510-000-56150	34.25
19880		OTUMBA PARK	01-510-000-56150	8.24
19880		WEST SIDE WARMING HOUSE	01-510-000-56150	32.78
19880		JAYCEES BALLFLD STAND	01-510-000-56150	8.24
19880		FLAG LIGHT 5TH & MICHIGAN	01-510-000-56150	37.14
19880		MEM FLD PRKING LOT	01-510-000-56150	15.40
19880		GIRLS LITTLE LEAGUE	01-510-000-56150	49.70
19880		OTUMBA OK WALKWAY LITES	01-510-000-56150	30.46
19880		OTUMBA PK STREET LTG	01-510-000-56150	148.57
19880		FLORIDA ST/SUNSET PK	01-510-000-56150	14.85
19880		835 N 14TH AVE SIGN SHED	01-510-000-56150	19.29
19880		CHERRY BLOSSM PK	01-510-000-56150	8.24
23730	WPS	MEM FLD 335 S 14TH AVE	01-510-000-56600	341.07
		TOTAL		3,286.58
		TOTAL PARKS AND PLAYGROUNDS		3,286.58
BALLFIELDS				
02227	BEACON ATHLETICS	2 PALLTS DIAMOND DRY	01-520-000-54999	780.00
02227		1 CHALKER	01-520-000-54999	319.00
02227		SHIPPING	01-520-000-54999	130.00
13150	MASTERCRAFT WELDING SYSTEM	STEEL/ PBI WATR VALVE BOX	01-520-000-54999	45.00
		TOTAL		1,274.00
		TOTAL BALLFIELDS		1,274.00
MUNICIPAL DOCKS				
19880	STURGEON BAY UTILITIES	36 S NEENAH PKG LOT LTS	01-550-000-56150	128.77
19880		38 S NEENAH AVE PAVILLION	01-550-000-56150	8.24
19880		38 S NEENAH AVE RSTRM	01-550-000-56150	28.66
23730	WPS	36 S NEENAH AVE RESTROOM	01-550-000-56600	10.78
EZ DOCK	EZ DOCK FLOATING DOCK SYSTEM	2 STNDRD PIPE BRCKTS/SNST DOCK	01-550-000-54999	234.00
		TOTAL		410.45
		TOTAL MUNICIPAL DOCKS		410.45

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
WATERFRONT PARKS & WALKWAYS				
19880	STURGEON BAY UTILITIES	DC MUSEUM WALKWAY LIGHTS	01-570-000-56150	24.28
19880		DC MUSEUM PKG LOT LIGHTS	01-570-000-56150	129.51
TOTAL				153.79
TOTAL WATERFRONT PARKS & WALKWAYS				153.79
PUBLIC FACILITIES				
04696	DOOR COUNTY TREASURER	2014 1ST QTR MAINT COSTS	01-700-000-56850	15,722.47
TOTAL				15,722.47
TOTAL PUBLIC FACILITIES				15,722.47
COMMUNITY & ECONOMIC DEVLPMT				
FIRST	FIRST NATIONAL BANK OF OMAHA	DCEDC LUNCHEON/TONY & MARTY	01-900-000-56650	50.00
FIRST		DCEDC LUNCHEON/TONY & MARTY	01-900-000-58999	16.00
TOTAL				66.00
TOTAL COMMUNITY & ECONOMIC DEVLPMT				66.00
TOTAL GENERAL FUND				70,439.35
CAPITAL FUND				
PATROL				
19580	STREICHERS PROF POLICE EQUIP	2-MP-15 RIFLES@ \$785.00 EA	10-215-000-59999	1,570.00
TOTAL				1,570.00
TOTAL PATROL				1,570.00
FIRE DEPARTMENT				
EXPENSE				
02275	BENDLIN FIRE EQUIPMENT	AUTO EJECT	10-250-000-59060	259.36
FIRST	FIRST NATIONAL BANK OF OMAHA	INTERSECTOR LIGHTS	10-250-000-59060	284.50
FIRST		INSPECT DOCKING STATION	10-250-000-59070	85.67
FIRST		RUMBLER	10-250-000-59060	504.90
TOTAL EXPENSE				1,134.43
TOTAL FIRE DEPARTMENT				1,134.43
ROADWAYS/STREETS				
ANNUAL RESURFACING & BASE REP.				
DC CUST	DC CUSTOM DRILLING & BLASTING	SOIL BORING ROCK DEPT/BAYSHIP	10-400-110-59095	300.00
TOTAL ANNUAL RESURFACING & BASE REP.				300.00

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
CAPITAL FUND				
ANNUAL RESURFACING & BASE REP.				
ANNUAL RESURFACING & BASE REP.				
TOTAL ROADWAYS/STREETS				300.00
TOTAL CAPITAL FUND				3,004.43
CABLE TV				
CABLE TV / GENERAL				
CABLE TV / GENERAL				
FIRST	FIRST NATIONAL BANK OF OMAHA	SHIPPING /REPAIR ULTRA NEXUS	21-000-000-56250	19.07
FIRST		REPR ULTRA NEXUS & RETRN SHLP	21-000-000-56250	260.57
MANN	MANN COMMUNICATIONS, LLC	05/06/14 CONTRACT	21-000-000-55015	4,685.00
TOTAL CABLE TV / GENERAL				4,964.64
TOTAL CABLE TV / GENERAL				4,964.64
TOTAL CABLE TV				4,964.64
SOLID WASTE ENTERPRISE				
SOLID WASTE ENTERPRISE FUND				
SOLID WASTE ENTERPRISE FUND				
03075	CARQUEST OF DOOR COUNTY	HYD HOSE & MISC SUPP/ #60	60-000-000-53000	74.86
IN POWER	INLAND POWER GROUP	6 GAL SYNTHETIC TRANS FLUID/39	60-000-000-52050	220.98
JX ENT	JX ENTERPRISES, INC.	4 OIL FILTERS/#39 & 41	60-000-000-53000	151.24
TOTAL SOLID WASTE ENTERPRISE FUND				447.08
TOTAL SOLID WASTE ENTERPRISE FUND				447.08
TOTAL SOLID WASTE ENTERPRISE				447.08
TOTAL ALL FUNDS				78,855.50

MANUAL CHECKS

MINNESOTA LIFE 04/11/14 Check #74598 May Life Insurance 01-600-000-50552	\$1,721.06
VISION INSURANCE PLAN 04/15/14 Check #74599 May Vision Insurance Premium 01-000-000-21540	\$710.10
SOUTHERN DOOR SCHOOLS 04/23/14 Check # 74678 March Mobile Home Tax Payment 01-000-000-41300	\$183.27
STURGEON BAY SCHOOLS 04/23/14 Check #74679 March Mobile Home Tax Payment 01-000-000-41300	\$1,043.76
TOTAL MANUAL CHECKS	\$3,658.19

DATE: 04/25/2014
TIME: 12:48:26
ID: AP443000.CST

CITY OF STURGEON BAY
DEPARTMENT SUMMARY REPORT

PAGE: 11

INVOICES DUE ON/BEFORE 05/06/2014

VENDOR # NAME ITEM DESCRIPTION ACCOUNT # AMOUNT DUE

SUMMARY OF FUNDS:

GENERAL FUND

~~70,439.35~~

74,097.54

CAPITAL FUND

3,004.43

CABLE TV

4,964.64

SOLID WASTE ENTERPRISE

447.08

TOTAL --- ALL FUNDS

~~78,855.50~~

82,513.69