

CITY OF STURGEON BAY
FINANCE/PURCHASING & BUILDING COMMITTEE
Tuesday, June 14, 2016
Council Chambers, City Hall - 421 Michigan Street
4:00pm

1. Roll call.
2. Adoption of agenda.
3. Consideration of: 2015 Audit
4. Review of unfinished business list.
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: 06/10/16
Time: 2:45 p.m.
By: TM

Finance/Purchasing & Building Committee Members:
Stewart Fett, Chair
Jerry Stults, Vice Chair
Edward Ireland

EXECUTIVE SUMMARY

TITLE: 2015 Audit

BACKGROUND: Schenck Government & Not-For-Profit Solutions has completed the 2015 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 \$17,525.00.

OPTIONS: Accept or reject the Schenck Government & Not-For-Profit Solutions 2015 audit report.

RECOMMENDATION:
Recommend to the Common Council to accept the Schenck Government & Not-For-Profit Solutions 2015 financial audit report for the City of Sturgeon Bay and place it on file.

PREPARED BY: Valerie J. Clarizio 5/20/16
Valerie J. Clarizio Date
Finance Director/City Treasurer

REVIEWED BY: Joshua J. Van Lieshout 6/10/16
Joshua J. Van Lieshout Date
City Administrator

MANAGEMENT COMMUNICATIONS
CITY OF STURGEON BAY, WISCONSIN
DECEMBER 31, 2015

CITY OF STURGEON BAY, WISCONSIN
December 31, 2015

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sturgeon Bay, Wisconsin (the "City") for the year ended December 31, 2015. The City's financial statements, including our report thereon dated May 18, 2016, 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 express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

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. 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2015, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 64 - 65 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 material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency:

Finding 2014-001 Preparation of Annual Financial Report

This finding is described in detail in the schedule of findings and responses on pages 66 of the annual report.

The City's written response to the significant deficiency identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note A to the financial statements. As described in Note D.7 to the financial statements, the City changed accounting policies related to pension accounting by adopting Statement of Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, in 2015. We noted no 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:

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.

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.

Management's estimate of the net pension asset and related deferred outflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension asset and related deferred outflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

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.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Copies of the audit adjustments are available from management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 May 18, 2016. 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 auditors' 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 retention as the City's auditors. However, 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.

In addition, during our audit, we noted certain other matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these matters in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized in the comments and observations section of this report.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the schedules relating to pensions and other post-employment benefits, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council, and management of the City of Sturgeon Bay 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
May 18, 2016

SUMMARY FINANCIAL INFORMATION

1. City Governmental Fund Balances

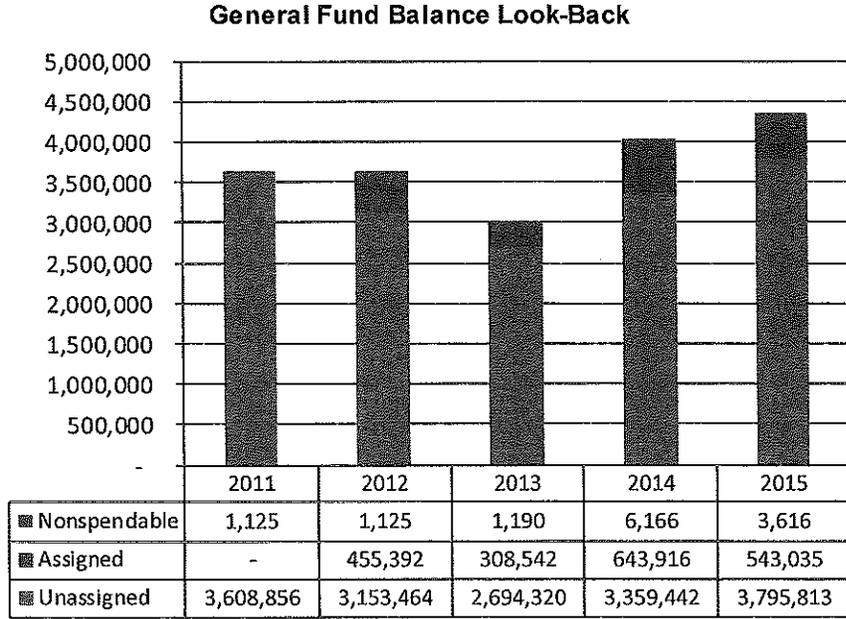
Presented below is a summary of governmental fund balances on December 31, 2015, including a comparison to the prior year. The information is provided for assessing financial results for 2015 and for indicating financial resources available for 2016 and subsequent years.

	12/31/15	12/31/14
General Fund		
Nonspendable		
Inventories and prepaid items	\$ 3,616	\$ 6,116
Assigned for subsequent expenditures	543,035	643,916
Unassigned	3,795,813	3,359,442
Total General Fund	4,342,464	4,009,474
Special Revenue Funds		
Assigned		
Revolving loan	327,232	260,496
Cable TV	345,154	306,066
Total Special Revenue Funds	672,386	566,562
Capital Projects Funds		
Restricted		
Tax Increment Districts		
#1 - Industrial Park	196,331	172,724
#2 - Waterfront District	1,763,316	1,892,225
#3 - Blight Elimination	674,995	614,715
#4 - West Waterfront	1,916,233	(576,224)
Assigned		
Capital Improvements	2,379,824	2,374,442
Total Capital Projects Funds	6,930,699	4,477,882
Total Governmental Funds	\$ 11,945,549	\$ 9,053,918

The following is a calculation of the working capital reserve approved for the general fund at December 31, 2015:

Calendar 2016 operating budget	\$ 10,380,000
Reserve percentage	x .25
RESERVE	\$ 2,595,000

1. City Governmental Fund Balances (Continued)



The City budgeted \$543,035 of the 2015 general fund balance to finance expenditures for 2016. In the Capital Improvements fund, the entire balance has been assigned to 2016.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 1 ANNUAL REPORT
For the Year Ended December 31, 2015

Date Created: January 1, 1991

Date Approved: September 20, 1991

Latest Possible Termination Date: December 31, 2028

	Current Year	Cumulative
Revenues		
Tax increments	\$ 537,454	\$ 5,849,299
Other	23,608	1,782,181
Total Revenues	<u>561,062</u>	<u>7,631,480</u>
Expenditures		
Planning and administration	-	102,664
Capital outlay	-	2,205,594
Interest	-	1,293,401
Bond issuance costs	-	110,399
Total Expenditures	<u>-</u>	<u>3,712,058</u>
Subtotal Excess Recovered Project Costs		3,919,422
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)
Transfer to Tax Incremental district #2 & #3 (Year 8)		(494,001)
Transfer to Tax Incremental district #2 & #3 (Year 9)		<u>(537,454)</u>
Net Excess Recovered Project Costs		<u>\$ 196,332</u>
Outstanding Long-term Debt at December 31, 2015		<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.

CITY OF STURGEON BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 2 ANNUAL REPORT
For the Year Ended December 31, 2015

Date Created: January 1, 1994

Date Approved: September 6, 1994

Latest Possible Termination Date: December 31, 2031

	Current Year	Cumulative
Revenues		
Tax increments	\$ 1,131,350	\$ 19,953,881
Other	79,937	8,804,279
Total Revenues	<u>1,211,287</u>	<u>28,758,160</u>
Expenditures		
Planning and administration	3,835	1,362,524
Capital outlay	135,828	28,372,405
Interest	741,294	18,662,683
Bond refunding costs	-	1,093,810
Total Expenditures	<u>880,957</u>	<u>49,491,422</u>
Subtotal Unreimbursed Project Costs		20,733,262
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)
Transfer from Tax incremental district #1 (Year 8)		(351,995)
Transfer from Tax incremental district #1 (Year 9)		<u>(393,391)</u>
Net Unreimbursed Project Costs		<u>\$ 17,790,562</u>
Outstanding Long-term Debt at December 31, 2015		<u>\$ 19,553,879</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. 3 ANNUAL REPORT
For the Year Ended December 31, 2015

Date Created: January 1, 2008

Date Approved: October 2, 2008

Latest Possible Termination Date: December 31, 2034

	Current Year	Cumulative
Revenues		
Tax increments	\$ 17,755	\$ 33,801
Other	76,255	691,844
Total Revenues	<u>94,010</u>	<u>725,645</u>
Expenditures		
Planning and administration	2,392	144,563
Capital outlay	15,150	1,894,953
Interest	60,251	346,523
Total Expenditures	<u>77,793</u>	<u>2,386,039</u>
Subtotal Unreimbursed Project Costs		1,660,394
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)
Transfer from Tax incremental district #1 (Year 8)		(142,006)
Transfer from Tax incremental district #1 (Year 9)		<u>(144,063)</u>
Net Unreimbursed Project Costs		<u>\$ 880,004</u>
Outstanding Long-term Debt at December 31, 2015		<u>\$ 1,555,000</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, 2015

Date Created: January 1, 2013

Date Approved: March 19, 2013

Latest Possible Termination Date: December 31, 2040

Revenues

Tax increments	\$	-	\$	-
Other		4,381		80,131
Total Revenues		4,381		80,131

Expenditures

Planning and administration		527,590		1,076,652
Interest		12,458		12,458
Capital outlay		91,876		194,788
Total Expenditures		631,924		1,283,898

Net Unreimbursed Project Costs \$ 1,203,767

Outstanding Long-term Debt at December 31, 2015 \$ 3,120,000

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.

SUMMARY FINANCIAL INFORMATION

2. Sturgeon Bay Utilities

A condensed income statement showing the results of operations for the year ended December 31, 2015, including a comparison to 2014 follows:

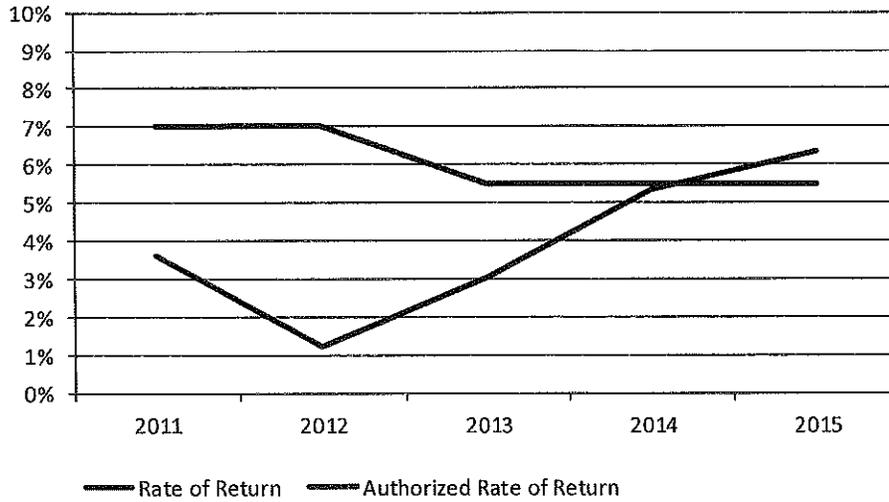
	Water	Electric	Sewer	Total
Operating Revenues				
Charges for services	\$ 2,159,439	\$ 15,809,163	\$ 2,091,655	\$ 20,060,257
Other	52,823	334,535	16,246	403,604
	<u>2,212,262</u>	<u>16,143,698</u>	<u>2,107,901</u>	<u>20,463,861</u>
Operating Expenses				
Operation and maintenance	1,109,224	13,669,666	1,221,875	16,000,765
Depreciation	426,334	1,185,754	310,297	1,922,385
Taxes	5,672	174,042	14,008	193,722
Transfer for tax equivalent	354,483	481,913	-	836,396
	<u>1,895,713</u>	<u>15,511,375</u>	<u>1,546,180</u>	<u>18,953,268</u>
2015 Annual Report Operating Income	<u>\$ 316,549</u>	<u>\$ 632,323</u>	<u>\$ 561,721</u>	<u>\$ 1,510,593</u>
2015 PSC Operating Income	<u>\$ 442,485</u>	<u>\$ 773,561</u>	<u>N/A</u>	
2015 PSC Rate of Return	<u>6.37%</u>	<u>4.47%</u>	<u>N/A</u>	
Effective Date of Rates	<u>8/1/13</u>	<u>6/1/11</u>	<u>1/1/12</u>	
2014 Annual Report Operating Income	<u>\$ 257,615</u>	<u>\$ 769,579</u>	<u>\$ 530,017</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.

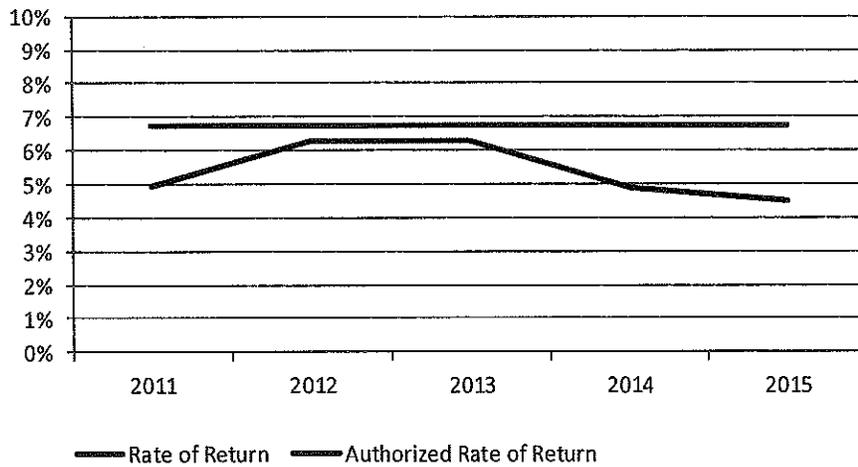
2. Sturgeon Bay Utilities (Continued)

Water rate of return



The average rate of return for the past five years is 3.92% while the average authorized rate of return is 6.10%.

Electric rate of return



The average rate of return for the past five years is 5.38% while the average authorized rate is 6.75%.

COMMENTS AND OBSERVATIONS

1. New Accounting Standards

Fair Value Measurement and Application

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurement, primarily for investments. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also provides guidance on how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. It establishes a hierarchy of inputs to valuation techniques used to measure fair value. That fair value hierarchy has three levels of inputs based on the objectivity and reliability of the information. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs for similar assets or liabilities. Finally, Level 3 inputs are unobservable inputs. GASB Statement No. 72 requires additional footnote disclosures about fair value measurement, the level of fair value hierarchy and valuation techniques used.

The new standard is effective for years beginning after June 15, 2015, although early application is encouraged. We recommend that the City review the new standard, determine its investments that are subject to fair value measurement and value those investments according to the valuation techniques and inputs outlined in the Statement. We are able to assist you in implementing this standard.

Accounting and Reporting for Other Post-employment Benefits

In June 2015, the Governmental Accounting Standards Board (GASB) issued two new pronouncements relating to other post-employment benefits (OPEB). GASB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions* significantly change the accounting and financial reporting of post-employment benefits that was established in GASB Statement Nos. 43 and 45. The primary purpose of these Statements is to improve accounting and financial reporting of OPEB obligations and enhance transparency of OPEB related information in your financial statements similar to how GASB Statements Nos. 67 and 68 were designed.

Currently, governments report a liability related to other post-employment liabilities for the unfunded portion of the annual required contribution, which includes an amortization of the Unfunded Actuarial Liability (UAL) over an open period of time, not to exceed 30 years. Upon implementing the new standards, the City will recognize the difference between total OPEB liability and any plan assets (net OPEB liability) in the government-wide and proprietary financial statements, often resulting in a significant increase in the OPEB liability reported in your financial statements. The new standards also require that the entry age normal cost method be used to determine the liability, deferred inflows and outflows of resources to be reported for changes in economic and demographic assumptions and differences between expected and actual experience, and additional note disclosures and schedules.

1. New Accounting Standards (Continued)

The new standards are effective for financial statements for OPEB plans for fiscal years beginning after June 15, 2016 and for employers for fiscal years beginning after June 15, 2017. We recommend that the City evaluate impact of the new standards with your actuary, and determine an implementation strategy to minimize your costs while ensuring adequate communication of the impact of these changes will have on your financial statements. As you develop your implementation strategy, you should evaluate the following:

- Do you anticipate any changes in benefits? If yes, you should approve benefit changes prior to implementation, as any changes in benefits in the future are treated as a current year activity.
- What is your valuation measurement date? You can roll back to a valuation date 12 months prior to year end, allowing you to complete your actuarial valuation prior to year end or you can roll forward to your reporting date, requiring your actuarial valuation to be completed after year end but before you anticipate issuance of your financial statements.

2. Compliance with HIPAA Regulations

Previous Health Insurance Portability and Accountability Act (HIPAA) established national standards and requirements for the privacy and security of an individual's medical records and other personal health information. The Health Information Technology for Economic and Clinical Health Act (HITECH) further creates categories of violations and penalties for failure to comply with HIPAA regulations.

Essentially, all business and government entities are required to comply with HIPAA standards and enforcement rules as set forth in the HITECH Act. These requirements extend to the City employees. The HIPAA security rules address the following three aspects of security:

- **Administrative Safeguards** – assignment of a HIPAA security compliance team.
- **Physical Safeguards** – protection of electronic systems, equipment and data.
- **Technical Safeguards** – authentication and encryption used to control data access.

In addition, entities need to perform a risk analysis and utilize risk management methodologies so exposure areas and possible risks can be reduced. Recently, there have been lawsuits against entities that have not complied with HIPAA regulations. These lawsuits, in some cases, have resulted in large financial awards being assessed against the entity.

In order to determine compliance with HIPAA regulations and minimize risk for future sanctions, we recommend the City complete the following:

- **Compliance Assessments** – Determine where your organization needs to improve at a high level, as well as in, specific areas
- **Assess Employee Training Needed** - Make sure your staff is following HIPAA rules and regulations in their work processes
- **Compliance Implementation**- Align your organization, software and hardware with HIPAA compliant safeguards

Because of the complexity of HIPAA regulations and electronic safeguards, we also recommend that the City consider obtaining knowledgeable technical assistance to assist in the assessments and implementation. Very few organizations have the time and expertise to study and align their organization to conform to HIPAA and HITECH regulations and the various legal interpretations that have become regulations. We are available to assist the City with assessments and an implementation plan for changes and development of adequate safeguards.

APPENDIX

CITY of STURGEON BAY



STURGEON BAY UTILITIES



Joshua J. Van Lieshout, 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

May 18, 2016

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, 2015, 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 May 18, 2016, 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 12, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP 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 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, including those measured at fair value, 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 U.S. GAAP.
8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the 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. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
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 City from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the City Council 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 no knowledge of 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 have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
 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

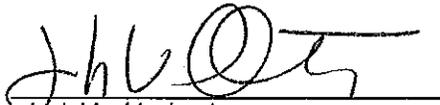
18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have a process to track the status of audit findings and recommendations.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
22. 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.
23. 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 legal and contractual provisions for reporting specific activities in separate funds.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. 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.
28. As part of your audit, you assisted with preparation of the financial statements and related notes, state financial report. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, state financial report.
29. 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.
30. 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.
31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
32. 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.
33. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
34. 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.
35. 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.
36. 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.
37. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
39. Deposits and investment securities are properly classified as to risk and are properly disclosed.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
41. Joint ventures, jointly governed organizations, and other related organizations have been properly disclosed in the financial statements.
42. 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 is properly recognized under the policy.
43. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
44. 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.
45. We acknowledge our responsibility for presenting 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.
46. We agree with the findings of specialists in evaluating the other post-employment benefits and pension 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.
47. 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.
48. 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.
49. 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.

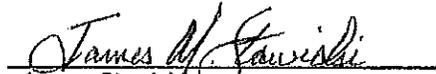
50. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
51. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
52. 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.
53. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.
54. We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statements No. 72, No. 74, *Financial Reporting for Post-employment Benefit Plans other than Pension Plans* and No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as discussed in Note D.8. The City is therefore unable to disclose the impact that adopting these GASB Statements will have on its financial position and the results of its operations when the Statements are adopted.
55. 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 or in the schedule of findings and questioned costs.

Signed:



Josh VanLieshout
City Administrator

Signed:



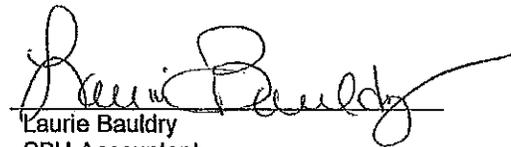
James Stawicki
SBU General Manager

Signed:



Valerie J. Clarizio
Finance Director/Treasurer

Signed:



Laurie Bauldry
SBU Accountant

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Sturgeon Bay Utilities
City of Sturgeon Bay, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of Sturgeon Bay Utilities, of the City of Sturgeon Bay, Wisconsin ("the Utilities") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Utilities' 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 an opinion 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 auditors consider internal control relevant to the Utilities' 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 Utilities' 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 opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note A, the financial statements present only the Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin, and do not purport to, and do not, present fairly the financial position of the City of Sturgeon Bay, Wisconsin, as of December 31, 2015 and the changes in its financial position or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note G, the Utilities implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Report on Summarized Financial Information

We have previously audited the Sturgeon Bay Utilities' 2014 financial statements, and our report dated April 10, 2015, expressed an unmodified opinion on these financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, 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 8, 2016, on our consideration of the Utilities' 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 Utilities' internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
April 8, 2016

FINANCIAL STATEMENTS

**STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN**

Statement of Net Position

Proprietary Funds

December 31, 2015

(With summarized financial information as of December 31, 2014)

	Enterprise Funds				
	Sturgeon Bay Utilities			Totals	
	Sewer Utility	Water Utility	Electric Utility	2015	2014
ASSETS					
Cash and investments	\$ 668,687	\$ 451,272	\$ 5,968,423	\$ 7,088,382	\$ 6,215,642
Receivables					
Accounts	140,988	208,114	1,435,712	1,784,814	1,783,786
Other	52,518	266	69,703	122,487	209,329
Due from other funds	1,529,613	694,172	-	2,223,785	1,544,173
Inventories and prepaid expenses	8,072	86,685	592,663	687,420	634,672
Restricted assets					
Cash and investments	521,876	-	-	521,876	521,355
Investment in American Transmission Company	-	-	1,896,468	1,896,468	1,823,277
Net pension asset	23,381	23,978	185,735	233,094	-
Capital assets, nondepreciable					
Non-utility land	-	42,000	-	42,000	42,000
Land	95,170	80,840	100,075	276,085	276,085
Construction in progress	-	1,312,288	94,129	1,406,417	2,741,884
Capital assets, depreciable					
Buildings	2,596,393	1,563,890	2,047,252	6,207,535	6,207,535
Machinery and equipment	7,115,055	2,800,521	8,524,961	18,440,537	17,949,732
Infrastructure	10,696,514	15,568,821	23,918,595	50,183,930	48,312,818
Less: Accumulated depreciation	(11,069,019)	(8,157,175)	(14,018,573)	(33,244,767)	(32,732,114)
TOTAL ASSETS	12,379,248	14,675,672	30,815,143	57,870,063	55,530,174
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	24,327	24,671	192,948	241,946	-
LIABILITIES					
Accounts payable	104,956	41,151	1,404,690	1,550,797	1,976,654
Due to other funds - municipality	-	315,832	324,001	639,833	639,833
Due to other funds	-	-	2,223,785	2,223,785	1,544,173
Deposits	-	-	146,179	146,179	133,704
Compensated absences	49,501	51,598	252,391	353,490	377,455
Public benefits payable	-	-	2,092	2,092	-
Long-term obligations					
Due within one year	-	-	8,192	8,192	8,192
Due in more than one year	-	-	55,299	55,299	63,491
TOTAL LIABILITIES	154,457	408,581	4,416,629	4,979,667	4,743,502
NET POSITION					
Net investment in capital assets	9,434,113	13,211,185	20,602,948	43,248,246	42,726,257
Restricted for					
Pension	47,708	48,649	378,683	475,040	-
Capital projects	521,876	-	-	521,876	521,355
Unrestricted	2,245,421	1,031,928	5,609,831	8,887,180	7,539,060
TOTAL NET POSITION	\$ 12,249,118	\$ 14,291,762	\$ 26,591,462	\$ 53,132,342	\$ 50,786,672

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

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Statement of Revenues, Expenses and Change in Net Position
Proprietary Funds
For the Year Ended December 31, 2015
(With summarized financial information for the year ended December 31, 2014)

	Enterprise Funds				
	Sturgeon Bay Utilities			Totals	
	Sewer Utility	Water Utility	Electric Utility	2015	2014
Operating Revenues					
Charges for services					
Electric charges	\$ -	\$ -	\$ 15,809,163	\$ 15,809,163	\$ 15,880,207
Water charges	-	2,159,439	-	2,159,439	2,156,850
Wastewater charges	2,091,655	-	-	2,091,655	2,026,906
Other	16,246	52,823	334,535	403,604	399,046
Total Operating Revenues	2,107,901	2,212,262	16,143,698	20,463,861	20,463,009
Operating Expenses					
Operation and maintenance	1,221,875	1,109,224	13,669,666	16,000,765	15,958,693
Depreciation	310,297	426,334	1,185,754	1,922,385	1,874,433
Taxes	14,008	5,672	174,042	193,722	237,673
Total Operating Expenses	1,546,180	1,541,230	15,029,462	18,116,872	18,070,799
Operating Income	561,721	671,032	1,114,236	2,346,989	2,392,210
Nonoperating Revenues (Expenses)					
Interest income	4,804	2,153	149,905	156,862	195,725
Merchandising and jobbing	558	26,112	(14,204)	12,466	74,950
Interest expense	-	-	(127)	(127)	(135)
Miscellaneous income	4,580	-	-	4,580	14,055
Total Nonoperating Revenues (Expenses)	9,942	28,265	135,574	173,781	284,595
Income Before Contributions and Transfers	571,663	699,297	1,249,810	2,520,770	2,676,805
Capital contributions	-	5,280	183,582	188,862	47,551
Transfers out	-	(354,483)	(481,913)	(836,396)	(807,999)
Change in Net Position	571,663	350,094	951,479	1,873,236	1,916,357
Net Position - January 1, as originally reported	11,630,125	13,892,852	25,263,695	50,786,672	48,870,315
Cumulative Effect of Change in Accounting Principle	47,330	48,816	376,288	472,434	-
Net Position - January 1, as restated	11,677,455	13,941,668	25,639,983	51,259,106	48,870,315
Net Position - December 31	\$ 12,249,118	\$ 14,291,762	\$ 26,591,462	\$ 53,132,342	\$ 50,786,672

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

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STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2015

(With summarized financial information for the year ended December 31, 2014)

	Totals	
	2015	2014
Cash Flows from Operating Activities		
Cash received from user charges	\$ 20,160,638	\$ 20,097,000
Cash received from other charges	420,650	488,051
Cash payments to suppliers	(15,632,026)	(14,792,885)
Cash payments to employees for operating payroll	(922,117)	(1,067,908)
Net Cash Provided by Operating Activities	<u>4,027,145</u>	<u>4,724,258</u>
Cash Flows from Noncapital Financing Activities		
Paid to municipality for tax equivalent	(836,396)	(807,999)
Loan repayments from school district	-	1,000,000
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(836,396)</u>	<u>192,001</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(2,103,389)	(4,304,751)
Salvage value received on retired capital assets	14,160	29,302
Cost of removal paid on retired capital assets	(303,611)	(237,909)
Principal payments on long-term debt	(8,192)	(8,192)
Interest payments on long-term debt	(127)	(135)
Net Cash Used in Capital and Related Financing Activities	<u>(2,401,159)</u>	<u>(4,521,685)</u>
Cash Flows from Investing Activities		
Increase in ATC investment	(73,191)	(119,064)
Investment income	156,862	195,725
Net Cash Provided by Investing Activities	<u>83,671</u>	<u>76,661</u>
Net Increase in Cash and Cash Equivalents	873,261	471,235
Cash and Cash Equivalents - January 1	<u>6,736,997</u>	<u>6,265,762</u>
Cash and Cash Equivalents - December 31	<u>\$ 7,610,258</u>	<u>\$ 6,736,997</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:		
Cash and investments	\$ 7,088,382	\$ 6,215,642
Restricted cash and investments	521,876	521,355
Total Cash and Cash Equivalents	<u>\$ 7,610,258</u>	<u>\$ 6,736,997</u>
Noncash Capital Financing Activities:		
Developer financed additions to utility plant	<u>\$ 188,862</u>	<u>\$ 47,551</u>

(Continued)

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	Totals	
	2015	2014
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 2,346,989	\$ 2,392,210
Nonoperating revenue	17,046	89,005
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,922,385	1,874,433
Depreciation charged to other accounts	145,520	153,225
Change in pension related assets and deferred outflows	(2,606)	-
Changes in assets and liabilities:		
Customer accounts receivable	(1,028)	(15,272)
Other accounts receivable	86,842	51,848
Inventories and prepaid expenses	(52,748)	10,183
Accounts payable	(425,857)	319,315
Deposits	12,475	(1,384)
Accrued and other current liabilities	-	(129,347)
Public benefits payable	2,092	(2,154)
Compensated absences payable	(23,965)	(17,804)
Net Cash Provided by Operating Activities	\$ 4,027,145	\$ 4,724,258

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

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN

Notes to Financial Statements

December 31, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES

The accounting policies of Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin (the "Utilities") conform to accounting principles generally accepted in the United States of America for local governmental units. A summary of the Utilities' significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Proprietary Fund Accounting Principles

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

2. Basis of Accounting

The Utilities are enterprise funds of the City of Sturgeon Bay, Wisconsin, and, as such, are accounted for using the accrual basis of accounting. The accounting system conforms to the system of accounts as prescribed by the Public Service Commission of Wisconsin (PSCW).

3. Measurement Focus

The Utilities' financial statements are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred outflows of resources associated with the Utilities' operations are included on the statement of net position. The operating statements present increases (revenues) and decreases (expenses) in net position.

4. 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.

5. Cash and Investments

Cash and investments are combined on the statement of net position. Cash deposits consist of demand deposits with financial institutions and are carried at cost. Investments are stated at fair value, if fair value materially differs from cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with a maturity of three months or less (including restricted assets) are considered to be cash equivalents.

6. Inventory

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

7. Prepaid Items

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

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

8. Capital Assets

Capital assets 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.

<u>Assets</u>	<u>Years</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

9. Compensated Absences

It is the Utilities' policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements and management 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. 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.

10. 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 on the statement of net position.

11. Customer Deposits

The balance represents amounts collected from customers which may be refundable based on rules filed with the PSCW or statutory requirements.

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

12. Deferred Outflow/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) until then. The Utilities have one item that qualifies for reporting in this category in the statement of net position. The item is related to the Utilities proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

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 Utilities currently do not have any items that qualify for reporting in this category.

13. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are reported as expense when incurred. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

14. Pensions

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

15. Net Position

Net position is classified into the following three components:

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation and capital related deferred outflows of resources, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- 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.

16. Summarized Comparative Information

The 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 Utilities' financial statements for the year ended December 31, 2014, from which the summarized information was derived.

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE B - CASH AND INVESTMENTS

The Utilities maintain cash and investment accounts including pooled funds that are available for use by each Utility. Each Utility'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 Utilities' cash and investments totaled \$9,506,726 on December 31, 2015 as summarized below:

Petty cash and cash on hand	\$ 200
Deposits with financial institutions	4,926,777
Investments	4,579,749
	\$ 9,506,726

Reconciliation to the financial statements:

Statement of Net Position	
Cash and investments	\$ 7,088,382
Restricted cash and investments	521,876
Investment in American Transmission Company (ATC)	1,896,468
	\$ 9,506,726

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

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 Utility 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, 2015, \$4,065,176 of the Utilities' deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Utilities' name.

**STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN**

Notes to Financial Statements
December 31, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

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. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Negotiable FDIC Insured CD's	\$ 2,683,281	\$ -	\$ -	\$ -	\$ 2,683,281
Investment in ATC	1,896,468	-	-	-	1,896,468
Totals	<u>\$ 4,579,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,579,749</u>

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 Utility has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Utilities' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Utilities' 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
Negotiable FDIC Insured CD's	<u>\$ 2,683,281</u>	<u>\$ 2,683,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 1/4 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 \$1,896,468 at December 31, 2015.

NOTE C - RESTRICTED ASSETS

Wastewater Replacement Account

The Utilities have 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. Restricted assets on December 31, 2015 totaled \$521,876 and consisted of cash and investments held for wastewater equipment replacement.

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE D - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Non-utility land	\$ 42,000	\$ -	\$ -	\$ 42,000
Land	276,085	-	-	276,085
Construction in progress	2,741,884	345,782	1,681,249	1,406,417
Total capital assets, not being depreciated	<u>3,059,969</u>	<u>345,782</u>	<u>1,681,249</u>	<u>1,724,502</u>
Capital assets, being depreciated:				
Buildings	6,207,535	-	-	6,207,535
Machinery and equipment	17,949,732	618,195	127,390	18,440,537
Infrastructure	48,312,818	3,013,777	1,142,665	50,183,930
Subtotals	<u>72,470,085</u>	<u>3,631,972</u>	<u>1,270,055</u>	<u>74,832,002</u>
Less accumulated depreciation for:				
Wastewater utility	11,050,095	319,507	300,583	11,069,019
Water utility	7,733,470	450,019	26,314	8,157,175
Electric distribution utility	13,948,549	1,312,539	1,242,515	14,018,573
Subtotals	<u>32,732,114</u>	<u>2,082,065</u>	<u>1,569,412</u>	<u>33,244,767</u>
Total capital assets, being depreciated, net	<u>39,737,971</u>	<u>1,549,907</u>	<u>(299,357)</u>	<u>41,587,235</u>
Capital assets, net	<u>\$ 42,797,940</u>	<u>\$ 1,895,689</u>	<u>\$ 1,381,892</u>	<u>43,311,737</u>
Less related long-term debt outstanding				<u>63,491</u>
Net investment in capital assets				<u>\$ 43,248,246</u>

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

Sewer utility	\$ 310,297
Water utility	426,334
Electric utility	<u>1,185,754</u>
Total depreciation expense	1,922,385
Depreciation charged to operation and maintenance	145,520
Salvage value received	<u>14,160</u>
	<u>\$ 2,082,065</u>

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE E - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities of the Utilities for the year ended December 31, 2015:

	Outstanding 1/1/15	Issued	Retired	Outstanding 12/31/15	Due Within One Year
Notes payable	\$ 71,683	\$ -	\$ 8,192	\$ 63,491	\$ 8,192
Compensated absences	377,455	-	23,965	353,490	-
Long-term obligations	<u>\$ 449,138</u>	<u>\$ -</u>	<u>\$ 32,157</u>	<u>\$ 416,981</u>	<u>\$ 8,192</u>

During 2013, the Utilities issued a non-interest bearing note payable to Wisconsin Public Power Incorporated System (WPPI Energy) in the amount of \$163,847, which was divided equally between the City of Sturgeon Bay and the Utilities. The Utilities' portion of the note payable is \$63,491 at December 31, 2015 and matures on September 28, 2023. The note payable partially financed an athletic field lighting project located within the City of Sturgeon Bay. The Sturgeon Bay Utilities retain ownership of the capital assets.

Annual principal and interest maturities of the notes payable of \$63,491 on December 31, 2015 are detailed below:

Due	Principal
2016	\$ 8,192
2017	8,192
2018	8,192
2019	8,192
2020	8,192
2021-2023	<u>22,531</u>
	<u>\$ 63,491</u>

NOTE F - PENSION PLAN

1. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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.

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

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE F - PENSION PLAN (Continued)

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

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

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

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

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

3. Contributions

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

During the reporting period, the WRS recognized \$91,467 in contributions from the Utilities.

**STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN**

Notes to Financial Statements
December 31, 2015

NOTE F - PENSION PLAN (Continued)

Contribution rates as of December 31, 2015 are:

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

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

At December 31, 2015, the Utilities' reported an asset of \$233,094 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension asset was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Utilities' proportion was 0.0094897%, which was a decrease of 0.0001148% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Utilities recognized pension expense of \$91,447.

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 33,791
Changes in assumptions	
Net differences between projected and actual earnings on pension plan investments	112,875
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,813
Employer contributions subsequent to the measurement date	91,467
Total	\$ 241,946

The \$91,467 reported as deferred outflows related to pension resulting from the Utilities' contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources
2016	\$ 34,307
2017	34,307
2018	34,307
2019	34,307
2020	13,251

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE F - PENSION PLAN (Continued)

5. Actuarial Assumption

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

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

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

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

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

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

**STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN**

Notes to Financial Statements
December 31, 2015

NOTE F - PENSION PLAN (Continued)

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

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Utilities' proportionate share of the net pension asset (liability)	\$ (657,598)	\$ 233,094	\$ 936,527

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

6. Payable to the WRS

At December 31, 2015 the Utilities reported a payable of \$18,307 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Financial Statements
December 31, 2015

NOTE G - CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The Utilities has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Sewer Utility	Water Utility	Electric Utility	Total
Net Pension Asset	\$ 37,982	\$ 38,952	\$ 301,726	\$ 378,660
Deferred Outflows of Resources	9,348	9,864	74,562	93,774
Total Cumulative Effect of Change in Accounting Principle	\$ 47,330	\$ 48,816	\$ 376,288	\$ 472,434

NOTE H - WISCONSIN PUBLIC POWER INCORPORATED SYSTEM CONTRACT (WPPI ENERGY)

The Utilities purchase its electric requirements from the Wisconsin Public Power Incorporated System (WPPI Energy). WPPI Energy 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 Energy's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

The Utilities is a member of WPPI which is located throughout the States of Wisconsin, Michigan and Iowa. On December 31, 1989, each of WPPI Energy's members, including Sturgeon Bay Utilities, commenced purchasing electric service from WPPI Energy under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI Energy 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. The contract was amended during 2015 to extend the term of the contract through 2055.

Under the long-term Contract, the Utilities and the other members of WPPI Energy are required to pay for all power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover all of WPPI Energy's revenue requirement which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI Energy'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 of its electric system sufficient to meet its obligations to WPPI Energy. The long-term Contract provides that all payments to WPPI Energy under the Contract constitute operating expenses of the Utilities' electric system payable from any operating and maintenance fund established by the Utilities.

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 Energy bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through WPPI Energy for distribution to its customers. Total purchases under this arrangement amounted to approximately \$12.27 million in 2015.

**STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN**

Notes to Financial Statements
December 31, 2015

NOTE I - RISK MANAGEMENT

The Utilities have 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 expenses in the accounts of the Utilities.

NOTE J - CONTINGENT LIABILITIES

From time to time the Utilities are party to 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 Utilities' Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Utilities' financial position or results of operations.

NOTE K - UPCOMING ACCOUNTING PRONOUNCEMENTS

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also requires disclosures about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Utilities are currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Contractually required contributions	\$ 91,467
Contributions in relation to the contractually required contributions	\$ 91,467
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 1,345,100
Contributions as a percentage of covered-employee payroll	6.80%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Contractually required contributions	\$ 91,467
Contributions in relation to the contractually required contributions	\$ 91,467
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 1,345,100
Contributions as a percentage of covered-employee payroll	6.80%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

STURGEON BAY UTILITIES
CITY OF STURGEON BAY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2015

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The Utility implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – *An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

NOTE B - WISCONSIN RETIREMENT SYSTEM

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

**ADDITIONAL INDEPENDENT AUDITORS'
REPORT FOR 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 Board of Commissioners
Sturgeon Bay Utilities
City of 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 business-type activities and each major fund of Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin's financial statements, and have issued our report thereon which included an emphasis of matters paragraphs as indicated on page 2 dated April 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sturgeon Bay Utilities of 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sturgeon Bay Utilities 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Utilities' 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin's financial statements are free from 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*.

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 results of that testing, and not to provide an opinion on the effectiveness of Sturgeon Bay Utilities of the 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 Sturgeon Bay Utilities of the City of Sturgeon Bay, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
April 8, 2016

FINANCE/PURCHASING & BUILDING COMMITTEE UNFINISHED BUSINESS

June 14, 2016

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INVOICES DUE ON/BEFORE 06/21/2016

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE
GENERAL FUND				
GENERAL FUND				
REVENUE				
R0001383	BRIAN COFFOU	MOORING FEE REFUND/COFFOU	01-000-000-46240	288.00
R0001383		STATE TAX REFUND/COFFOU	01-000-000-24214	14.40
R0001383		COUNTY TAX REFUND/COFFOU	01-000-000-24215	1.44
R0001388	STEVE MICHAELS	OFUMBA SEC DEPT RFND/MICHAELS	01-000-000-23162	50.00
R0001389	HEIDI BADER	SNYER PRK SEC RFND/BADER	01-000-000-23162	50.00
TOTAL REVENUE				403.84
BALLFIELD LIGHTING				
WPPI ENG	WPPI ENERGY	06/16 ATHLETIC LIGHT PROJECT	01-000-981-70000	1,365.39
TOTAL BALLFIELD LIGHTING				1,365.39
TOTAL GENERAL FUND				1,769.23
LAW/LEGAL				
BUELOW	BUELOW, VETTER, BUIKEMA,	AUDIT LETTER	01-110-000-57900	115.00
TOTAL				115.00
TOTAL LAW/LEGAL				115.00
CITY CLERK-TREASURER				
03940	STEPHANIE REINHARDT	MEAL & MILEAGE EXPNSE/REINHARD	01-115-000-55600	112.20
10800	JP COOKE CO	2016 CAT TAGS	01-115-000-54999	43.00
10800		SHIPPING	01-115-000-54999	9.25
23714	WISCONSIN MUNICIPAL CLERKS	ANNUAL CONF REG/REINHARDT	01-115-000-55600	125.00
BUBRICKS	BUBRICK'S COMPLETE OFFICE, INC	OFFICE SUPPLIES	01-115-000-51950	53.13
DC PRINT	DC PRINTING	2000 WINDOW ENVELOPES	01-115-000-51600	137.00
DC PRINT		50 PURCHASE ORDER BOOKS	01-115-000-51600	421.00
TOTAL				900.58
TOTAL CITY CLERK-TREASURER				900.58
CITY ASSESSOR				
ASSO APP	ASSOCIATED APPRAISAL	06/21/16 CONTRACT	01-130-000-55010	1,245.83
TOTAL				1,245.83
TOTAL CITY ASSESSOR				1,245.83
MUNICIPAL SERVICES ADMIN.				
04696	DOOR COUNTY TREASURER	PICTOMETRY SECOND HALF	01-145-000-58999	1,390.81
TOTAL				1,390.81
TOTAL MUNICIPAL SERVICES ADMIN.				1,390.81

INVOICES DUE ON/BEFORE 06/21/2016

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE

GENERAL FUND				
PUBLIC WORKS ADMINISTRATION				
BUBRICKS	BUBRICK'S COMPLETE OFFICE, INC	3 TIER HOLDER	01-150-000-51950	95.46
BUBRICKS		CREDIT RETURN 3 TIER HOLDER	01-150-000-51950	-95.46
TOTAL				0.00
TOTAL PUBLIC WORKS ADMINISTRATION				0.00
CITY HALL				
03159	CHARTER COMMUNICATIONS	05/16 FIRE CABLE SVC	01-160-000-58999	99.81
04575	DOOR COUNTY HARDWARE	CARPET CLEANER	01-160-000-51850	38.47
04575		RUG DOCTOR	01-160-000-51850	29.99
04575		CELLO HANDY PACKS	01-160-000-54999	3.49
04575		GLUE REMOVER	01-160-000-51850	4.59
04575		CARPET FRESHNER	01-160-000-51850	6.35
23730	WPS	CITY HALL	01-160-000-56600	770.97
VIKING	VIKING ELECTRIC SUPPLY, INC	BREAKER BOX PARTS	01-160-000-54999	9.80
WARNER	WARNER-WEXEL WHOLESALE &	CLEANERS	01-160-000-54999	29.88
WARNER		TISSUE	01-160-000-54999	48.85
WARNER		LINERS	01-160-000-54999	26.08
TOTAL				1,068.28
TOTAL CITY HALL				1,068.28
INSURANCE				
BH	BURKART HEISDORF INSURANCE	07/16 WORK COMP	01-165-000-58750	24,254.00
BH		07/16 GEN LIAB	01-165-000-56400	3,016.00
BH		07/16 POLICE LIAB	01-165-000-57150	1,138.00
BH		07/16 PUBLIC OFFICIAL	01-165-000-57400	1,145.00
BH		07/16 AUTO LIAB	01-165-000-55200	1,751.00
BH		07/16 AUTO LIAB	01-165-000-55200	1,404.00
TOTAL				32,708.00
TOTAL INSURANCE				32,708.00
GENERAL EXPENDITURES				
08167	GANNETT WISCONSIN NEWSPAPERS	WEED SPRAYING NOTICE	01-199-000-57450	78.91
08167		PUBLIC HRING NOTICES	01-199-000-57450	109.79
08167		ORDNANCE PUBLICATION	01-199-000-57450	53.41
BOETTCOM	BOETTCHER COMMUNICATIONS	WEBSITE FIXES	01-199-000-51100	182.08
BUBRICKS	BUBRICK'S COMPLETE OFFICE, INC	COPIER PAPER	01-199-000-55650	123.60
TOTAL				547.79
TOTAL GENERAL EXPENDITURES				547.79
POLICE DEPARTMENT				

INVOICES DUE ON/BEFORE 06/21/2016

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE

GENERAL FUND				
14875	NWTC GREEN BAY	COMMUNITY POLICING	01-200-000-55600	110.00
15890	PACK AND SHIP PLUS	SHIP PACKAGE STATE CRIME LAB	01-200-000-57250	9.85
BUBRICKS	BUBRICK'S COMPLETE OFFICE, INC	CREDIT RETURN 3 HOLE PUNCH	01-200-000-51950	-47.47
BUBRICKS		OFFICE SUPPLIES	01-200-000-51950	48.14
STAPLES	WISCONSIN DOCUMENT IMAGING LLC	BLACK COPIES	01-200-000-55650	59.07
STAPLES		COLOR COPIES	01-200-000-55650	34.29
US BANK	US BANK EQUIPMENT FINANCE	RICOH COPIER #4 OF 48	01-200-000-55650	167.00
US BANK		PROPERTY DAMAGE SURCHARGE	01-200-000-55650	27.02
TOTAL				407.90
TOTAL POLICE DEPARTMENT				407.90
POLICE DEPARTMENT/PATROL				
01766	AURORA MEDICAL GROUP	EMPLOYMENT SCREENING/B SHEW	01-215-000-57100	216.00
01766		EMPLOYMENT SCREEN/SULLIVAN	01-215-000-57100	112.00
02206	BAY MARINE	ENGINE ALARM	01-215-000-58600	98.00
02206		REPLACE SHIFT CONTROL	01-215-000-58600	201.50
03075	CARQUEST OF DOOR COUNTY	CREDIT	01-215-000-58600	-23.02
04150	DE JARDIN CLEANERS LLC	UNIFORM SHIRT/SOUTH	01-215-000-56800	8.50
04150		POLO SHIRT SOUTH	01-215-000-56800	5.50
04575	DOOR COUNTY HARDWARE	BATTERY	01-215-000-54999	4.49
04575		KEY	01-215-000-54999	1.99
04575		GARAGE REMOTE SCREW	01-215-000-54999	0.11
14875	NWTC GREEN BAY	MUNI CODE ENFORCE CLASS HAACK	01-215-000-55600	175.00
14875		MUNI CODE ENFORCE CLASS SULLIV	01-215-000-55600	175.00
14875		COMMUNITY POLICING CLASS	01-215-000-55600	660.00
14875		COMMUNITY POLICING	01-215-000-55600	330.00
21450	THE UNIFORM SHOPPE	SHIRT & UNDERARMOR/JOSE	01-215-000-52950	143.95
21450		SHIRT/ MOGEN	01-215-000-52900	53.95
21450		2 SHIRTS-BILODEAU	01-215-000-52900	97.90
DIRECTFI	DIRECT FITNESS SOLUTIONS,LLC	ELIPTICAL MACHINE MAINTENANCE	01-215-000-58999	235.00
JENNERJO	DEREK JENNERJOHN	MEAL EXPENSES/JENNERJOHN	01-215-000-55600	41.73
JIM FORD	JIM OLSON FORD-LINCOLN, LLC	MAINTENANCE -EXPLORER	01-215-000-58600	34.95
JIM FORD		MAINTENANCE-#20	01-215-000-58600	24.95
JIM FORD		MAINTENANCE-EXPLORER	01-215-000-58600	24.95
JIM FORD		MAINTENANCE #20	01-215-000-58600	20.00
JIM FORD		MAINTENANCE- #30	01-215-000-58600	10.00
JIM GRAY	JIM GRAY	MEAL EXPENSES/ GRAY	01-215-000-55600	24.63
R0001067	DEPARTMENT OF JUSTICE	COMMND CLLEGE 1ST INST TASSOUL	01-215-000-55600	750.00
TOTAL				3,427.08
TOTAL POLICE DEPARTMENT/PATROL				3,427.08
POLICE DEPT. / INVESTIGATIONS				
ACCURINT	LEXISNEXIS RISK SOLUTIONS	MAY 2016 CONTRACT FEE	01-225-000-57950	105.00
TOTAL				105.00
TOTAL POLICE DEPT. / INVESTIGATIONS				105.00

INVOICES DUE ON/BEFORE 06/21/2016

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE

GENERAL FUND				
FIRE DEPARTMENT				
02001	RED THE UNIFORM TAYLOR	UNIFORMS	01-250-000-52900	131.80
02001		HAT BAND	01-250-000-52900	21.00
02005	BAY ELECTRONICS, INC.	SHIPPING-REPAIR	01-250-000-57550	10.29
03075	CARQUEST OF DOOR COUNTY	CREDIT	01-250-000-53000	-9.79
04575	DOOR COUNTY HARDWARE	BULBS	01-250-000-53000	1.87
04575		ASSORTED TAPES	01-250-000-54999	46.50
04575		FASTENERS & EYE BOLT	01-250-000-54999	13.19
04575		ASSORTED SUPPLIES	01-250-000-54999	84.35
04575		CREDIT RETURN	01-250-000-54999	-6.59
04575		SLIP HOOK	01-250-000-52700	7.99
04575		FASTENERS	01-250-000-54999	1.38
16570	PIONEER FIRE COMPANY	UNIFORMS	01-250-000-52900	103.16
17250	QUALITY STATE OIL CO., INC.	OIL	01-250-000-53000	439.15
17250		GREASE	01-250-000-53000	76.72
18448	RENNERTS FIRE EQUIP SER INC	FLASHER	01-250-000-53000	85.21
CARROT	CARROT-TOP INDUSTRIES, INC	CITY FLAGS	01-250-000-54999	246.73
O'REILLY	O'REILLY AUTO PARTS	FILTER	01-250-000-53000	27.00
O'REILLY		CABLE	01-250-000-53000	9.60
TRUCK	TRUCK EQUIPMENT, INC.	SPRING PINS # 4 & #6	01-250-000-53000	113.60
WARNER	WARNER-WEXEL WHOLESALE &	CLEANING SUPPLIES	01-250-000-54999	216.59
TOTAL				1,619.75
TOTAL FIRE DEPARTMENT				1,619.75
SOLID WASTE MGMT/SPRING/FALL				
ADVANCED	ADVANCED DISPOSAL	LARGE ITEM DISPOSAL FEE	01-311-000-58400	372.07
TOTAL				372.07
TOTAL SOLID WASTE MGMT/SPRING/FALL				372.07
ROADWAYS/STREETS				
O'REILLY	O'REILLY AUTO PARTS	TOOLS	01-400-000-51400	30.97
POLLOCK	DALE POLLOCK	CDL REIMBURSEMENT	01-400-000-54999	30.00
TOTAL				60.97
TOTAL ROADWAYS/STREETS				60.97
STREET MACHINERY				
08700	HYDRAULIC SERVICE INC	HYDR CYL REPAIR	01-450-000-53000	183.45
08700		REPAIR CASE LOADER HYDRO CYL	01-450-000-53000	324.00
08700		HYDRAULIC CYLINDER REPAIR	01-450-000-53000	183.34
14000	NAPA AUTO PARTS	AUTO CHEMICALS	01-450-000-53000	55.93
20725	T R COCHART TIRE CENTER	TIRES	01-450-000-53000	207.50
20725		TIRES	01-450-000-53000	1,023.10
20725		TIRE CHANGE & DISPOSAL	01-450-000-53000	32.00
20725		FLAT REPAIR	01-450-000-53000	20.00
O'REILLY	O'REILLY AUTO PARTS	FILTERS-TRUCK #2	01-450-000-53000	16.73

INVOICES DUE ON/BEFORE 06/21/2016

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE

GENERAL FUND				
			TOTAL	2,046.05
			TOTAL STREET MACHINERY	2,046.05
CITY GARAGE				
01469	AIRGAS NORTH CENTRAL	OXYGEN TANKS	01-460-000-58999	38.90
01766	AURORA MEDICAL GROUP	DOT TESTING LONDO	01-460-000-57100	75.00
04603	HALRON LUBRICANTS INC	WASTE OIL PICK UP	01-460-000-58999	33.75
12100	LAMPERT YARDS INC	LUMBER-OLD TANK	01-460-000-54999	155.92
19959	SUPERIOR CHEMICAL CORP	DRAIN SEAL	01-460-000-54999	309.06
VIKING	VIKING ELECTRIC SUPPLY, INC	BULBS	01-460-000-54999	19.26
			TOTAL	631.89
			TOTAL CITY GARAGE	631.89
PARK & RECREATION ADMIN				
PULSE	PENINSULA PULSE	ADVERTISING	01-500-000-57450	924.62
			TOTAL	924.62
			TOTAL PARK & RECREATION ADMIN	924.62
PARKS AND PLAYGROUNDS				
03075	CARQUEST OF DOOR COUNTY	GREASE GUN COUPLER	01-510-000-52700	3.51
04545	DOOR COUNTY COOPERATIVE	WEED KILLER	01-510-000-54999	168.66
06012	FASTENAL COMPANY	TRAFFIC ROAD CONES	01-510-000-52350	105.56
08225	HERLACHE SMALL ENGINE	TRIM LINE	01-510-000-52700	12.99
08225		BLADES	01-510-000-52700	12.00
11545	MAPLE STREET SIGN CO.	LOGO- NEW CITY TRUCK	01-510-000-54999	196.78
12100	LAMPERT YARDS INC	13 2X4X8' SPF	01-510-000-54999	34.97
12100		DOOR	01-510-000-54999	535.00
13360	MENARDS-GREEN BAY EAST	STEEL DOOR	01-510-000-54999	96.00
19070	SCHARTNER IMPLEMENT INC	TRACTOR KEY	01-510-000-53000	37.25
O'REILLY	O'REILLY AUTO PARTS	OIL FILTER	01-510-000-53000	6.90
R0000655	TRANSMOTION, LLC	FORD TRACTOR SUPPLIES	01-510-000-53000	166.95
R0001385	CHARLIE POLLOCK	WORK PERMIT REFUND	01-510-000-54999	10.00
R0001386	EVAN SMITH	WORK PERMIT REIMBURSE/E SMITH	01-510-000-54999	10.00
SALZ	SALZSIEDER LANDSCAPE & NURSERY	EGG HRBR RD TREE INSTALL	01-510-000-58450	5,100.00
WARNER	WARNER-WEXEL WHOLESALE &	TOWELING & TISSUE	01-510-000-54999	466.80
WARNER		SUPPLIES	01-510-000-54999	49.08
			TOTAL	7,012.45
			TOTAL PARKS AND PLAYGROUNDS	7,012.45
WATER WEED MANAGEMENT				

INVOICES DUE ON/BEFORE 06/21/2016

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE

GENERAL FUND				
03075	CARQUEST OF DOOR COUNTY	FILTERS	01-560-000-51400	46.38
03075		FUEL	01-560-000-51400	4.75
03075		HOSE	01-560-000-51400	39.00
03075		SHOP TOWELS	01-560-000-54999	13.29
HYDRAUL	HYDRAULIC REPAIR SPECIALISTS,	HYDRAULIC MOTOR REPAIR	01-560-000-51400	190.00
TOTAL				293.42
TOTAL WATER WEED MANAGEMENT				293.42
WATERFRONT PARKS & WALKWAYS				
VIKING	VIKING ELECTRIC SUPPLY, INC	LENS	01-570-000-54999	56.00
TOTAL				56.00
TOTAL WATERFRONT PARKS & WALKWAYS				56.00
EMPLOYEE BENEFITS				
03780	COUNSELING ASSOCIATES OF DC	JUNE EAP	01-600-000-56553	150.83
23674	WISCONSIN DEPT OF WORFORCE	MAY 2016 UNEMPLOYMENT	01-600-000-50370	55.24
TOTAL				206.07
TOTAL EMPLOYEE BENEFITS				206.07
TOTAL GENERAL FUND				56,908.79
CAPITAL FUND				
PATROL				
02208	BAYCOM INC.	ROOF MOUNT ON NEW SQUAD	10-215-000-59035	42.42
02208		FUEL PANEL/CHARGE GUARD	10-215-000-59035	149.97
02208		NEW SQUAD CHANGE OVER	10-215-000-59035	845.00
02208		CHANGEOVER LABOR/MISC PARTS	10-215-000-59035	3,542.39
02208		ARBITRATOR INSTALL	10-215-000-59000	28,265.00
TOTAL				32,844.78
TOTAL PATROL				32,844.78
TOTAL CAPITAL FUND				32,844.78
CABLE TV				
CABLE TV / GENERAL				
CABLE TV / GENERAL				
02975	CAMERA CORNER	WINE BAND ANTENNA	21-000-000-59070	319.98
02975		HARD DRIVE	21-000-000-59070	399.00
02975		SPACE RACK CASE	21-000-000-59070	130.00
02975		CD JEWEL CASE	21-000-000-59070	78.00
02975		SHIPPING	21-000-000-59070	29.00

DATE: 06/10/2016
TIME: 14:25:39
ID: AP443000.CST

CITY OF STURGEON BAY
DEPARTMENT SUMMARY REPORT

PAGE: 7

INVOICES DUE ON/BEFORE 06/21/2016

VENDOR #	NAME	ITEM DESCRIPTION	ACCOUNT #	AMOUNT DUE

CABLE TV				
CABLE TV / GENERAL				
CABLE TV / GENERAL				
			TOTAL CABLE TV / GENERAL	955.98
			TOTAL CABLE TV / GENERAL	955.98
			TOTAL CABLE TV	955.98
SOLID WASTE ENTERPRISE				
SOLID WASTE ENTERPRISE FUND				
SOLID WASTE ENTERPRISE FUND				
ADVANCED	ADVANCED DISPOSAL	84.38 TN RECYCLING	60-000-000-58350	1,159.40
ADVANCED		214.47 TN REFUSE	60-000-000-58300	12,859.61
JX ENT	JX ENTERPRISES, INC.	NOZZLE- TRK 41	60-000-000-53000	45.87
			TOTAL SOLID WASTE ENTERPRISE FUND	14,064.88
			TOTAL SOLID WASTE ENTERPRISE FUND	14,064.88
			TOTAL SOLID WASTE ENTERPRISE	14,064.88
			TOTAL ALL FUNDS	104,774.43

DATE: 06/10/2016
TIME: 14:25:39
ID: AP443000.CST

CITY OF STURGEON BAY
DEPARTMENT SUMMARY REPORT

PAGE: 8

INVOICES DUE ON/BEFORE 06/21/2016

VENDOR # NAME ITEM DESCRIPTION ACCOUNT # AMOUNT DUE

SUMMARY OF FUNDS:

GENERAL FUND	56,908.79	101,168.47
CAPITAL FUND	32,844.78	
CABLE TV	955.98	
SOLID WASTE ENTERPRISE	14,064.88	
TOTAL ---- ALL FUNDS	104,774.43	209,034.11

MANUAL CHECKS

WALMART \$379.83
06/02/16
Check # 79554
Credit Card Statement Charges
Various Departmental Accounts

DELTA DENTAL \$5,471.72
06/02/16
Check #79554
June Dental Insurance
Various Departmental Accounts

NETWORK HEALTH \$96,404.64
06/02/16
Check # 79554
June Health Insurance
Various Departmental Accounts

BENEFIT ADVANTAGE \$ 25.00
06/08/16
Check # 79620
May Cobra Fees
01-600-000-50510

BENEFIT ADVANTAGE \$121.00
06/08/16
Check # 79620
May HRA Billing
01-600-000-50510

MINNESOTA LIFE INSURANCE \$1,857.49
06/08/16
Check # 79621
07/16 Life Insurance
01-600-000-50552

TOTAL MANUAL CHECKS \$104,259.68