

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

INCLUDING AUDITORS' REPORT
FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2017 AND 2016



GREEN BAY WATER UTILITY

A Departmental Unit of the City of
Green Bay, Wisconsin

GREEN BAY WATER UTILITY
A DEPARTMENTAL UNIT OF THE CITY OF
GREEN BAY, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016

Prepared by

Stephanie R. Rogers, CPA

Business Manager

Green Bay Water Utility

MISSION STATEMENT

**THE MISSION OF THE GREEN BAY WATER UTILITY IS TO
PROVIDE AN ADEQUATE SUPPLY OF HIGH QUALITY,
DRINKING WATER AT A REASONABLE COST TO
CUSTOMERS.**

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 DECEMBER 31, 2017

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CITY OF GREEN BAY, WISCONSIN
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INTRODUCTORY SECTION

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Green Bay Water Utility

631 S. ADAMS - P.O. BOX 1210
Green Bay, WI 54305-1210

920-448-3480
FAX 920-448-3486

June 25, 2018

A message from the Utility General Manager:

In 2017, we continued our commitment to innovation and technology as we maintain and improve our water utility while keeping our customers' needs in the forefront of our decisions.

Our mission to provide an adequate supply of high quality drinking water at a reasonable cost to our customers is strong. Our commitment to excellence, efficiency, and safety are evident in the projects we tackled in 2017.

Examples of projects completed in 2017:

- Completed the conversion and began providing Wrightstown with utility billing services.
- Completed the 2017 Water Utility Master Plan.
- Performed a Workforce Analysis
- Hired a Communication Director
- Replaced 479 publically owned lead service lines
- Secured a second principal forgiveness loan for private lead service replacement from the Safe Drinking Water Act
- Updated one of our lake pumps that pumps nine million gallons per day
- Updated the computer system that runs the filter plant and distribution system hydraulics
- Successfully hosted an intern from Northeast Wisconsin Technical College water operator program
- Combined pressure zones that eliminated three of them that improved fire flows and reliability
- We replaced over 13,000 feet of old cast iron water main.

We here at the Utility would like to thank the Water Commission, the Mayor, the members of the Common Council, and all of those who contributed to making 2017 a successful year.

Respectfully submitted

THE GREEN BAY WATER UTILITY

Nancy A. Quirk, P.E.
General Manager

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Green Bay Water Utility

631 S. Adams St. - P.O. Box 1210
Green Bay, WI 54305-1210

920-448-3480
FAX 920-448-3486
www.ci.green-bay.wi.us

Letter of Transmittal

June 25, 2018

To the Board of Waterworks Commissioners and Utility Customers:

FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report of the Green Bay Water Utility for the year ended December 31, 2017 is hereby submitted. This report was prepared by the Utility's Business Manager. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the Utility. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Utility. All disclosures necessary to enable the reader to gain an understanding of the Utility's financial activities have been included. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD &A) and should be read in conjunction with it. The Green Bay Water Utility's MD & A can be found immediately following the report of the independent auditors.

The Utility is a departmental unit of the City of Green Bay, Wisconsin, and its financial statements are included in the City's financial statements as an enterprise fund referred to as the Water Utility.

PROFILE OF THE WATER UTILITY

The Green Bay Water Utility, along with its predecessor (a privately owned company), has been in business for 131 years. The private commercial

venture was begun in 1886 by a syndicate of New Englanders and operated under franchises granted by both of the then-existing Green Bay and Fort Howard communities. A listing of the water rates in force as of October 18, 1887 is included in the statistical section of this report. In 1894, the group of Connecticut promoters who established the original company sold out to local investors after having operated the system for about eight years. The original private company began operations with three wells, 12 miles of water mains, a pump house with reservoirs and a 12 inch river-crossing main to the west side of the Fox River to supply the community of Fort Howard. When the company sold eight years later to local investors, it had grown to include 29 miles of mains.

Early records were not required, but a 1909 Railroad Commission report lists the locally owned system as having 43.1 miles of main and 4,002 customers, mostly residential. Industrial and commercial users at this early date generally had their own wells.

In 1910, talk began about a municipal owned department, and a referendum overwhelmingly carried, only to have the efforts die there. The price of \$500,000 was rejected by the City Council due to the fact that the amount being considered at that time represented a "staggering" sum. World War I came and went, and the issue resurfaced in 1920. A new referendum was passed, and the system was purchased on November 12, 1920 by the City of Green Bay for \$975,000.

Since inception in 1886, Green Bay had boasted about its pure and abundant water, brought up from deep artesian wells. But growth in population and commercial and industrial activities began to show a strain on the supply. In 1930, the average daily per capita consumption was between 40 and 50 gallons; by 1957, this had mushroomed to nearly 200 gallons.

In addition, the water level, which in 1935 was a mere 95 feet below ground surface, had dropped to 350 feet. The natural reservoir of water could not be replenished as fast as city needs were growing.

By 1952, it was evident that some new source had to be found. Deep, pure, dark blue Lake Michigan was nearby and an attractive source. After meeting with some opposition, work on the \$10 million facility began in 1956. In August of 1957, construction was completed, and on August 10, 1957, the “new” water streamed and bubbled to customers. In November of 1964, the City of Green Bay annexed the Town of Preble, which had 3,516 customers. By 1970, there were 23,000 customers, and to date, there are approximately 36,400.

The water is still being drawn from Lake Michigan, 27 miles to the east of Green Bay, just north of the City of Kewaunee. The maximum pumping capacity during that first year was approximately 13 million gallons per day (MGD). Today, thanks to system upgrades, the maximum pumping capacity has grown to approximately 42 MGD.

The Utility’s retail service area currently is confined to the City’s boundaries. Wholesale service to the Village of Ashwaubenon began in June, 2006, to the Town of Scott in October, 2006, to the Village of Hobart in May, 2011 and to the Village of Wrightstown in June, 2016. Construction and maintenance of all Utility facilities and improvements are the responsibility of the Utility. The Public Service Commission of Wisconsin (PSCW) regulates the Utility’s operations pursuant to Chapter 196 of the Wisconsin State Statutes.

INFORMATION USEFUL IN ASSESSING THE WATER UTILITY’S FINANCIAL CONDITION

The Utility’s retail service area, which is the City of Green Bay, is the third most populous city in Wisconsin, and has continued to experience

substantial growth in population and tax base over the past decades.

The City has become one of the State’s predominant manufacturing areas, with particular emphasis on non-durable goods industries. A listing of the 12 largest water consumers is included in the statistical section of this report.

The City has a current estimated population of 105,443. Since 1960, through annexation and consolidation, the City of Green Bay has grown physically from 15.5 square miles to a present area covering approximately 46.1 square miles. The City’s population density of approximately 2,287 persons per square mile indicates there is ample land for future growth and development.

The 2017 City of Green Bay Capital Improvement Program (CIP) initiated the replacement of about 3.1 miles of existing distribution water main infrastructure. The City’s Street Resurfacing Program accounted for the 1.42 miles of the water main that was replaced. There was 1.19 miles of water main replacement generated by the City’s Street Reconstruction Program. There was 0.47 miles of new subdivision water main footage added into the distribution system in 2017.

In 2017, the Utility installed three valve controller actuators and the Grandview Booster Station and PRV vault valves at two of the other vaults.

In 2017, the Water Treatment Plant’s ozone upgrades of the treatment plant’s supervisory control and data acquisition (SCADA) system and the ozone system’s SCADA were completed.

The Water Utility had a 6% increase in main breaks in 2017 over 2016 which was comparable to the 2015 winter. Lead removal was at the top of the list in 2017 for the Customer Service and Distribution Departments. There was 495 of the utility-owned portion of the lead services were replaced. The Utility’s Customer Service personnel continued to visit homes in an effort to determine what type of service line material was on the owner’s portion

In 2017, the Water Utility’s Billing Department took over the billing and collections for the Village of Wrightstown Water Department. This included generating the bills, processing customer payments and answering customer phone calls.

Long-Term Financial Planning

Annually, the Water Commission adopts a non-appropriated five year operating budget and a five year capital budget. Both budgets are used as short and long term financial plans in conjunction with the Utility's ten year master plan to anticipate the needs for the current and subsequent years. Monthly analysis of anticipated rate of return and comparison of budget to actual operating income and expense is performed to control costs and avoid potential deficits.

Policies Impacting Financial Statements

The Water Utility Commission adopted an investment policy in 2004. Accordingly, available cash is invested in certificates of deposit, money market accounts, the State investment pool, commercial paper, U.S. Treasury securities, savings accounts and interest-bearing checking accounts. To reduce risk, the Utility's portfolio is diversified by security type with maximum allowable allocation by instrument and is further restricted by a minimum credit quality rating for each instrument.

Internal Control

In developing and altering the Utility's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. I believe that the Utility's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Audit

The current outstanding bond issues require an annual audit by independent certified public accountants.

The Utility has retained Schenck SC, Certified Public Accountants, to perform an audit of the Utility's financial records. The Independent Auditors' Report on Financial Statements is included in the financial section of this report. The unmodified opinion expressed by the auditor on the Utility's financial statements, is an assertion that there have been no significant exceptions as to the accounting principles reflected in the financial statements, the consistency of application of accounting principles, and the adequacy of information disclosures in the financial statements. The Independent Auditors' Report on Internal Control over Financial Reporting, and on Compliance and Other Matters is included in the compliance section of this report.

Management's Discussion and Analysis

The Governmental Accounting Standards Board adopted standards which require a management discussion and analysis to be part of the basic annual audited financial statements. For Management's Discussion and Analysis for the year ended December 31, 2017, please refer to the financial section in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utility for its comprehensive annual financial report for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of Achievement is valid for a period of one year only.

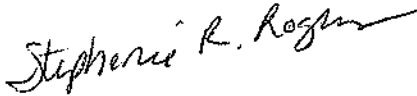
The Utility's Certificate of Achievement for Excellence in Financial Reporting for the year ended December 31, 2016 was the twenty-third consecutive GFOA Certificate of Achievement received. We believe our current report continues to conform to the

Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements

Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire office staff of the Utility. Appreciation also is extended to all Utility department managers, employees and the Utility's independent auditors who contributed to its contents. Further appreciation is extended to the Water Utility Commissioners for their interest and support in planning and conducting the financial operations of the Utility in a responsible and progressive manner.

Respectfully submitted,



Stephanie R. Rogers, CPA
Business Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Water Utility, City of Green Bay
Wisconsin**

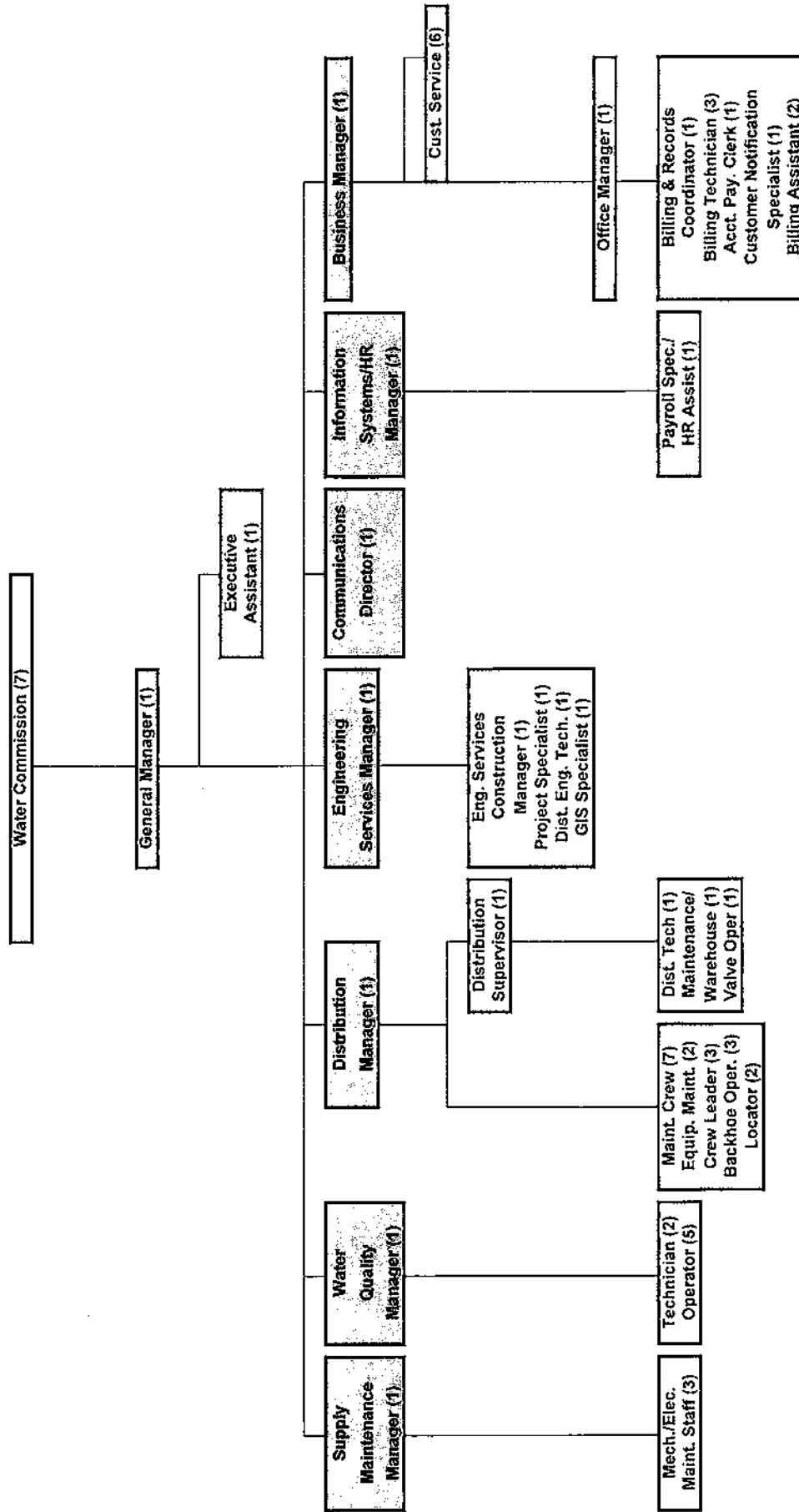
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrell

Executive Director/CEO

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
TABLE OF ORGANIZATION**



**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

List of Principal Officials

BOARD OF WATERWORKS COMMISSIONERS			
		Years of Service	Term Expires
President	James F. Blumreich	14	2019
Vice President	Kathryn Hasselblad-Pascale	14	2024
Secretary	Leon R. Engler	31	2021
Commissioner	Douglas J. Martin	5	2018
Commissioner	Lisa M. Bauer Lotto	5	2021
Commissioner	John C. Heugel	5	2020
Commissioner	Nanette M. Nelson	4	2023

COUNCIL REPRESENTATIVE
Alderman Thomas G. Sladek

LEGAL REPRESENTATIVE
William J. Vande Castle

UTILITY MANAGEMENT STAFF			
		Years in This Position	Years Employed by Utility
General Manager	Nancy A. Quirk, P.E.	5	5
Business Manager	Stephanie R. Rogers, CPA	<1	>1
Engineering Services Manager	Brian K. Powell, P.E.	15	15
Supply Maintenance Manager	Thomas P. Landwehr	16	17
Water Quality Manager	Russell A. Hardwick	17	22
Distribution Maintenance Manager	Jason D. Maes	1	23
Communications Director	Lori Kaye Lodes	1	1
Information Systems/HR Manager	Kevin J. Brunner	18	18

CERTIFIED PUBLIC ACCOUNTANTS
Schenck SC, Green Bay, Wisconsin

BOND COUNCIL
Foley & Lardner, Madison, Wisconsin

FINANCIAL CONSULTANTS
Robert W. Baird & Co., Inc., Milwaukee, Wisconsin

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FINANCIAL SECTION

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Independent auditors' report

To the Board of Commissioners
Water Utility Commission
Green Bay, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Water Utility of the City of Green Bay, Wisconsin (the "Utility") as of and for the years ended December 31, 2017 and December 31, 2016, and the related notes to the 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 Utility's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utility as of December 31, 2017 and December 31, 2016, and the respective changes in financial position and cash flows thereof for the years 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 Water Utility of the City of Green Bay, Wisconsin, and do not purport to, and do not, present fairly the financial position of the City of Green Bay, Wisconsin, as of December 31, 2017 and December 31, 2016, 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.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 17 and the schedules relating to pensions and other postemployment benefits on pages 48 through 51 be presented to supplement the financial statements. Such information, although not 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Utility's financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018, on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control over financial reporting and compliance.



Certified Public Accountants

Green Bay, Wisconsin
June 18, 2018

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Management's Discussion and Analysis
December 31, 2017

As management of the Green Bay Water Utility, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2017.

FUND STRUCTURE

The Water Utility is a business type activity. As such, it records its transactions based on the flow of economic resources.

FINANCIAL OPERATIONS SUMMARY

Total operating and non-operating revenues (including capital contributions) were \$21.36 million in 2017 and expenses were \$18.35 million. The Utility's net position increased by \$3.01 million in 2017 to \$101.75 million. The \$8.24 million of unrestricted net position has been set aside to mitigate against the possibility of future water rate increases. Restricted net position and net position invested in property, plant and equipment were \$3.11 million and \$90.40 million, respectively.

COMPARISON TO PRIOR FISCAL YEARS

Water sales for 2017 were 6.07 billion gallons compared to 5.88 billion gallons in 2016 and 5.97 billion gallons in 2015. One major wholesale customer, the Village of Wrightstown, was added in 2016, no major customers were removed in 2016. No major customers were added or removed in 2017.

Interest income increased in 2017. The average yield for 2017 was 2.38% compared to 1.91% for 2016 and 1.84% for 2015. The average investment balance decreased to \$6.72 million in 2017 from \$7.47 million in 2016. The average investment balance was \$6.43 million in 2015.

Utility operating expenses increased slightly in 2017 compared to 2016. The Utility added \$6.75 million in capital assets in 2017. Primarily, these capital assets consisted of water distribution mains, services, hydrants, and meters. Utility operating expenses increased slightly in 2016 compared to 2015. The Utility added \$5.97 million in capital assets in 2016. Primarily, these capital assets consisted of water supply and distribution mains, services, hydrants, and meters.

The bond interest expense increased slightly in 2017 compared to 2016 due to the refinancing costs of the 2006 and 2014 bonds. The decrease in bond interest expense in 2016 compared to 2015 was due to the payment of principal on the bond issues.

The net position of the Utility increased by \$3.01 million in 2017. Overall, the net position of the Utility increased by \$2.68 million in 2016.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Management's Discussion and Analysis
December 31, 2017

Revenues and Expenses	Year Ending	Year Ending	Increase	%
Year-to-Year Comparison	Dec. 31, 2017	Dec. 31, 2016	(Decrease)	Change
Operating Revenues:				
Operating revenue:				
Residential	\$ 6,147,021	\$ 6,304,242	\$ (157,221)	(2.5%)
Commercial	3,273,444	3,289,651	(16,207)	(.5%)
Industrial	4,740,471	4,323,113	417,358	9.6%
Wholesale	3,281,062	3,150,957	130,105	4.1%
Public fire protection	1,648,626	1,647,390	1,236	0.1%
All other	<u>1,102,852</u>	<u>1,097,075</u>	<u>5,777</u>	.5%
Total operating revenue	<u>20,193,476</u>	<u>19,812,428</u>	<u>381,048</u>	1.9%
Operating Expenses:				
Operating expenses	<u>13,524,887</u>	<u>13,300,973</u>	<u>254,384</u>	1.9%
Operating Income	6,668,589	6,511,455	126,664	1.9%
Nonoperating Revenues and Expenses:				
Interest income	222,044	181,549	40,495	22.3%
All other revenues	66,179	36,502	29,677	81.3%
Interest expense	(2,340,166)	(2,320,992)	19,174	.8%
Tax equivalent	(2,297,587)	(2,210,285)	87,302	3.9%
Amortization	<u>46,719</u>	<u>46,720</u>	<u>(1)</u>	(0%)
Excess before contributions	2,365,778	2,244,949	90,359	4.0%
Capital Contributions	<u>638,822</u>	<u>434,274</u>	<u>204,548</u>	47.1%
Change in net position	<u>3,004,600</u>	<u>2,679,223</u>	<u>294,907</u>	11.0%
Net position – beginning of year	<u>98,743,656</u>	<u>96,064,433</u>	<u>2,679,223</u>	2.8%
Net position – end of year	<u>\$ 101,748,256</u>	<u>\$ 98,743,656</u>	<u>\$ 2,974,130</u>	3.0%

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Management's Discussion and Analysis
December 31, 2017

Revenues and Expenses Year-to-Year Comparison	Year Ending Dec. 31, 2016	Year Ending Dec. 31, 2015	Increase (Decrease)	% Change
Operating Revenues:				
Operating revenue:				
Residential	\$ 6,304,242	\$ 6,132,565	\$ 171,677	2.8%
Commercial	3,289,651	3,054,456	235,195	7.7%
Industrial	4,323,113	4,373,034	(49,921)	(1.1%)
Wholesale	3,150,957	2,851,616	299,341	10.5%
Public fire protection	1,647,390	1,648,897	(1,507)	(0.1%)
All other	<u>1,097,075</u>	<u>1,006,501</u>	<u>90,574</u>	9.0%
Total operating revenue	<u>19,812,428</u>	<u>19,067,069</u>	<u>745,359</u>	3.9%
Operating Expenses:				
Operating expenses	<u>13,300,973</u>	<u>12,593,777</u>	<u>707,196</u>	5.6%
Operating Income	6,511,455	6,473,292	38,163	0.6%
Nonoperating Revenues and Expenses:				
Interest income	181,549	177,081	4,468	2.5%
All other revenues	36,502	46,911	(10,409)	(22.2%)
Interest expense	(2,320,992)	(2,424,537)	(103,545)	(4.3%)
Tax equivalent	(2,210,285)	(2,204,731)	5,554	0.3%
Amortization	<u>46,720</u>	<u>(32,338)</u>	<u>(79,058)</u>	(244.5%)
Excess before contributions	2,244,949	2,035,678	209,271	10.3%
Contributions	<u>434,274</u>	<u>15,742</u>	<u>418,532</u>	2,658.7%
Change in net position	<u>2,679,223</u>	<u>2,051,420</u>	<u>627,803</u>	30.6%
Net position – beginning of year, as originally reported	96,064,433	92,831,559	3,232,874	3.5%
Cumulative effect of change in accounting principle	<u>- 0 -</u>	<u>1,181,454</u>	<u>(1,181,454)</u>	(100.0%)
Net position – beginning of year, as restated	<u>96,064,433</u>	<u>94,013,013</u>	<u>2,051,420</u>	2.2%
Net position – end of year	<u>\$ 98,743,656</u>	<u>\$ 96,064,433</u>	<u>\$ 2,679,223</u>	2.8%

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Summary of Net Position Year-to-Year Comparison	December 31, 2017	December 31, 2016	Increase (Decrease)
Assets:			
Cash and investments	\$ 11,270,790	\$ 12,112,994	\$ (591,084)
Receivables	5,190,166	4,552,924	637,242
Other assets	3,063,643	3,141,771	(78,128)
Net property, plant and equipment	<u>142,259,746</u>	<u>141,365,450</u>	<u>894,296</u>
Total Assets	<u>161,784,345</u>	<u>161,173,139</u>	<u>(356,571)</u>
Deferred Outflows of Resources:			
Deferred outflows	<u>2,548,247</u>	<u>1,925,919</u>	<u>622,328</u>
Liabilities:			
Payables	5,828,358	5,473,295	355,063
Accrued interest	300,069	371,950	(71,881)
Other liabilities – current	194,868	100,000	94,868
Other liabilities – long-term	371,101	576,989	175,418
Bonds payable – current	3,405,000	3,010,000	395,000
Bonds payable – long-term	<u>51,857,853</u>	<u>54,109,573</u>	<u>(2,251,720)</u>
Total Liabilities	<u>61,957,249</u>	<u>63,641,807</u>	<u>(1,654,088)</u>
Deferred Inflows of Resources:			
Deferred inflows related to pension	<u>627,087</u>	<u>713,595</u>	<u>86,508</u>
Net Position:			
Net investment in capital assets	90,401,893	87,255,877	3,146,016
Restricted for debt retirement	3,049,249	3,500,834	(451,585)
Restricted for lead service replacement	56,252	5,998	50,254
Unrestricted	<u>8,240,862</u>	<u>7,980,947</u>	<u>229,445</u>
Total Net Position	<u>\$ 101,748,256</u>	<u>\$ 98,743,656</u>	<u>\$ 2,974,130</u>
Summary of Net Position Year-to-Year Comparison	December 31, 2016	December 31, 2015	Increase (Decrease)
Assets:			
Cash and investments	\$ 12,112,994	\$ 12,407,004	\$ (294,010)
Receivables	4,552,924	4,434,242	118,682
Other assets	3,141,771	3,922,627	(780,856)
Net property, plant and equipment	<u>141,365,450</u>	<u>140,765,837</u>	<u>599,613</u>
Total Assets	<u>161,173,139</u>	<u>161,529,710</u>	<u>(356,571)</u>
Deferred Outflows of Resources:			
Deferred outflows related to pension	<u>1,925,919</u>	<u>595,038</u>	<u>1,330,881</u>
Liabilities:			
Payables	5,680,775	5,566,719	114,056
Accrued interest	371,950	389,808	(17,858)
Other liabilities – current	100,000	- 0 -	100,000
Other liabilities – long-term	369,509	32,495	337,014
Bonds payable – current	3,010,000	2,905,000	105,000
Bonds payable – long-term	<u>54,109,573</u>	<u>57,166,293</u>	<u>(3,056,720)</u>
Total Liabilities	<u>63,641,807</u>	<u>66,060,315</u>	<u>(2,418,508)</u>
Deferred Inflows of Resources:			
Deferred inflows related to pension	<u>713,595</u>	<u>- 0 -</u>	<u>713,595</u>
Net Position:			
Net investment in capital assets	87,255,877	83,599,544	3,656,333
Restricted for debt retirement	3,500,834	3,524,289	(23,455)
Restricted for lead service replacement	- 0 -	585,000	(585,000)
Restricted for lead service replacement	5,998	- 0 -	5,998
Unrestricted	<u>7,980,947</u>	<u>8,355,600</u>	<u>(374,653)</u>
Total Net Position	<u>\$ 98,743,656</u>	<u>\$ 96,064,433</u>	<u>\$ 2,679,223</u>

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CAPITAL ASSETS CHANGES

The Utility's total capital assets increased by \$5.49 million in 2017 and \$5.46 million in 2016. Of the 2017 increase, \$5.26 million was for new water mains, services, hydrants and meters. Of the 2016 increase, \$3.99 million was for new water mains, services, hydrants and meters. Total capital assets in service before depreciation were \$222.43 million and \$216.72 million as of December 31, 2017 and 2016 respectively. Construction in progress cost was \$.22 million as of December 31, 2016. There was no construction in progress cost as of December 31, 2017. All capital assets were funded by special assessments, developer contributions, Department of Homeland Security grants and Utility funds. Additional information can be found in Note D to the basic financial statements.

Changes in Capital Assets Year-to-Year Comparison	December 31, 2017	December 31, 2016	Increase (Decrease)	% Change
<u>Capital Investment</u>				
Land	\$ 524,689	\$ 524,689	\$ - 0 -	0%
Buildings and improvements	24,297,942	24,297,942	- 0 -	0%
Improvements other than buildings	161,890,135	156,629,657	5,260,478	3.4%
Machinery and equipment	35,720,617	35,269,786	450,831	1.3%
Total in-service	222,433,383	216,722,074	5,711,309	2.6%
Construction in progress	- 0 -	222,026	(222,026)	
Total Capital Assets	<u>\$ 222,433,383</u>	<u>\$ 216,944,100</u>	<u>\$ 5,489,283</u>	2.5%

Changes in Capital Assets Year-to-Year Comparison	December 31, 2016	December 31, 2015	Increase (Decrease)	% Change
<u>Capital Investment</u>				
Land	\$ 524,689	\$ 523,897	\$ 792	0.2%
Buildings and improvements	24,297,942	24,285,617	12,325	0.1%
Improvements other than buildings	156,629,657	152,641,149	3,988,508	2.6%
Machinery and equipment	35,269,786	34,036,960	1,232,826	3.6%
Total in-service	216,722,074	211,487,623	5,234,451	2.5%
Construction in progress	222,026	- 0 -	222,026	
Total Capital Assets	<u>\$ 216,944,100</u>	<u>\$ 211,487,623</u>	<u>\$ 5,456,477</u>	2.6%

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DEBT ADMINISTRATION

All scheduled bond payments in 2017 and 2016 were made on time. Requirements of the revenue bond ordinances have also been met, in full, as of December 31, 2017 and 2016. In October 2004, the Water Utility issued revenue bonds in the amount of \$76,765,000. A portion of this issue was used to defease the \$17,740,000 of outstanding 1996 revenue bonds. The remaining amount was invested and used to fund new construction projects in 2005 and 2006. In November 2006, the Water Utility issued revenue bonds in the amount of \$49,310,000. The proceeds of this issue were used to refund a portion of the outstanding 2004 revenue bonds. In November 2014, the Water Utility issued revenue bonds in the amount of \$14,055,000. The proceeds of this issue were used to refund the remaining outstanding portion of the 2004 revenue bonds. In October 2017, revenue refunding bonds were issued in the amount of \$15,730,000. The proceeds of this issue were used to refund a portion of the 2006 and 2014 issues. The revenue bond debt outstanding was \$54.71 million and \$59.52 million as of December 31, 2017 and 2016 respectively. In 2014, Moody's Investor Service improved the rating of the Utility's revenue bonds from "Aa3" to "Aa2". Additional information can be found in Note E to the basic financial statements.

Changes in Outstanding Bonded Debt

Year-to-Year Comparison	December 31, 2017	December 31, 2016	Increase (Decrease)	% Change
<u>Debt Instrument</u>				
2006 Revenue bond	\$ 27,090,000	\$ 43,890,000	\$ (16,800,000)	
2014 Revenue bond	11,890,000	12,630,000	(740,000)	
2017 Revenue bond	<u>15,730,000</u>	<u>-0-</u>	<u>15,730,000</u>	
Total	<u>\$ 54,710,000</u>	<u>\$ 56,520,000</u>	<u>\$ (1,810,000)</u>	(3.2%)

Changes in Outstanding Bonded Debt

Year-to-Year Comparison	December 31, 2016	December 31, 2015	Increase (Decrease)	% Change
<u>Debt Instrument</u>				
2006 Revenue bond	\$ 43,890,000	\$ 46,070,000	\$ (2,180,000)	
2014 Revenue bond	<u>12,630,000</u>	<u>13,355,000</u>	<u>(725,000)</u>	
Total	<u>\$ 56,520,000</u>	<u>\$ 59,425,000</u>	<u>\$ (2,905,000)</u>	(4.9%)

INVESTMENT PORTFOLIO

The Utility is required to invest its funds in accordance with Section 66.04(2) of the Wisconsin State Statutes. These statutes authorize numerous types of depository and investment obligations for municipal funds, and including those utilized by the Utility. In addition, the Utility has adopted an official investment policy which places additional limits on the amounts that can be invested in any one issuer, the lengths of maturity and the eligible financial institutions based on their credit ratings.

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The Utility's cash and investment portfolio totaled \$11.27 million as of December 31, 2017, \$12.11 million as of December 31, 2016 and \$12.41 million as of December 31, 2015. It was earning a weighted average of 2.38% as of December 31, 2017, 1.91% as of December 31, 2016 and 1.84% as of December 31, 2015, based on original purchase price. These utility funds as of December 31, 2017, 2016 and 2015 were invested as follows:

Cash and Investment Type	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Wisconsin Local Government Investment Pool	0.8%	0.8%	0.8%
Certificates of deposit	15.4%	16.4%	13.7%
Federal government notes	0.0%	0.0%	2.0%
Municipal government bonds	42.0%	39.6%	40.6%
Interest-bearing money market, checking & Savings accounts	<u>41.8%</u>	<u>43.2%</u>	<u>42.9%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

OTHER FINANCIAL INFORMATION

Annually, the Water Commission adopts a non-appropriated operating budget and a capital budget. Both budgets are used as financial plans in conjunction with the Utility's master plan to anticipate the needs for the current and subsequent years. The Utility's budgets are not formally integrated into the accounting system; however, a monthly analysis of anticipated rate of return and comparison of budget to actual operating income and expense is performed to control costs and avoid potential deficits.

There are no restrictions, commitments, or other limitations that would significantly affect the availability of fund resources for future use.

Contacting the Water Utility's Financial Management

This financial report is designed to provide Green Bay Water Utility's customers, investors, creditors and other interested parties with a general overview of the Water Utility's finances and to demonstrate the Water Utility's accountability of the money it receives. If you have any questions regarding this report or need additional financial information, please contact the Water Utility's Business Manager.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Comparative Statement of Net Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 4,270,704	\$ 5,035,995
Temporary investments	99,169	98,337
Accounts receivable:		
Customer - Current	2,318,476	1,829,078
- Delinquent	2,810,632	2,713,726
Inventories	494,698	457,380
Prepaid expenses	181,163	176,968
Total Unrestricted Current Assets	10,174,842	10,311,484
Restricted Current Assets		
Bond Redemption Fund		
Cash and cash equivalents	2,253	2,521
Temporary investments	1,004,000	1,249,000
Accrued interest	1,307	706
Total Bond Redemption Fund	1,007,560	1,252,227
Lead Service Replacement Fund		
Cash and cash equivalents	190,062	95,878
Accounts receivable	61,058	10,120
Total Lead Service Replacement Fund	251,120	105,998
Total Restricted Current Assets	1,258,680	1,358,225
Total Current Assets	11,433,522	11,669,709
LONG-TERM ASSETS		
Restricted Long-term Assets		
Debt Reserve Fund		
Cash and cash equivalents	242,655	97,728
Temporary investments	5,461,947	5,488,269
Accrued Interest	42,156	44,560
Total Debt Reserve Fund	5,746,758	5,630,557
Total Restricted Long-term Assets	5,746,758	5,630,557
Other Assets (net of amortization)		
Construction grant to wholesale customer	569,700	601,350
Non-utility plant (net of amortization)	1,774,619	1,906,073
Total Other Assets	2,344,319	2,507,423
Capital Assets		
Land	524,689	524,689
Buildings and improvements	24,297,942	24,297,942
Improvements other than buildings	161,890,135	156,629,657
Machinery and equipment	35,720,617	35,269,786
	222,433,383	216,722,074
Less accumulated depreciation	80,173,637	75,578,650
	142,259,746	141,143,424
Construction in progress	-	222,026
Net Capital Assets	142,259,746	141,365,450
Total Long-term Assets	150,350,823	149,503,430
TOTAL ASSETS	161,784,345	161,173,139
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunding	1,018,920	-
Deferred outflows related to pension	1,529,327	1,925,919
Total Deferred Outflows of Resources	2,548,247	1,925,919

The accompanying notes to the basic financial statements are an integral part of these statements.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Comparative Statement of Net Position
December 31, 2017 and 2016

	2017	2016
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 808,450	\$ 1,154,139
Sewer and storm water collections payable	4,652,899	3,967,551
Accrued liabilities:		
Payroll taxes	38,474	39,730
Compensated absences	328,535	311,875
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	3,405,000	3,010,000
Accrued interest	300,069	371,950
Lead service replacement advance	194,868	100,000
Total Current Liabilities	9,728,295	8,955,245
 LONG-TERM LIABILITIES		
Long-term portion of revenue bonds - net of unamortized debt premium and discount	51,857,853	54,109,573
Compensated absences	174,385	207,480
Post-employment benefit liability	-	30,470
Net pension liability	196,716	339,039
Total Long-term Liabilities	52,228,954	54,686,562
TOTAL LIABILITIES	61,957,249	63,641,807
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	627,087	713,595
 NET POSITION		
NET POSITION		
Net investment in capital assets	90,401,893	87,255,877
Restricted for debt retirement	3,049,249	3,500,834
Restricted for lead service replacement	56,252	5,998
Unrestricted	8,240,862	7,980,947
 TOTAL NET POSITION	\$ 101,748,256	\$ 98,743,656

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Comparative Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016

	2017	2016
Operating Revenues		
Metered sales - Residential	\$ 6,147,021	\$ 6,304,242
Metered sales - Commercial	3,273,444	3,289,651
Metered sales - Industrial	4,740,471	4,323,113
Public authority sales	454,138	477,730
Wholesale water sales	3,281,062	3,150,957
Private fire protection	136,032	133,439
Public fire protection	1,648,626	1,647,390
Customer late payment charges	145,078	140,112
Sewer and storm water collection revenue	82,027	83,405
Other operating revenues	285,577	262,389
Total Operating Revenues	20,193,476	19,812,428
Operating Expenses		
Pumping expense	1,360,358	1,352,229
Water treatment expense	1,274,754	1,213,056
Transmission and distribution expense	1,857,277	1,439,930
Maintenance expense	735,224	988,035
Meter expense	40,606	93,275
Customers' installation expense	89,500	87,456
Customer records and collecting expense	401,307	384,069
Meter reading expense	8,721	10,202
Depreciation	4,994,158	4,936,857
Administrative and general expense	2,762,982	2,795,864
Total Operating Expenses	13,524,887	13,300,973
Operating Income	6,668,589	6,511,455
Nonoperating Revenues (Expenses)		
Interest income	222,044	181,549
Miscellaneous income	66,179	36,502
Interest expense	(2,340,166)	(2,320,992)
Tax equivalent	(2,297,587)	(2,210,285)
Amortization of debt premium	227,442	227,442
Amortization of debt discount and other assets	(180,723)	(180,722)
Total Nonoperating Revenues (Expenses)	(4,302,811)	(4,266,506)
Excess before contributions	2,365,778	2,244,949
Capital contributions	638,822	434,274
Change in Net Position	3,004,600	2,679,223
Net Position - Beginning of Year	98,743,656	96,064,433
Net Position - End of Year	\$ 101,748,256	\$ 98,743,656

The accompanying notes to the basic financial statements are an integral part of these statements.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Comparative Statement of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Cash received from customers	\$ 21,639,018	\$ 21,160,656
Cash payments to employees for services	(4,023,064)	(3,691,322)
Cash payments to suppliers of goods and services	(5,595,911)	(4,485,734)
Net cash provided by operating activities	12,020,043	12,983,600
Cash Flows from Non-Capital Financing Activities		
Paid to municipality for tax equivalent	(2,297,587)	(2,210,285)
Cash Flows from Capital and Related Financing Activities		
Contributions from property owners (net of change in receivables)	-	10,741
Acquisition of capital assets (net of change in payables)	(5,837,625)	(6,367,920)
Principal paid on capital financing	(17,540,000)	(2,905,000)
Interest paid on capital financing	(2,231,700)	(2,338,850)
Proceeds from revenue bonds issued	15,730,000	-
Advance received for replacement of lead services	94,868	100,000
Proceeds from sale of equipment	25,309	34,015
Net cash used in capital and related financing activities	(9,759,148)	(11,467,014)
Cash Flows from Investing Activities		
Interest received on investments	223,847	192,420
Proceeds from maturity of investments	5,807,397	4,535,750
Purchase of investments	(6,521,000)	(3,147,249)
Net cash provided by (used in) investing activities	(489,756)	1,580,921
Net change in cash and cash equivalents	(526,448)	887,222
Cash and cash equivalents - Beginning of Year	5,232,122	4,344,900
Cash and cash equivalents - End of Year	\$ 4,705,674	\$ 5,232,122
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 6,668,589	\$ 6,511,455
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation per Schedule of Operating Expenses	4,994,158	4,936,857
Depreciation reimbursed by City	223,081	218,270
Depreciation allocated to other accounts	389,375	401,021
Amortization of non-utility plant	131,453	131,453
Miscellaneous other income	66,179	36,502
Changes in assets and liabilities:		
Accounts receivable (excluding contributions from property owners)	(702,777)	60,132
Inventories	(37,318)	33,897
Prepaid expenses	(4,195)	(1,144)
Accounts payable	(345,689)	284,232
Sewer and stormwater collections payable	685,348	217,890
Accrued liabilities	(17,691)	155,060
Post-employment benefit liability	(30,470)	(2,025)
Net cash provided by operating activities	\$ 12,020,043	\$ 12,983,600
Non-cash Investing and Financing Activities		
Contributions from property owners (non-cash portion)	\$ -	\$ 58,551
Increase in fair value of investments held at year end	\$ 43,463	\$ 45,267

The accompanying notes to the basic financial statements are an integral part of these statements.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The Green Bay Water Utility (the Utility) and the Board of Waterworks Commissioners (the Commission) were created by City of Green Bay (the City) ordinance. The Commission provides nonpartisan management to the Utility pursuant to Chapter 66 of the Wisconsin Statutes. The Commissioners are appointed to seven-year, nonconcurrent terms. The Utility encompasses all water supply and transmission operations within the City. The Utility is a department of the City. In compliance with Governmental Accounting Standards Board (GASB) Statement No. 61, the Utility is presented as an enterprise fund in the City's Comprehensive Annual Financial Report (CAFR), which is available from the City's Finance Department at 100 North Jefferson Street, Green Bay, Wisconsin.

The financial statements of the Utility have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Utility are described below.

2. Enterprise Fund Accounting

The Utility accounts for its operations as an enterprise fund. Enterprise funds are used to account for government operations that are financed and operated in a manner similar to private business with the intent that the costs (expenses, including depreciation) of providing services to the general public be financed primarily through user charges.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

4. Measurement Focus

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

The Utility is regulated by the Public Service Commission of Wisconsin (PSCW) pursuant to Chapter 196 of the Wisconsin Statutes. The PSCW prescribes accounting policies under a uniform system of accounts for municipal water utilities and approves their rates. These accounting practices are in substantial agreement with generally accepted accounting principles as applicable to governmental enterprise funds except for the recording of additional accumulated depreciation on contributed plant received prior to calendar year 2003 and the accrual of the tax equivalent in the year preceding payment. These PSCW-prescribed accounting practices are not implemented for reporting purposes in this financial report.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Use of Estimates

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

6. Cash and Investments

Cash and investments are displayed in the financial statements as "Cash and cash equivalents" and "Temporary investments". Cash deposits consist of demand and time deposits with financial institutions, and are carried at cost. In accordance with GASB Statement No. 72, investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

7. Accounts Receivable

The Utility has the right under Wisconsin Statute 66.069 to place delinquent water bills on the tax roll for collection. No allowance for uncollectable accounts is considered necessary at year-end.

8. Inventories

Inventories of various water piping and supplies are valued at cost, determined on the weighted average method. The cost is recorded as an expense at the time individual inventory items are consumed rather than when purchased.

9. Restricted Assets

Certain proceeds from waterworks revenue bonds and Utility funds set aside for their repayment are classified as restricted on the statement of net position because their use is limited by applicable bond covenants. In addition, certain assets are restricted by external grantors for specific purposes.

10. Capital Assets

Purchased capital assets are valued at cost. Donated capital assets are recorded at their acquisition value on the date donated. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method.

Estimated lives and depreciation rates are established by the PSCW. The estimated useful lives are as follows:

Buildings	31-35 years
Improvements other than buildings	18-77 years
Machinery and equipment	3-30 years

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Capital Assets (continued)

Net interest costs during construction periods are capitalized for capital assets acquired by the issuance of long-term debt. Net interest costs on capital assets for 2017 and 2016 were not considered material. Major additions and betterments of \$500 or greater are capitalized, while additions under \$500, expenditures for maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operations as incurred.

11. Sewer and Storm Water Collections

The Utility performs the billing and collection functions for the City of Green Bay Sanitary Sewer Fund and the City of Green Bay Storm Water Utility. After collection, these funds are remitted to the City. The Utility charges the City for these services at cost plus a return on investment. The cost reimbursement is credited directly to the related expense accounts and the return on investment is included in operating revenue.

12. Compensated Absences and Termination Benefits

Vested and accumulated unpaid vacation and sick leave and other employee benefits earned but not used are recorded as an expense and a current liability as the benefits accrue to the employees in accordance with the provisions of GASB Statement No. 16. A majority of the compensated absences are recorded as current liabilities since the majority of the liability is expected to be used by the employee within one year. The Utility has no recordable termination benefits as defined in GASB Statement No. 47 – Accounting for Termination Benefits.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Utility has two items that qualifies for reporting in this category. The first is the unamortized loss on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to the Utility's 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, represent 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 Utility has one item that qualifies for reporting in this category. The item is related to the Utility's 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.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Long-Term Obligations

Long-term debt and other obligations are reported as Utility liabilities. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method. Issuance costs, whether or not withheld from the actual debt proceeds received, are expensed when incurred.

15. Net Position

Net position is classified into the following three components:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and capital related deferred outflows of resources and reduced by the 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* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of the net position that does not meet the definition of “restricted” or “net investment in capital assets”.

16. Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Utility’s principal ongoing operations. The principal operating revenues of the Utility are metered sales and capital revenue for water usage services. Operating expenses include the costs associated with the conveyance and supply of water, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

17. Pensions

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

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current financial statements with no change in previously reported net position or changes in net position.

NOTE B - CASH AND INVESTMENTS

The Utility maintains various restricted and non-restricted cash and investment accounts. These accounts are displayed in the financial statements as "Cash and cash equivalents" and "Temporary 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.

Carrying Amount of Restricted and Unrestricted Cash and Investments	December 31, 2017	December 31, 2016
Cash and cash equivalents		
Petty cash funds	\$ 3,500	\$ 3,500
Interest and non-interest bearing bank accounts	4,702,174	5,228,622
Total cash and cash equivalents	<u>4,705,674</u>	<u>5,232,122</u>
Temporary investments		
Investment in local government investment pool	99,169	98,337
Negotiable certificates of deposit with maturity more than 90 days	1,734,057	1,982,285
State government securities	2,920,894	2,966,208
Local government securities	1,810,996	1,834,042
Total temporary investments	<u>6,565,116</u>	<u>6,880,872</u>
	<u>\$11,270,790</u>	<u>\$12,112,994</u>
Reconciliation to the basic financial statements:		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 4,270,704	\$ 5,035,995
Temporary investments	99,169	98,337
Restricted Current Assets		
Bond Redemption Fund		
Cash and cash equivalents	2,253	2,521
Temporary investments	1,004,000	1,249,706
Lead Service Replacement Fund		
Cash and cash equivalents	190,062	95,878
Restricted Long-term Assets		
Debt Reserve Fund		
Cash and cash equivalents	242,655	97,728
Temporary investments	5,461,947	5,532,829
	<u>\$11,270,790</u>	<u>\$12,112,994</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE B - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The Utility implemented GASB Statement No. 72, Fair Value Measurement and Application, for the year ending December 31, 2016. The Utility categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The Utility has the following fair value measurements as of December 31, 2017 and as of December 31, 2016:

- State and local government securities are valued using significant observable inputs (Level 2 inputs)
- Negotiable certificates of deposit are valued using significant observable inputs (Level 2 inputs)

Deposits and investments of the Utility are subject to various risks. Presented below is a discussion of the specific risks and the Utility's 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 depositor 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, an investor 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 for deposits or investments.

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 non interest-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 all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, 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.

Utility deposits and investments with financial institutions were in excess of the combined federal depository insurance and State Guarantee Fund insurance limits and uncollateralized in the amounts of \$4,271,382 and \$5,406,118 as of December 31, 2017 and 2016 respectively.

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

Notes to the Financial Statements
December 31, 2017 and 2016

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. The Water Utility's adopted policy relating to the credit risk of investments has a primary objective of preserving capital.

Investment strategy and individual securities selection shall always be made in such a manner as to ensure the safety of the entire portfolio. To reduce risk, the Water Utility portfolio shall be diversified between certificates of deposit, the State investment pool, money market accounts, commercial paper, U.S. Treasury, state and local government securities and interest-bearing savings and checking accounts.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Aa1</u>	<u>Aa2</u>	<u>Aa3</u>	<u>AA+ to A+</u>	<u>Not Rated or Exempt from Disclosure</u>
December 31, 2017						
Wisconsin local government investment pool	\$ 99,169	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 99,169
Negotiable certificates of deposit	1,734,057	- 0 -	- 0 -	- 0 -	1,734,057	- 0 -
State government securities	2,920,894	50,000	2,015,000	570,000	285,894	- 0 -
Local government securities	<u>1,810,996</u>	<u>205,000</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>1,605,996</u>	<u>- 0 -</u>
Totals	<u>\$6,565,116</u>	<u>\$255,000</u>	<u>\$2,015,000</u>	<u>\$ 570,000</u>	<u>\$3,625,947</u>	<u>\$ 99,169</u>
December 31, 2016						
Wisconsin local government investment pool	\$ 98,337	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 98,337
Negotiable certificates of deposit	1,982,285	- 0 -	- 0 -	- 0 -	1,982,285	- 0 -
State government securities	2,893,990	- 0 -	2,074,261	603,058	288,889	- 0 -
Local government securities	<u>1,834,042</u>	<u>205,484</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>1,628,558</u>	<u>- 0 -</u>
Totals	<u>\$6,880,872</u>	<u>\$205,484</u>	<u>\$2,074,261</u>	<u>\$ 603,058</u>	<u>\$3,899,732</u>	<u>\$ 98,337</u>

Concentration of Credit Risk

The investment policy of the Utility limits the amount that can be invested in any one issuer as presented below. This policy does not apply to investments held in the Debt Reserve Fund which are invested in accordance with terms of the 2006 debt financing transaction.

<u>Investment Type</u>	<u>Limit</u>
U.S. treasury bill	None
U.S. treasury note (per issue)	\$5,000,000
U.S. agency (per issue)	\$5,000,000
Commercial paper & notes (per issuer)	\$1,000,000
Wisconsin local government investment pool	\$10,000,000

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE B - CASH AND INVESTMENTS (CONTINUED)

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total Utility investments are as follows:

Issuer	Investment Type	December 31, 2017	December 31, 2016
New York Housing	State municipal bond	\$ 1,000,000	\$ 1,005,090
Rhode Island Housing	State municipal bond	\$ 785,000	\$ 790,372
Milwaukee Housing	Local municipal bond	\$ 455,000	\$ 462,188
Chaska Economic Dev.	Local municipal bond	\$ 395,000	\$ 400,367
Vermont Housing	State municipal bond	\$ 570,000	\$ 603,058
Associated Bank, NA	Certificates of deposit	\$ 1,004,000	\$ 1,249,707

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.

One of the ways that the Utility manages its exposure to interest rate risk is by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. By laddering its portfolio to match scheduled disbursements and by maintaining a prudent balance in an interest-bearing checking account for unexpected draws, the Utility ensures sufficient liquidity to meet its cash flow needs. The Utility's investment policy requires that the portfolio weighted average maturity shall remain below twelve months. This policy does not apply to investments held in the Debt Reserve Fund which are invested in accordance with terms of the 2006 debt financing transaction. The Utility does not have a formal investment policy relating to specific investment-related risk.

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

Investment Type	Amount	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
December 31, 2017					
<u>Debt Reserve Fund Investments</u>					
Negotiable certificates of deposit	\$ 730,057	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 730,057
State government securities	2,920,894	- 0 -	- 0 -	785,000	2,135,894
Local government securities	1,810,996	- 0 -	- 0 -	280,996	1,530,000
Total Debt Reserve Fund	5,461,947	- 0 -	- 0 -	1,065,996	4,395,951
<u>Investments other than Debt Reserve</u>					
Wisconsin local government investment pool	99,169	99,169	- 0 -	- 0 -	- 0 -
Negotiable certificates of deposit	1,004,000	1,004,000	- 0 -	- 0 -	- 0 -
Total other than Debt Reserve	1,103,169	1,103,169	- 0 -	- 0 -	- 0 -
Total Investments	\$ 6,565,116	\$ 1,103,169	\$ - 0 -	\$ 1,065,996	\$ 4,395,951

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

Notes to the Financial Statements
December 31, 2017 and 2016

December 31, 2016					
<u>Debt Reserve Fund Investments</u>					
Negotiable certificates of deposit	\$ 732,579	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 732,579
State government securities	2,966,208	- 0 -	- 0 -	790,372	2,175,836
Local government securities	<u>1,834,042</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>285,019</u>	<u>1,550,670</u>
Total Debt Reserve Fund	<u>5,532,829</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>1,073,744</u>	<u>4,459,085</u>
<u>Investments other than Debt Reserve</u>					
Wisconsin local government investment pool	98,337	98,337	- 0 -	- 0 -	- 0 -
Negotiable certificates of deposit	<u>1,249,706</u>	<u>1,249,706</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total other than Debt Reserve	<u>1,348,043</u>	<u>1,348,043</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total Investments	<u>\$ 6,880,872</u>	<u>\$ 1,348,043</u>	<u>\$ - 0 -</u>	<u>\$ 1,073,744</u>	<u>\$ 4,459,085</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

On December 31, 2017 and 2016, the Utility held no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Investment in Wisconsin Local Government Investment Pool

The Utility has investments in the Wisconsin local government investment pool of \$99,169 and \$98,337 as of December 31, 2017 and 2016 respectively. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017 and 2016, the fair value of the Utility's share of the LGIP's assets were substantially equal to the carrying value.

NOTE C - RESTRICTED ASSETS

The restricted assets consist of cash and investments held in the debt reserve and bond redemption funds along with accrued interest as required by revenue bond ordinances and the lead service replacement fund as required by the grant agreement.

The debt reserve fund requires a balance equal to the minimum reserve amount as defined in the 2006 series revenue bond. This minimum amount was \$5,423,400 as of December 31, 2017 and 2016. The debt reserve fund account had cash and investments available of \$5,746,758 and \$5,630,557 at December 31, 2017 and 2016 respectively, which were in compliance with the bond ordinance.

The bond redemption fund accumulates monies to be used to make principal and interest payments as they mature. Transfers are made to this fund on a monthly basis. The bond redemption fund balances at December 31, 2017 and 2016 were \$1,007,560 and \$1,252,227 respectively. The bond redemption fund was also in compliance with bond ordinances.

WATER UTILITY
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December 31, 2017 and 2016

NOTE C - RESTRICTED ASSETS (CONTINUED)

The excess restricted assets over current liabilities payable from restricted assets is shown as restricted for debt retirement and restricted for lead service replacement in the net position section on the statement of net position.

NOTE D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017 is as follows:

<u>Capital Assets:</u>	<u>Balance</u> <u>1/01/17</u>	<u>2017</u> <u>Additions</u>	<u>2017</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Non-depreciable Capital Assets				
Land	\$ 524,689	\$ - 0 -	\$ - 0 -	\$ 524,689
Construction in progress	<u>222,026</u>	<u>- 0 -</u>	<u>(222,026)</u>	<u>0</u>
Total Non-Depreciable Capital Assets	<u>746,715</u>	<u>- 0 -</u>	<u>(222,026)</u>	<u>524,689</u>
Depreciable Capital Assets				
Buildings and improvements	24,297,942	- 0 -	- 0 -	24,297,942
Improvements other than buildings	156,629,657	5,683,976	(423,498)	161,890,135
Machinery and equipment	<u>35,269,786</u>	<u>1,064,269</u>	<u>(613,438)</u>	<u>35,720,617</u>
Total Depreciable Capital Assets	216,197,385	6,748,245	(1,036,936)	221,908,694
Less accumulated depreciation ⁽¹⁾	<u>75,578,650</u>	<u>5,631,923</u>	<u>(1,036,936)</u>	<u>80,173,637</u>
Total Net Depreciable Capital Assets	<u>140,618,735</u>	<u>1,116,322</u>	<u>- 0 -</u>	<u>141,735,057</u>
Total Net Capital Assets	<u>\$141,365,450</u>	<u>\$ 1,116,322</u>	<u>\$ (222,026)</u>	<u>\$142,259,746</u>

A summary of changes in accumulated depreciation of depreciable capital assets for the year ended December 31, 2017 is as follows:

<u>Capital Asset Classification</u>	<u>1/01/17</u> <u>Balance</u>	<u>2017</u> <u>Depreciation</u>	<u>2017</u> <u>Salvage</u>	<u>2017</u> <u>Retirement</u>	<u>12/31/17</u> <u>Balance</u>
Buildings and improvements	\$14,781,569	\$769,958	\$ - 0 -	\$ - 0 -	\$15,551,527
Improvements other than buildings	39,398,391	3,023,517	3,037	(423,498)	42,001,447
Machinery and equipment	<u>21,398,690</u>	<u>1,813,139</u>	<u>22,272</u>	<u>(613,438)</u>	<u>22,620,663</u>
Total	<u>\$75,578,650</u>	<u>\$ 5,606,614</u>	<u>\$ 25,309</u>	<u>\$ (1,036,936)</u>	<u>\$80,173,637</u>

⁽¹⁾ Reconciliation of 2017 additions in accumulated depreciation:

Depreciation expense on Schedule of Operating Expenses	\$4,994,158
Depreciation expense reimbursed by City	223,081
Depreciation expense allocated to other accounts	<u>389,375</u>
Total depreciation expense	5,606,614
Salvage value received on capital assets retired	<u>25,309</u>
Total 2017 additions in accumulated depreciation	<u>\$5,631,923</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE D – CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the year ended December 31, 2016 is as follows:

<u>Capital Assets:</u>	Balance 1/01/16	2016 Additions	2016 Deletions	Balance 12/31/16
Non-depreciable Capital Assets				
Land	\$ 523,897	\$ 792	\$ - 0 -	\$ 524,689
Construction in progress	<u>- 0 -</u>	<u>222,026</u>	<u>- 0 -</u>	<u>222,026</u>
Total Non-Depreciable Capital Assets	<u>523,897</u>	<u>222,818</u>	<u>- 0 -</u>	<u>746,715</u>
Depreciable Capital Assets				
Buildings and improvements	24,285,617	12,325	- 0 -	24,297,942
Improvements other than buildings	152,641,149	4,367,499	(378,991)	156,629,657
Machinery and equipment	<u>34,036,960</u>	<u>1,587,134</u>	<u>(354,308)</u>	<u>35,268,786</u>
Total Depreciable Capital Assets	210,963,726	5,966,958	(733,299)	216,197,385
Less accumulated depreciation ⁽¹⁾	<u>70,721,786</u>	<u>5,590,163</u>	<u>(733,299)</u>	<u>75,578,650</u>
Total Net Depreciable Capital Assets	<u>140,241,940</u>	<u>376,795</u>	<u>- 0 -</u>	<u>140,618,735</u>
Total Net Capital Assets	<u>\$140,765,837</u>	<u>\$599,613</u>	<u>\$ - 0 -</u>	<u>\$141,365,450</u>

A summary of changes in accumulated depreciation of depreciable capital assets for the year ended December 31, 2016 is as follows:

<u>Capital Asset Classification</u>	1/01/16 <u>Balance</u>	2016 <u>Depreciation</u>	2016 <u>Salvage</u>	2016 <u>Retirement</u>	12/31/16 <u>Balance</u>
Buildings and improvements	\$14,011,790	\$769,779	\$ - 0 -	\$ - 0 -	\$14,781,569
Improvements other than buildings	36,838,700	2,927,248	11,434	(378,991)	39,398,391
Machinery and equipment	<u>19,871,296</u>	<u>1,859,121</u>	<u>22,581</u>	<u>(354,308)</u>	<u>21,398,690</u>
Total	<u>\$70,721,786</u>	<u>\$5,556,148</u>	<u>\$34,015</u>	<u>\$(733,299)</u>	<u>\$75,578,650</u>

⁽¹⁾ Reconciliation of 2016 additions in accumulated depreciation:

Depreciation expense on Schedule of Operating Expenses	\$4,936,857
Depreciation expense reimbursed by City	218,270
Depreciation expense allocated to other accounts	<u>401,021</u>
Total depreciation expense	5,556,148
Salvage value received on capital assets retired	<u>34,015</u>
Total 2016 additions in accumulated depreciation	<u>\$5,590,163</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE E - LONG-TERM OBLIGATIONS

The Waterworks Mortgage Revenue Bonds Series of 2006, 2014, and 2017 are secured by mortgage liens on the properties of the Water Utility system, and share equally and ratably without any preference, priority, or distinction as to the source or method of payment.

The 2014 Series Bond Ordinance directs that six separate funds be established and designated as Operation and Maintenance Fund, Depreciation Fund, Water System Special Redemption Fund, Revenue Fund, Construction Fund and Surplus Fund. Monthly bookkeeping entries are made as necessary to these funds to reflect the allocations required by ordinance.

The ordinance authorizing the waterworks revenue bond issues requires monthly cash deposits to a Reserve Account in the Water System Special Redemption Fund until the amount so deposited, and not expended, equals or exceeds the minimum reserve amount as defined in the ordinance. The Utility has maintained amounts in this fund that have met this requirement for both 2017 and 2016.

A summary of changes in long-term obligations for the year ended December 31, 2017 is as follows:

Obligation Description	Outstanding 1/1/17	Increases	Decreases	Outstanding 12/31/17	Due within one year
Mortgage revenue bonds					
\$49,310,000 issued 2006; outstanding balance due in annual installments of \$2,385,000 to \$8,055,000 through November 1, 2029 with interest at 3.50% to 5.00%.	\$43,890,000	\$ - 0 -	\$16,800,000	\$27,090,000	\$2,385,000
\$14,055,000 issued 2014; outstanding balance due in annual installments of \$755,000 to \$2,425,000 through November 1, 2029 with interest at 2.00% to 3.50%.	12,630,000	- 0 -	740,000	11,890,000	755,000
\$15,730,000 issued 2017; outstanding balance due in annual installments of \$265,000 to \$3,170,000 through November 1, 2024 with interest due at 1.47% to 2.56%.	- 0 -	15,730,000	- 0 -	15,730,000	265,000
Total mortgage revenue bonds	56,520,000	15,730,000	17,540,000	54,710,000	3,405,000
Less unamortized debt discount	(2,319,271)	- 0 -	(180,722)	(2,138,549)	- 0 -
Unamortized debt premium	2,918,844	- 0 -	227,442	2,691,402	- 0 -
Compensated absences	519,355	311,878	328,313	502,920	328,535
Post-employment benefit liability	30,470	- 0 -	30,470	- 0 -	- 0 -
Net pension liability	339,039	- 0 -	142,323	196,716	- 0 -
Long-term obligations	<u>\$58,008,437</u>	<u>\$16,041,878</u>	<u>\$18,087,826</u>	<u>\$55,962,489</u>	<u>\$3,733,535</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of changes in long-term obligations for the year ended December 31, 2016 is as follows:

<u>Obligation Description</u>	<u>Outstanding</u> <u>1/1/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding</u> <u>12/31/16</u>	<u>Due within</u> <u>one year</u>
Mortgage revenue bonds					
\$49,310,000 issued 2006; outstanding balance due in annual installments of \$145,000 to \$8,055,000 through November 1, 2029 with interest at 3.50% to 5.00%. Bonds are subject to redemption beginning November 1, 2019 with no premium	\$46,070,000	\$ - 0 -	\$2,180,000	\$43,890,000	\$2,270,000
\$14,055,000 issued 2014; outstanding balance due in annual installments of \$700,000 to \$2,425,000 through November 1, 2029 with interest at 2.00% to 3.50%. Bonds are subject to redemption beginning November 1, 2024 with no premium	13,355,000	- 0 -	725,000	12,630,000	740,000
Total mortgage revenue bonds	59,425,000	- 0 -	2,905,000	56,520,000	3,010,000
Less unamortized debt discount	(2,499,993)	- 0 -	(180,722)	(2,319,271)	- 0 -
Unamortized debt premium	3,146,286	- 0 -	227,442	2,918,844	- 0 -
Compensated absences	375,313	519,355	375,313	519,355	311,875
Post-employment benefit liability	32,495	- 0 -	2,025	30,470	- 0 -
Net pension liability	- 0 -	339,039	- 0 -	339,039	- 0 -
Long-term obligations	\$60,479,101	\$858,394	\$3,329,058	\$58,008,437	\$3,321,875

Annual maturities of mortgage revenue bond debt principal and interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	3,405,000	1,730,700	5,135,700
2019	3,560,000	1,579,210	5,139,210
2020	3,705,000	1,434,179	5,139,179
2021	3,775,000	1,366,211	5,141,211
2022	3,855,000	1,282,958	5,137,958
2023	3,945,000	1,192,113	5,137,113
2024	4,045,000	1,092,952	5,137,952
2025	4,255,000	985,550	5,240,550
2026	4,405,000	840,756	5,245,756
2027	4,560,000	691,600	5,251,600
2028	4,720,000	532,000	5,252,000
2029	10,480,000	366,800	10,846,800
	\$ 54,710,000	\$ 13,095,029	\$ 67,805,029

Unamortized debt premium and discount are being amortized on the straight-line basis over the terms of the related long-term debt.

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NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

Advance Refundings

During 2006, the Water Utility advance refunded a portion of the revenue bond issue from 2004. The Water Utility issued \$49,310,000 of revenue bonds which were used to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds were considered to be defeased and the liability was removed from the enterprise fund. The outstanding revenue bonds defeased were \$45,555,000 and have maturities from 2015 through 2029. At December 31, 2017 and 2016, the outstanding balances of the bonds defeased were \$39,505,000 and \$41,620,000 respectively.

During 2017, the Water Utility advance refunded a portion of the revenue bond issue from 2006. The Water Utility issued \$15,730,000 of revenue bonds which were used to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds were considered to be defeased and the liability was removed from the enterprise fund. The outstanding revenue bonds defeased were \$14,530,000 and have maturities from 2020 through 2024. At December 31, 2017, the outstanding balances of the bonds defeased were \$14,530,000. This advance refunding was undertaken to reduce total debt service payments over the applicable period of 5 years by \$745,310 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$685,957.

NOTE F - POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan description and Contribution Information

The Utility provides health care insurance coverage for employees who retire until they reach the age of 65, under a plan administered by the City of Green Bay. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. At December 31, 2016 there are 58 active employees and one retired employee in the plan. The City of Green Bay obtained an actuarial valuation report dated January 1, 2017 in accordance with the parameters of GASB Statement No. 75. As a result of that report, no liability is applicable to the utility. Accordingly, the disclosures that follow are applicable to the year ended December 31, 2016.

Annual OPEB Cost and Net OPEB Obligation

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

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NOTE F – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

<u>Component</u>	<u>2016</u>	<u>2015</u>
Annual required contribution (ARC)	\$ 828	\$ 916
Interest on net OPEB	1,300	1,363
Adjustment to ARC	<u>(2,249)</u>	<u>31,776</u>
Annual OPEB cost/expense	(121)	34,055
Contributions made	<u>1,904</u>	<u>1,560</u>
Change in net OPEB obligation	(2,025)	32,495
OPEB obligation – beginning of year	<u>32,495</u>	<u>- 0 -</u>
OPEB obligation -- end of year	<u>\$ 30,470</u>	<u>\$ 32,495</u>

The annual required contribution for the current year was determined as part of the January 1, 2015 actuarial valuation using the projected unit credit method. The actuarial assumptions included a 4.0% discount rate and projected annual salary increases of 2%. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2016 is 20 years, and the remaining amount is \$15,289. The remaining amortization period at December 31, 2015 was 21 years, and the remaining amount was \$16,053.

Trend Information

The Utility's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	\$ (121)	Not applicable	\$ 30,470
12/31/2015	34,055	4.58%	32,495
12/31/2014	2,992	1,239.67%	- 0 -

See the Schedule of Employer Contributions-Other Post-Employment Benefit Plan included in the Required Supplementary Information section of this report.

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial date, the Utility's unfunded actuarial accrued liability (UAAL) was \$9,113. The annual payroll for the active employees covered by the plan for 2016 was \$3,732,012 and for 2015 was \$3,152,743 for ratios of the UAAL to covered payroll of 0.24% and 0.29% respectively. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. See the Schedule of Funding

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NOTE F – POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Progress-Other Post-Employment Benefit Plan included in Required Supplementary Information section of this report.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included an inflation rate of 4.0% to discount expected liabilities to the valuation date. The actuarial assumptions also included an annual rate of 2% for future salary increases and an annual rate of 4.0% for long-term yield on investments and no increase or decrease in post-retirement benefits. The healthcare cost trend rate was 7.0% for the first two years for medical and thereafter reduced by decrements to an ultimate rate of 5.5%. The dental cost trend rate was 5.0% for all years. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2016 and 2015 was 20 years and 21 years respectively.

NOTE G - PENSION PLAN

1. Pension Plan

The Utility participates in the Wisconsin Retirement System (WRS) through its fiscal agent, the City of Green Bay. As a result, required contributions of the Utility are included with the City's WRS contributions. 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*, resulting in the Utility's proportionate share of the net pension liability (asset) and corresponding deferred outflows/inflows of the City of Green Bay being reported in the Utility's financial statements.

2. 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

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NOTE G - PENSION PLAN (CONTINUED)

employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

The WRS also provides death and disability benefits for employees.

3. 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:

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NOTE G - PENSION PLAN (CONTINUED)

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%
2016	0.5%	(5)%

4. 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 ending December 31, 2016, the WRS recognized \$475,113 in contributions from the Utility.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers)	6.60%	6.60%
Executives & Elected Officials	6.60%	6.60%
Protective with Social Security	6.60%	9.40%
Protective without Social Security	6.60%	13.20%

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

At December 31, 2017, the Utility reported a liability of \$196,716 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation

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NOTE G - PENSION PLAN (CONTINUED)

as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Utility's proportion was 0.54797926%, which was a decrease of 0.0104764% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the Utility recognized pension expense of \$355,040.

At December 31, 2017, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,008	\$ 618,653
Net differences between projected and actual earnings on pension plan investments	714,219	- 0 -
Changes in assumptions	205,674	- 0 -
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,488	8,434
Employer contributions subsequent to the measurement date	529,938	- 0 -
Total	\$ 1,529,327	\$ 627,087

The \$529,938 reported as deferred outflows related to pension resulting from the Utility's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Net Deferred Outflows/Inflows of Resources
2017	\$ 262,652
2018	262,652
2019	176,603
2020	(60,878)
2021	242
Total	\$ 637,271

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NOTE G - PENSION PLAN (CONTINUED)

At December 31, 2016, the Utility reported a liability of \$339,039 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Utility's proportion was 0.53750286%, which was a decrease of 0.00014324% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Utility recognized pension expense of \$410,415.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,356	\$627,087
Net differences between projected and actual earnings on pension plan investments	1,150,566	-0-
Change in assumptions	237,207	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,677	93
Employer contributions subsequent to the measurement date	475,113	-0-
Total	<u>\$ 1,925,919</u>	<u>\$713,595</u>

The \$475,113 reported as deferred outflows related to pension resulting from the Utility's contributions subsequent to the measurement date was recognized as a reduction of the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow/Inflow of Resources
2016	\$ 265,966
2017	265,966
2018	265,966
2019	192,380
2020	(15,511)
Total	<u>\$974,767</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
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NOTE G - PENSION PLAN (CONTINUED)

Actuarial Assumption

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability:	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:

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NOTE G - PENSION PLAN (CONTINUED)

Asset Allocation Targets and expected Returns as of December 31, 2016:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
US Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.75%.

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

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 3.78%. 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.

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

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NOTE G - PENSION PLAN (CONTINUED)

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Utility's proportionate share of the net pension liability (asset)	\$ 2,587,919	\$ 196,716	\$ (1,644,619)

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://eif.wi.gov/publications.cafr.htm>.

Payable to the WRS

At December 31, 2017 and 2016 the Utility reported no payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017 and 2016.

NOTE H - RISK MANAGEMENT

The Utility is exposed to various risks of loss related to torts; theft, damage or destruction of assets; injuries to employees; or acts of God. The Utility, together with the City, purchase commercial insurance policies to protect against these risks. Utility payments of premiums for these policies are expensed over the term of the policy coverage period. In addition to the above, the Utility, along with the City, has established the following risk management programs:

Liability Self-Insurance Fund

During 1987, the City of Green Bay, along with the Utility as a department of the City, together with certain other units of government within the State of Wisconsin, created the Cities and Villages Mutual Insurance Company (CVMIC) to provide liability insurance services to its members under section 611.23 of the Wisconsin Statutes. The Utility, along with the City, is partially self-insured for liability insurance and pays premiums to CVMIC for its excess liability insurance coverage. The actuary for CVMIC determines premium charges to its members who are required to pay the expected claims and loss adjustment expenses. CVMIC's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each member. CVMIC provides general liability, public entity liability and vehicle liability coverage for the Utility and the City up to \$2,000,000. The Utility's self-insured retention limit is \$225,000 for any one occurrence, \$900,000 aggregate.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
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NOTE H - RISK MANAGEMENT (CONTINUED)

The City and Utility also carry excess insurance, which covers up to \$10,000,000. Premiums paid by the Utility to CVMIC are expensed over the term of the policy coverage period. A separate financial report is issued annually by CVMIC. Claims liabilities of \$1,040,670 at December 31, 2017 and \$510,224 at December 31, 2016 were reported in the City of Green Bay's liability self-insurance internal service fund based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the City's internal service fund's claim liability amount for 2016 and 2017 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2016	\$ 571,990	\$ 267,030	\$ 328,796	\$ 510,224
2017	510,224	1,073,246	542,800	1,040,670

Health and Dental Self-Insurance Fund

Utility and City full-time and part-time employees, retirees and employee dependents are eligible for medical and dental benefits from a health and dental self-insurance fund. Funding is provided by charges to the Utility, the City, employees and retirees. Retirees are billed monthly premiums for health and dental benefits based on actual costs for providing such benefits. Through December 31, 2012, retirees were allowed to pay the same premium as active employees. Effective January 1, 2013, a ten year plan was approved by the City Common council, whereby retirees' premiums will increase with medical inflation plus an average of 6.6% annually and accumulating over the ten year period to more accurately match their rates with costs incurred by the retiree group.

The self-funded health insurance program is supplemented by stop loss protection, which limits the Utility's and City's annual liability. The 2017 and 2016 stop loss limits are \$275,000 per specific claim plus an additional risk corridor of \$65,000. Fund expenses consist of payments to third-party consultant and administrators, medical and dental claims, and stop loss insurance premiums. The City of Green Bay's health and dental self-insurance internal service fund had established equity reserves for future unreported claims of \$1,952,466 on December 31, 2017 and \$1,519,638 on December 31, 2016. Claims liabilities of \$541,706 at December 31, 2017 and \$478,174 at December 31, 2016 were reported in the City of Green Bay's health and dental self-insurance internal service fund based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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NOTE H - RISK MANAGEMENT (CONTINUED)

Changes in the City's health and dental internal service fund's claim liability amount for 2016 and 2017 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2016	\$555,617	\$ 15,011,454	\$ 15,088,897	\$ 478,174
2017	478,174	14,190,025	14,126,493	541,706

Workers' Compensation Self-Insurance Fund

The Utility, along with the City, have established a workers' compensation fund to finance workers' compensation awards for their employees. The program is funded by charges to the Utility and the City. The program is also supplemented by stop loss protection, which limits the Utility's and City's annual liability to \$500,000 per incident, per occurrence. Fund expenses and the accrual of claim liabilities are accounted for in the same manner as discussed previously for the liability and health and dental self-insurance funds. Claims liabilities of \$1,211,348 at December 31, 2017 and \$982,400 at December 31, 2016 were reported in the City of Green Bay's workers' compensation self-insurance internal service fund based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the City's workers' compensation internal service fund's claim liability amount for 2016 and 2017 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2016	\$ 791,121	\$ 1,220,849	\$ 1,029,570	\$ 982,400
2017	982,400	1,006,766	777,818	1,211,348

For each of the Utility's risk management programs, there have been no significant reductions in insurance coverage in comparison to the prior year. Also, the amount of insurance settlements for each of the Utility's risk management programs has not exceeded insurance coverage in any of the past three fiscal years.

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December 31, 2017 and 2016

NOTE I - UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The Statement established criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The Utility is currently evaluation the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement NO. 87, Leases. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Utility is currently evaluating the impact this standard will have on the financial statements when adopted.

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REQUIRED SUPPLEMENTARY INFORMATION

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WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Schedule of Funding Progress
 Other Post-Employment Benefit Plan
 December 31, 2017

Actuarial Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Projected Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2017	\$ -	\$ -	0.00%	\$ -	N/A	N/A
2015	-	9,113	0.00%	9,113	3,152,743	0.29%
2013	-	17,581	0.00%	17,581	3,170,586	0.55%
2011	-	362,562	0.00%	362,562	3,005,766	12.06%
2009	-	333,623	0.00%	333,623	2,982,422	11.19%
2007	-	268,503	0.00%	268,503	2,965,794	9.05%

The Utility implemented GASB Statement No. 45 for the fiscal year ended December 31, 2007. Information for prior years is not available.

Changes in benefit terms:

The January 1, 2013 actuarial valuation changed the nature of the plan. Effective January 1, 2013, a ten year plan was approved whereby retirees' premiums will increase with medical inflation plus an average of 6.6% annually to more accurately match their rates with those costs attributable to the retiree group. It is expected that this will eliminate the implicit rate subsidy.

The January 1, 2017 actuarial valuation determined that there is no implicit rate subsidy. It has been eliminated.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Schedule of Employer Contributions
 Other Post-Employment Benefit Plan
 December 31, 2017

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2016	\$ 1,904	\$ 828	229.95%
2015	1,560	916	170.31%
2014	37,091	1,628	2278.32%
2013	- 0 -	1,835	0.00%
2012	1,968	50,185	3.92%
2011	1,968	47,334	4.16%
2010	1,968	44,457	4.43%
2009	1,968	41,802	4.71%
2008	1,968	38,916	5.06%
2007	1,968	37,325	5.27%

The Utility implemented GASB Statement No. 45 for the fiscal year ended December 31, 2007.

The Utility implemented GASB Statement No. 75 for the fiscal year ended December 31, 2017. The implicit rate subsidy was eliminated effective January 1, 2017.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Schedule of Utility's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.53764610%	\$ (585,000)	\$ 3,403,626	(17.19)%	102.74%
12/31/16	0.53750286%	339,039	3,152,743	10.75%	98.20%
12/31/17	0.54797926%	196,716	3,732,012	5.27%	99.12%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The Utility is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms:

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

Changes in assumptions:

There were no changes in the assumptions.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Schedule of Utility's Contributions
 Wisconsin Retirement System
 Last 10 Fiscal Years*

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll (Fiscal Year)	Contributions as a Percentage of Covered- Employee Payroll
12/31/15	\$ 428,773	\$ 428,773	\$ 0	\$ 3,152,743	13.60%
12/31/16	475,113	475,113	0	3,732,012	12.73%
12/31/17	529,938	529,938	0	3,896,613	13.60%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The Utility is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms:

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

Changes in assumptions:

There were no changes in the assumptions.

SUPPLEMENTARY FINANCIAL INFORMATION

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WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Comparative Schedule of Operating Expenses by Function
Years Ended December 31, 2017 and 2016

Operating Expense Function:	2017	2016	Increase (Decrease)
Pumping expense			
Electric power purchased	\$ 725,704	\$ 724,700	\$ 1,004
Labor and expense	45,461	82,503	(37,042)
Supplies and expense	55,257	46,104	9,153
Maintenance of structures	127,037	144,210	(17,173)
Maintenance of equipment	301,683	252,022	49,661
Operation supervision	101,374	99,021	2,353
Purchased water	3,842	3,669	173
Total pumping expense	<u>1,360,358</u>	<u>1,352,229</u>	<u>8,129</u>
Water treatment expense			
Operation supervision	90,046	85,030	5,016
Labor and expense	637,116	619,853	17,263
Chemicals	282,961	273,289	9,672
Maintenance of structures	64,926	31,887	33,039
Maintenance of equipment	199,705	202,997	(3,292)
Total water treatment expense	<u>1,274,754</u>	<u>1,213,056</u>	<u>61,698</u>
Transmission and distribution expense			
Supervision and engineering	43,301	44,682	(1,381)
Labor and expense	486,113	421,295	64,818
Maintenance of mains	1,327,863	973,953	353,910
Total transmission and distribution expense	<u>1,857,277</u>	<u>1,439,930</u>	<u>417,347</u>
Maintenance expense			
Tanks and reservoirs	26,588	10,818	15,770
Services	360,471	406,927	(46,456)
Meters (1)	30,543	35,831	(5,288)
Hydrants	149,743	411,030	(261,287)
Buildings	167,879	123,429	44,450
Total maintenance expense	<u>735,224</u>	<u>988,035</u>	<u>(252,811)</u>
Meter expense (1)	40,606	93,275	(52,669)
Customers' installation expense	89,500	87,456	2,044
Customer records and collecting expense (1)	401,307	384,069	17,238
Meter reading expense (1)	8,721	10,202	(1,481)
Depreciation - plant properties (1)	4,994,158	4,936,857	57,301
Administrative and general expense			
Employee benefits (1)	1,121,493	1,415,577	(294,084)
Amortization of non-utility plant	131,453	131,453	-
Property tax equivalent (1)	(73,873)	(73,542)	(331)
Public Service Commission remainder assessment	18,999	20,768	(1,769)
Insurance	85,950	194,825	(108,875)
Uncollectible accounts	3,133	2,594	539
Administrative salaries	685,891	564,103	121,788
Office supplies and expense	94,893	62,165	32,728
Professional and special services	363,553	330,185	33,368
Miscellaneous general expense	331,490	147,736	183,754
Total administrative and general expense	<u>2,762,982</u>	<u>2,795,864</u>	<u>(32,882)</u>
Total Operating Expenses	<u><u>\$ 13,524,887</u></u>	<u><u>\$ 13,300,973</u></u>	<u><u>\$ 223,914</u></u>

(1) These expense accounts have been reduced by a total of \$1,010,436 in 2017 and \$1,053,032 in 2016 to reflect reimbursement from the City of Green Bay for expenses incurred in billing and collecting sewer and storm water service charges.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Schedule of Operating Expenses by Function and Object
Year Ended December 31, 2017

Operating Expense Function:	Total	Labor Salaries and Fringe Benefits	Professional Services
Pumping expense			
Electric power purchased	\$ 725,704	\$ ---	\$ ---
Labor and expense	45,461	45,461	---
Supplies and expense	55,257	7,090	---
Maintenance of structures	127,037	68,365	---
Maintenance of equipment	301,683	74,720	---
Operation supervision	101,374	101,374	---
Purchased water	3,842	---	---
Total pumping expense	<u>1,360,358</u>	<u>297,010</u>	<u>---</u>
Water treatment expense			
Operation supervision	90,046	90,046	---
Labor and expense	637,116	286,144	---
Chemicals	282,961	---	---
Maintenance of structures	64,926	20,784	---
Maintenance of equipment	199,705	128,616	---
Total water treatment expense	<u>1,274,754</u>	<u>525,590</u>	<u>---</u>
Transmission and distribution expense			
Supervision and engineering	43,301	43,301	---
Labor and expense	486,113	316,304	---
Maintenance of mains	1,327,863	299,503	---
Total transmission and distribution expense	<u>1,857,277</u>	<u>659,108</u>	<u>---</u>
Maintenance expense			
Tanks and reservoirs	26,588	7,464	---
Services	360,471	243,407	---
Meters (1)	30,543	18,428	---
Hydrants	149,743	61,590	---
Buildings	167,879	45,771	---
Total maintenance expense	<u>735,224</u>	<u>376,660</u>	<u>---</u>
Meter expense (1)	40,606	27,781	---
Customers' installation expense	89,500	69,074	---
Customer records and collecting expense (1)	401,307	184,537	---
Meter reading expense (1)	8,721	3,992	---
Depreciation - plant properties (1)	4,994,158	---	---
Administrative and general expense			
Employee benefits (1)	1,121,493	1,121,493	---
Amortization of non-utility plant	131,453	---	---
Property tax equivalent (1)	(73,873)	---	---
Public Service Commission remainder assessment	18,999	---	---
Insurance	85,950	---	---
Uncollectible accounts	3,133	---	---
Administrative salaries	685,891	685,891	---
Office supplies and expense	94,893	---	---
Professional and special services	363,553	---	363,553
Miscellaneous general expense	331,490	---	---
Total administrative and general expense	<u>2,762,982</u>	<u>1,807,384</u>	<u>363,553</u>
Total Operating Expenses	<u>\$ 13,524,887</u>	<u>\$ 3,951,136</u>	<u>\$ 363,553</u>

(1) See previous page for explanation.

Materials, Supplies, Equipment & Other Costs	Power for Pumping	Depreciation	Insurance and Taxes
\$ ---	\$ 725,704	\$ ---	\$ ---
---	---	---	---
48,167	---	---	---
58,672	---	---	---
226,963	---	---	---
---	---	---	---
3,842	---	---	---
337,644	725,704	---	---
---	---	---	---
350,972	---	---	---
282,961	---	---	---
44,142	---	---	---
71,089	---	---	---
749,164	---	---	---
---	---	---	---
169,809	---	---	---
1,028,360	---	---	---
1,198,169	---	---	---
19,124	---	---	---
117,064	---	---	---
12,115	---	---	---
88,153	---	---	---
122,108	---	---	---
358,564	---	---	---
12,825	---	---	---
20,426	---	---	---
216,770	---	---	---
4,729	---	---	---
---	---	4,994,158	---
---	---	---	---
131,453	---	---	---
---	---	---	(73,873)
---	---	---	18,999
---	---	---	85,950
3,133	---	---	---
---	---	---	---
94,893	---	---	---
---	---	---	---
331,490	---	---	---
560,969	---	---	31,076
\$ 3,459,260	\$ 725,704	\$ 4,994,158	\$ 31,076

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Capital Assets
Year Ended December 31, 2017

Capital Assets Description:	Balance 1/1/17	2017 Additions	2017 Disposals	Balance 12/31/17
General Green Bay Plant				
Land	\$ 264,966	\$ -	\$ -	\$ 264,966
Pumping plant structures	3,545,931	-	-	3,545,931
Reservoirs and standpipes	4,484,500	-	-	4,484,500
Wells	719,543	-	-	719,543
Stores, shop, garage and office building	2,525,366	-	-	2,525,366
Water treatment structures	2,835	-	-	2,835
Supply mains	4,922,017	-	-	4,922,017
Distribution mains	70,214,151	2,747,528	(151,569)	72,810,110
Services	15,082,154	1,683,984	(26,564)	16,739,574
Meters	8,033,406	358,435	(201,164)	8,190,677
Hydrants	7,776,986	232,977	(33,359)	7,976,604
Water treatment equipment:				
Chlorination	185,467	-	-	185,467
Telemetry equip - SCADA	190,736	-	-	190,736
Electric pumping equipment	1,360,569	121,188	(50,000)	1,431,757
Power production equipment	237,309	-	-	237,309
Power operated equipment	604,324	106,229	-	710,553
Tools, shop, and garage equipment	1,194,564	66,356	(85,602)	1,175,318
Stores equipment	40,650	-	-	40,650
Transportation equipment	2,266,006	287,226	(140,378)	2,412,854
Communication equipment	58,035	-	-	58,035
Office furniture & equipment	143,220	23,158	(1,313)	165,065
Office computers	3,422,958	247,497	(326,517)	3,343,938
	<u>127,275,693</u>	<u>5,874,578</u>	<u>(1,016,466)</u>	<u>132,133,805</u>
Lake Michigan Supply System				
Land	259,723	-	-	259,723
Pumping plant structures	2,805,052	-	-	2,805,052
Reservoirs and standpipes	97,448	-	-	97,448
Water treatment structures	15,418,758	-	-	15,418,758
Lake intakes	1,539,207	-	-	1,539,207
Supply mains	43,114,197	661,053	(10,842)	43,764,408
Distribution mains	646,048	-	-	646,048
Electric pumping equipment	3,783,567	-	-	3,783,567
Water treatment equipment:				
Filtration	18,161,487	185,436	-	18,346,923
Chlorination	341,442	-	-	341,442
Telemetry equip - SCADA	1,229,123	18,000	-	1,247,123
Tools and work equipment	52,965	-	(9,628)	43,337
Laboratory equipment	32,799	9,178	-	41,977
Communication equipment	321,656	-	-	321,656
Office furniture & equipment	11,783	-	-	11,783
Office computers	18,812	-	-	18,812
Power production equipment	1,612,314	-	-	1,612,314
	<u>89,446,381</u>	<u>873,667</u>	<u>(20,470)</u>	<u>90,299,578</u>
Total	\$ 216,722,074	\$ 6,748,245	(1,036,936)	\$ 222,433,383

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WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Accumulated Depreciation
Year Ended December 31, 2017

Capital Assets Description:	Depreciation Rate	Accumulated Depreciation 1/1/17	2017 Depreciation
General Green Bay Plant			
Land	---	\$ -	\$ -
Pumping plant structures	3.2%	2,355,405	113,469
Reservoirs and standpipes	1.9%	2,157,805	85,206
Wells	2.9%	542,262	20,867
Stores, shop, garage and office building	2.9%	1,493,127	73,236
Water treatment structures	3.2%	2,835	-
Supply mains	1.8%	1,953,470	77,413
Distribution mains	1.3%	11,867,229	931,983
Services	2.9%	6,769,250	461,414
Meters	5.5%	2,212,208	446,162
Hydrants	2.2%	2,114,811	173,290
Water treatment equipment - chlorination	6.0%	185,467	-
Telemetry equipment - SCADA	9.2%	190,736	15,992
Electric pumping equipment	4.4%	1,204,512	60,279
Power production equipment	4.4%	15,662	10,541
Power operated equipment	7.5%	520,200	49,308
Tools, shop, and garage equipment	5.8%	979,433	71,519
Stores equipment	5.8%	40,650	-
Transportation equipment	13.3%	2,071,054	311,144
Communication equipment	15.0%	58,035	0
Office furniture & equipment	5.8%	70,307	9,624
Office computers	26.7%	3,422,958	247,497
		40,227,416	3,158,944
Lake Michigan Supply System			
Land	---	-	-
Pumping plant structures	3.2%	1,773,949	89,762
Reservoirs and standpipes	1.9%	81,732	1,851
Water treatment structures	3.2%	9,156,253	493,491
Lake intakes	1.7%	892,885	26,166
Supply mains	1.8%	10,501,465	793,091
Transmission mains	1.3%	305,274	6,074
Electric pumping equipment	4.4%	1,559,599	167,629
Water treatment equipment			
Filtration	3.3%	8,414,813	602,388
Chlorination	6.0%	233,295	31,615
Telemetry equipment - SCADA	9.2%	847,335	115,463
Tools and work equipment	5.8%	51,673	2,169
Laboratory equipment	5.8%	32,799	-
Communication equipment	15.0%	180,718	47,128
Office furniture & equipment	5.8%	11,783	-
Office computers	26.7%	18,812	-
Power production equipment	4.4%	1,288,849	70,842
		35,351,234	2,447,669
Total		\$ 75,578,650	\$ 5,606,613

2017 Salvage Proceeds	2017 Retirements	Accumulated Depreciation 12/31/17	Asset Cost 12/31/17	Net Book Value 12/31/17
\$ -	\$ -	\$ -	\$ 264,966	\$ 264,966
-	-	2,468,874	3,545,931	1,077,057
-	-	2,243,011	4,484,500	2,241,489
-	-	563,129	719,543	156,414
-	-	1,566,363	2,525,366	959,003
-	-	2,835	2,835	-
-	-	2,030,883	4,922,017	2,891,134
-	(151,570)	12,647,642	72,810,110	60,162,468
-	(26,564)	7,204,100	16,739,574	9,535,474
1,472	(201,164)	2,458,678	8,190,677	5,731,999
1,565	(33,358)	2,256,308	7,976,604	5,720,296
-	-	185,467	185,467	-
-	-	206,728	190,736	-15,992
-	(50,000)	1,214,791	1,431,757	216,966
-	-	26,203	237,309	211,106
-	-	569,508	710,553	141,045
205	(85,602)	965,555	1,175,318	209,763
-	-	40,650	40,650	-
22,068	(140,378)	2,263,888	2,412,854	148,966
-	-	58,035	58,035	-
-	(1,313)	78,618	165,065	86,447
-	(326,517)	3,343,938	3,343,938	-
25,310	(1,016,466)	42,395,204	132,133,805	89,738,601
-	-	-	259,723	259,723
-	-	1,863,711	2,805,052	941,341
-	-	83,583	97,448	13,865
-	-	9,649,744	15,418,758	5,769,014
-	-	919,051	1,539,207	620,156
-	(10,842)	11,283,714	43,764,408	32,480,694
-	-	311,348	646,048	334,700
-	-	1,727,228	3,783,567	2,056,339
-	-	9,017,201	18,346,923	9,329,722
-	-	264,910	341,442	76,532
-	-	962,798	1,247,123	284,325
-	(9,628)	44,214	43,337	-877
-	-	32,799	41,977	9,178
-	-	227,846	321,656	93,810
-	-	11,783	11,783	-
-	-	18,812	18,812	-
-	-	1,359,691	1,612,314	252,623
-	(20,470)	37,778,433	90,299,578	52,521,145
\$ 25,310	\$ (1,036,936)	\$ 80,173,637	\$ 222,433,383	\$ 142,259,746

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Bond Interest and Redemption Requirements
 Waterworks Mortgage Revenue Bonds Series 2006

Year	Balance Outstanding January 1	Principal Requirements	Interest Rate	Interest Requirements	Total Annual Requirements
2018	\$27,090,000	\$2,385,000	5.00%	\$1,021,425	\$3,406,425
2019	24,705,000	2,500,000	5.00%	902,175	3,402,175
2020	22,205,000	-	5.00%	777,175	777,175
2021	22,205,000	-	5.00%	777,175	777,175
2022	22,205,000	-	5.00%	777,175	777,175
2023	22,205,000	-	5.00%	777,175	777,175
2024	22,205,000	-	5.00%	777,175	777,175
2025	22,205,000	3,355,000	3.50%	777,175	4,132,175
2026	18,850,000	3,475,000	3.50%	659,750	4,134,750
2027	15,375,000	3,600,000	3.50%	538,125	4,138,125
2028	11,775,000	3,720,000	3.50%	412,125	4,132,125
2029	8,055,000	8,055,000	3.50%	281,925	8,336,925

These bonds, dated November 1, 2006, were issued for an original amount of \$49,310,000. The bonds mature serially on November 1, of each year with final payment due November 1, 2029. Interest is payable semiannually on May 1, and November 1, at the rates shown above. Interest and principal redemption payments are paid out of the Water System Special Redemption Fund. The bonds originally were in \$125,000 through \$8,055,000 denominations. The remaining bonds maturing on or after November 1, 2025, are callable at the option of the Utility on or after November 1, 2019, at par plus accrued interest.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Bond Interest and Redemption Requirements
 Waterworks Mortgage Revenue Bonds Series 2014

Year	Balance Outstanding January 1	Principal Requirements	Interest Rate	Interest Requirements	Total Annual Requirements
2018	\$11,890,000	\$755,000	2.00%	\$355,475	\$1,110,475
2019	11,135,000	775,000	2.00%	340,375	1,115,375
2020	10,360,000	785,000	2.00%	324,875	1,109,875
2021	9,575,000	805,000	3.00%	309,175	1,114,175
2022	8,770,000	830,000	3.00%	285,025	1,115,025
2023	7,940,000	850,000	3.00%	260,125	1,110,125
2024	7,090,000	875,000	3.00%	234,625	1,109,625
2025	6,215,000	900,000	3.00%	208,375	1,108,375
2026	5,315,000	930,000	3.00%	181,375	1,111,375
2027	4,385,000	960,000	3.50%	153,475	1,113,475
2028	3,425,000	1,000,000	3.50%	119,875	1,119,875
2029	2,425,000	2,425,000	3.50%	84,875	2,509,875

These bonds, dated October 14, 2014, were issued for an original amount of \$14,055,000. The bonds mature serially on November 1, of each year with final payment due November 1, 2029. Interest is payable semiannually on May 1, and November 1, at the rates shown above. Interest and principal redemption payments are paid out of the Water System Special Redemption Fund. The bonds originally were in \$5,000 denominations. The bonds maturing on or after November 1, 2025, are callable at the option of the Utility on or after November 1, 2029, at par plus accrued interest.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Bond Interest and Redemption Requirements
 Waterworks Mortgage Revenue Bonds Series 2017

Year	Balance Outstanding January 1	Principal Requirements	Interest Rate	Interest Requirements	Total Annual Requirements
2018	\$15,730,000	\$265,000	1.47%	\$353,800	\$618,800
2019	15,465,000	285,000	1.59%	336,660	621,660
2020	15,180,000	2,920,000	1.79%	332,129	3,252,129
2021	12,260,000	2,970,000	1.99%	279,861	3,249,861
2022	9,290,000	3,025,000	2.18%	220,758	3,245,758
2023	6,265,000	3,095,000	2.38%	154,813	3,249,813
2024	3,170,000	3,170,000	2.56%	81,152	3,251,152

These bonds, dated October 17, 2017, were issued for an original amount of \$15,730,000. The bonds mature serially on November 1, of each year with final payment due November 1, 2024. Interest is payable semiannually on May 1, and November 1, at the rates shown above. Interest and principal redemption payments are paid out of the Water System Special Redemption Fund. The bonds are non-callable.

STATISTICAL SECTION

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STATISTICAL SECTION

This section of the City of Green Bay Water Utility's Comprehensive Annual Financial Report presents detailed information to help understand what the information in the management's discussion and analysis, basic financial statements, notes to the financial statements, and supplementary financial information says about the Water Utility's overall financial condition.

<u>Contents:</u>	<u>Pages</u>
Financial Trends These schedules present trend information to help the reader understand how the Water Utility's financial performance and condition have changed over time.	62-68
Debt Capacity This schedule presents information to help the reader assess the affordability of the Water Utility's current levels of outstanding debt and the Water Utility's ability to issue additional debt in the future.	69
Revenue Capacity These schedules present information to help the reader assess the Water Utility's most significant revenue source, water sales.	70-79
Demographic and Economic Information These schedules present information to help the reader understand the environment within which the Water Utility's financial activities take place.	80-81
Operating Information These schedules present information to help the reader understand how the information in the Water Utility's financial report relates to the services the Water Utility provides and the activities it performs.	82-91

Sources:

Unless otherwise noted, the information in these schedules is derived from the Water Utility's comprehensive annual financial reports for the relevant year.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN

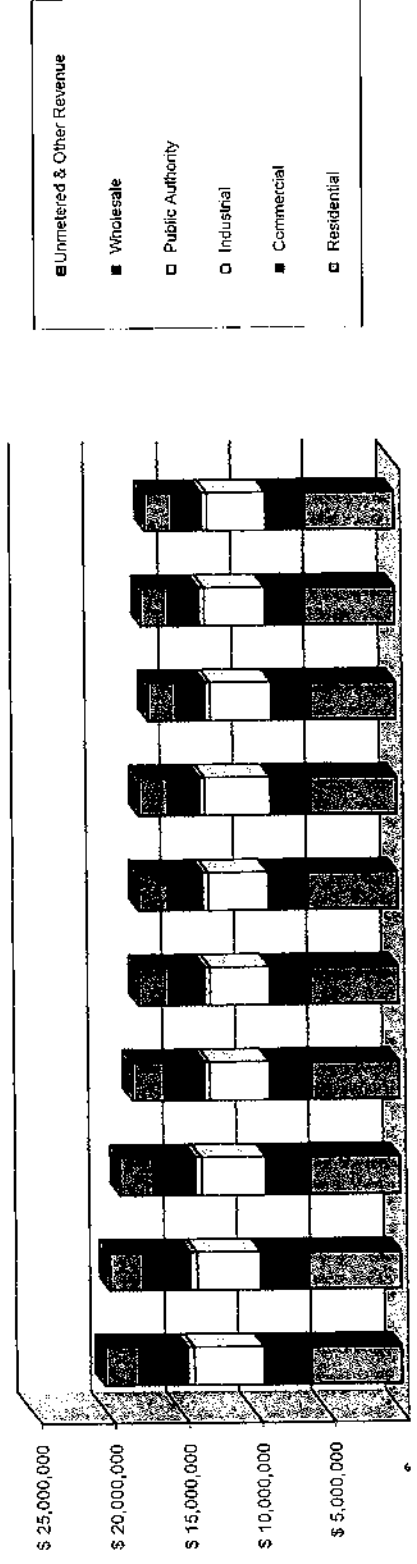
CHANGES IN NET POSITION - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues										
Metered sales - Residential	\$ 6,147,021	\$ 6,304,242	\$ 6,132,565	\$ 5,960,672	\$ 5,983,387	\$ 6,053,638	\$ 5,888,601	\$ 5,770,026	\$ 6,146,960	\$ 6,050,412
Metered sales - Commercial	3,273,444	3,289,651	3,054,456	2,922,135	2,811,931	2,806,298	2,797,272	2,742,474	2,754,220	2,745,845
Metered sales - Industrial	4,740,471	4,323,113	4,373,034	4,057,829	4,050,376	4,071,939	4,456,945	4,162,919	4,130,579	4,009,314
Public authority sales	454,138	477,730	438,716	382,658	371,861	383,324	339,217	341,035	369,699	369,535
Metered sales - Wholesale	3,281,062	3,150,957	2,851,616	2,717,086	2,460,738	2,417,579	2,211,718	2,009,115	2,069,956	2,007,151
Private fire protection	136,032	133,439	131,784	129,493	124,329	125,895	124,427	121,067	117,477	111,346
Public fire protection	1,648,626	1,647,390	1,648,897	1,552,420	1,472,546	1,361,694	1,359,241	1,323,368	1,322,018	1,325,340
Customer late payment charges	145,078	140,112	140,257	150,780	144,360	147,978	153,069	156,303	155,079	154,065
Sewer and storm water collection revenue	82,027	83,405	84,573	75,870	76,718	76,246	73,024	89,905	84,975	73,998
Other operating revenues	285,577	262,369	211,171	224,078	204,832	195,659	187,644	180,401	165,934	169,123
Total Operating Revenues	20,193,476	19,812,428	19,067,069	18,173,021	17,701,078	17,640,250	17,571,158	16,896,613	17,316,897	17,016,129
Operating Expenses										
Pumping expense	1,360,358	1,352,229	1,258,162	1,151,326	1,444,654	1,137,888	1,182,663	1,806,426	1,084,142	1,126,574
Water treatment expense	1,274,754	1,213,056	1,376,668	1,299,728	1,267,385	1,194,508	1,251,999	1,166,107	1,176,482	1,278,732
Transmission and distribution expense	1,857,277	1,439,930	1,856,801	2,414,863	1,460,382	1,446,564	1,354,738	1,407,362	1,613,240	1,499,862
Maintenance expense	735,224	988,035	735,438	889,554	1,096,146	1,268,601	587,862	633,553	937,465	621,990
Meter expense	40,606	93,275	79,170	82,579	51,051	54,949	61,266	54,778	53,729	80,376
Customers' installation expense	89,500	87,456	92,064	146,836	175,258	157,842	118,392	154,532	172,229	165,265
Customer records and collecting expense	401,307	384,069	239,631	237,924	201,434	206,801	176,157	182,243	190,151	186,604
Meter reading expense	8,721	10,202	11,253	20,462	27,972	31,313	33,842	34,837	40,379	45,616
Depreciation	4,994,158	4,936,857	4,894,959	4,486,208	4,463,830	4,418,773	4,264,892	4,199,408	4,036,605	4,168,949
Administrative and general expense	2,762,982	2,795,864	2,049,931	2,108,699	1,865,466	2,215,037	2,024,238	2,090,925	2,361,355	2,405,544
Total Operating Expenses	13,524,887	13,300,973	12,593,777	12,838,179	12,053,578	12,132,276	11,056,049	11,730,171	11,665,777	11,579,512
Operating Income	6,668,589	6,511,455	6,473,292	5,334,842	5,647,500	5,507,974	6,515,109	5,166,442	5,651,120	5,436,617
Nonoperating Revenues (Expenses)										
Interest income	222,044	181,549	177,081	239,425	287,274	294,032	309,596	326,733	373,727	621,373
Miscellaneous income	66,179	36,502	46,911	45,539	15,813	15,444	23,349	15,402	11,634	16,570
Interest expense	(2,340,166)	(2,320,992)	(2,424,537)	(2,838,129)	(2,984,093)	(3,091,531)	(3,198,572)	(3,298,272)	(3,364,597)	(3,408,088)
Tax equivalent	(2,297,587)	(2,210,285)	(2,204,731)	(2,260,918)	(2,301,455)	(2,127,265)	(1,993,151)	(1,820,444)	(1,678,556)	(1,631,310)
Amortization of debt premium	227,442	227,442	227,442	152,016	136,930	136,930	136,930	136,930	136,930	136,930
Amortization of debt discount and other assets	(180,723)	(180,722)	(259,760)	(263,756)	(261,387)	(261,387)	(295,684)	(295,684)	(295,684)	(295,684)
Total Nonoperating Revenues (Expenses)	(4,302,811)	(4,266,506)	(4,437,614)	(4,925,823)	(5,106,918)	(5,033,777)	(5,017,552)	(4,935,335)	(4,816,546)	(4,560,209)
Excess before contributions	2,365,778	2,244,949	2,035,678	409,019	540,582	474,197	1,497,577	231,107	834,574	876,408
Capital contributions	638,822	434,274	15,742	252,240	46,872	50,145	155,887	22,975	46,663	271,027
Cumulative effect of change in accounting principle	-	-	1,181,454	-	-	(448,970)	-	-	-	-
Change in Net Position	\$ 3,004,600	\$ 2,679,223	\$ 3,232,874	\$ 661,259	\$ 587,454	\$ 75,372	\$ 1,653,464	\$ 254,082	\$ 831,237	\$ 1,147,435

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

OPERATING REVENUES BY SOURCE - LAST TEN YEARS

Operating Revenue:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Metered Sales:										
Residential	\$ 6,147,021	\$ 6,304,242	\$ 6,132,565	\$ 5,960,672	\$ 5,983,387	\$ 6,053,638	\$ 5,868,601	\$ 5,770,026	\$ 6,146,960	\$ 6,050,412
Commercial	3,273,444	3,289,651	3,054,456	2,922,135	2,811,931	2,806,298	2,797,272	2,742,474	2,754,220	2,745,845
Industrial	4,740,471	4,323,113	4,373,034	4,057,829	4,050,376	4,071,939	4,456,945	4,162,919	4,130,579	4,009,314
Public Authority	454,138	477,730	438,716	382,658	371,861	383,324	339,217	341,035	369,699	369,535
Wholesale	3,281,062	3,150,957	2,851,616	2,717,086	2,460,738	2,417,579	2,211,718	2,009,115	2,069,956	2,007,151
Total Metered Sales	17,896,136	17,545,693	16,850,387	16,040,380	15,678,293	15,732,778	15,673,753	15,025,569	15,471,414	15,182,257
Private Fire Protection	136,032	133,439	131,784	129,493	124,329	125,895	124,427	121,067	117,477	111,346
Public Fire Protection	1,648,626	1,647,390	1,648,897	1,552,420	1,472,546	1,361,694	1,359,241	1,323,368	1,322,018	1,325,340
Customer Late Payment Charges	145,078	140,112	140,257	150,780	144,360	147,978	153,069	156,303	155,079	154,065
Sewer Collection Revenue	82,027	83,405	84,573	75,870	76,718	76,246	73,024	89,905	84,975	73,998
Other Operating Revenues	285,577	262,389	211,171	224,078	204,832	195,659	187,644	180,401	165,934	169,123
Total Operating Revenue	\$ 20,193,476	\$ 19,812,428	\$ 19,067,069	\$ 18,173,021	\$ 17,701,078	\$ 17,640,250	\$ 17,571,158	\$ 16,896,613	\$ 17,316,897	\$ 17,016,129

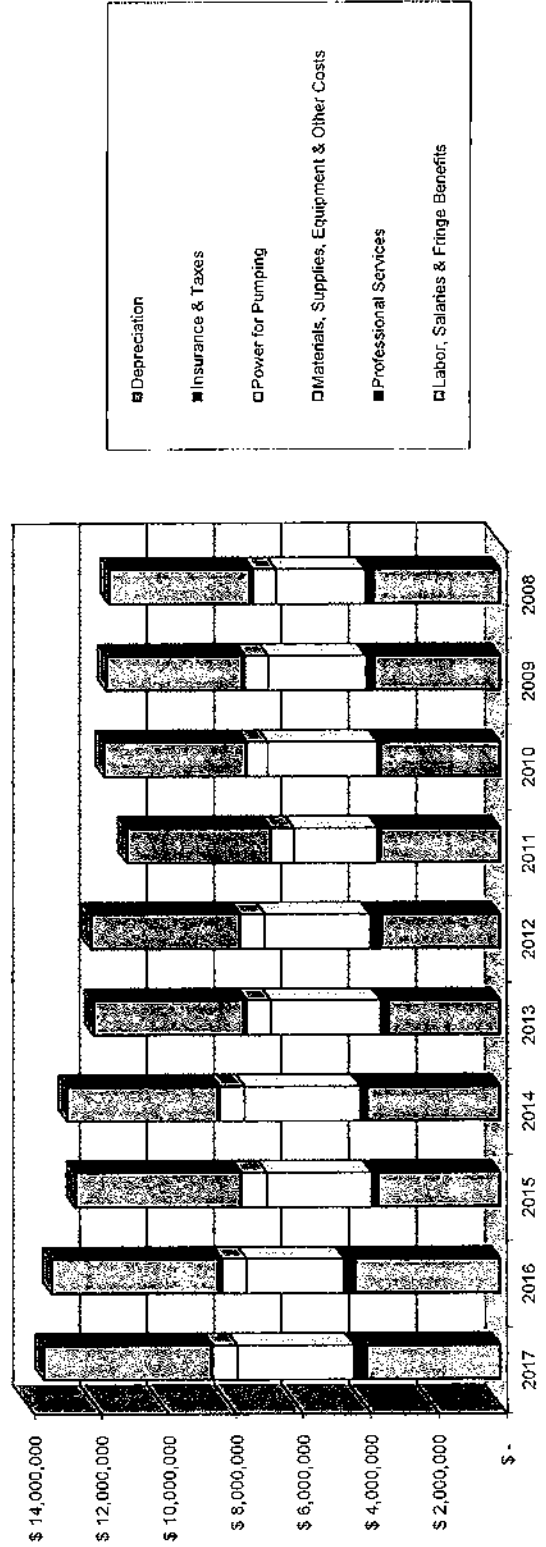


**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

OPERATING EXPENSES BY OBJECT - LAST TEN YEARS

Operating Expense Object:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Labor, Salaries and Fringe Benefits	\$ 3,951,136	\$ 4,265,203	\$ 3,603,534	\$ 3,936,419	\$ 3,296,231	\$ 3,504,524	\$ 3,546,923	\$ 3,525,924	\$ 3,712,599	\$ 3,744,591
Professional Services	363,553	330,185	198,080	193,794	238,453	342,539	77,703	106,874	250,564	250,433
Materials, Supplies, Equipment and Other Costs (1)	3,459,260	2,901,977	3,089,370	3,427,779	3,231,955	3,096,363	2,451,589	3,226,285	2,887,976	2,622,287
Power for Pumping	725,704	724,700	756,644	727,674	717,700	734,040	692,057	623,122	689,570	684,598
Insurance and Taxes	31,076	142,051	51,190	66,305	105,409	36,037	22,885	48,558	88,463	108,654
Operating Expenses before Depreciation	8,530,729	8,364,116	7,698,818	8,351,971	7,589,748	7,713,503	6,791,157	7,530,763	7,629,172	7,410,563
Depreciation	4,994,158	4,936,857	4,894,959	4,486,208	4,463,830	4,418,773	4,264,892	4,199,408	4,036,605	4,168,949
Total Operating Expenses	\$ 13,524,887	\$ 13,300,973	\$ 12,593,777	\$ 12,838,179	\$ 12,053,578	\$ 12,132,276	\$ 11,056,049	\$ 11,730,171	\$ 11,665,777	\$ 11,579,512

(1) Materials, supplies, equipment and other costs include chemicals.



**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

NONOPERATING REVENUES AND EXPENSES - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Interest income	\$222,044	\$181,549	\$177,081	\$239,425	\$287,274	\$294,032	\$309,596	\$326,733	\$373,727	\$621,373
Miscellaneous income	66,179	36,502	46,911	45,539	15,813	15,444	23,349	15,402	11,634	16,570
Interest expense	(2,340,166)	(2,320,992)	(2,424,537)	(2,838,129)	(2,984,093)	(3,091,531)	(3,198,572)	(3,298,272)	(3,364,597)	(3,408,088)
Tax equivalent	(2,297,587)	(2,210,285)	(2,204,731)	(2,260,918)	(2,301,455)	(2,127,265)	(1,993,151)	(1,820,444)	(1,678,556)	(1,631,310)
Amortization of debt premium	227,442	227,442	227,442	152,016	136,930	136,930	136,930	136,930	136,930	136,930
Amortization of debt discount and other assets	(180,723)	(180,722)	(259,780)	(263,756)	(261,387)	(261,387)	(295,684)	(295,684)	(295,684)	(295,684)
Total Nonoperating Revenues and (Expenses)	(\$4,302,811)	(\$4,266,506)	(\$4,437,614)	(\$4,925,823)	(\$5,106,918)	(\$5,033,777)	(\$5,017,532)	(\$4,935,335)	(\$4,816,546)	(\$4,560,209)

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

CAPITAL CONTRIBUTIONS BY SOURCE - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Special assessments billed on water mains installed	\$ -	\$ 62,236	\$ -	\$ 91,911	\$ 28,638	\$ 6,713	\$ 178	\$ -	\$ 14,359	\$ 78,918
Special assessments billed on water laterals installed	-	7,056	15,742	70,848	18,234	38,241	43,763	13,300	32,304	52,518
Total special assessments billed	-	69,292	15,742	162,759	46,872	44,954	43,941	13,300	46,663	131,436
Federal grant - Homeland Security	-	-	-	-	-	-	-	-	-	139,591
Developers' contributions of new subdivision mains & laterals	638,822	364,982	-	89,481	-	5,191	111,946	9,675	-	-
Total capital contributions billed	\$ 638,822	\$ 434,274	\$ 15,742	\$ 252,240	\$ 46,872	\$ 50,145	\$ 155,887	\$ 22,975	\$ 46,663	\$ 271,027
Total capital contributions collected	\$ 638,822	\$ 434,274	\$ 15,742	\$ 252,240	\$ 46,872	\$ 50,145	\$ 155,887	\$ 22,975	\$ 46,663	\$ 271,027

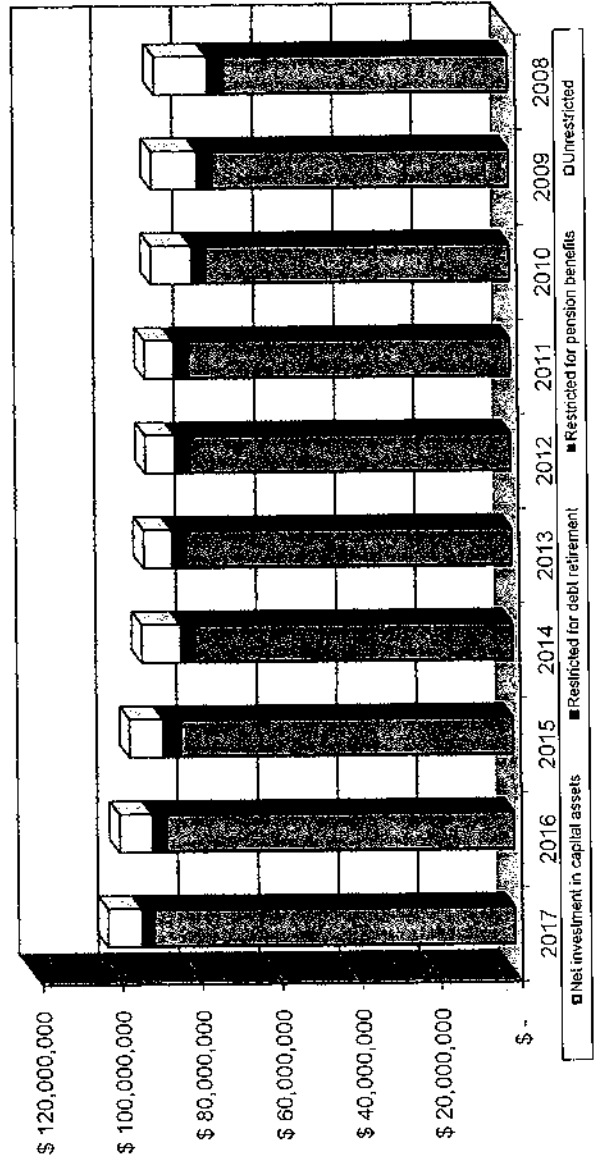
Note: Total special assessments billed consists mainly of special assessments installments placed on the City's tax roll. The City reimburses the Water Utility within 30 days of being invoiced by the Utility and then records the assessments on the City's financial statements as a receivable.

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

NET POSITION BY COMPONENT - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	\$ 90,401,893	\$ 87,255,877	\$ 83,599,544	\$ 79,864,867	\$ 81,704,282	\$ 80,606,564	\$ 80,871,378	\$ 76,060,280	\$ 74,428,893	\$ 71,571,508
Restricted for debt retirement	3,049,249	3,500,834	3,524,289	3,440,245	3,571,906	3,658,193	3,741,358	3,820,935	3,893,104	3,942,798
Restricted for pension benefits	-	-	585,000	-	-	-	-	-	-	-
Restricted for lead service replacement	56,252	5,998	-	-	-	-	-	-	-	-
Unrestricted	8,240,862	7,980,947	8,355,600	9,526,447	6,894,112	7,318,089	6,894,738	9,972,795	11,277,931	13,204,385
Total Net Position	\$ 101,748,256	\$ 98,743,656	\$ 96,064,433	\$ 92,831,559	\$ 92,170,300	\$ 91,582,846	\$ 91,507,474	\$ 89,854,010	\$ 89,599,928	\$ 88,718,691

Net Position by Component

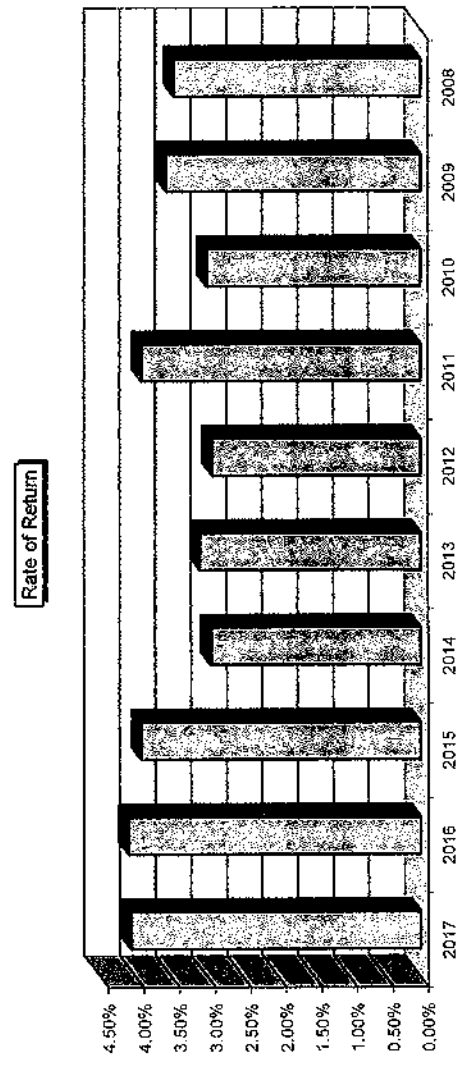


**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

RETURN ON RATE BASE (PSCW METHOD) - LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Utility plant in service - average	\$ 194,330,005	\$ 189,321,489	\$ 184,349,217	\$ 181,093,519	\$ 178,939,268	\$ 176,604,649	\$ 172,480,167	\$ 165,939,347	\$ 161,523,949	\$ 159,231,610
Less: Accum deprec - average	70,667,498	66,281,769	62,269,470	58,612,955	54,833,982	51,177,234	47,748,751	44,340,108	40,774,706	37,005,398
Plus: Materials & supplies - average	476,039	474,328	485,932	470,320	430,643	407,089	427,543	414,375	403,631	436,835
Less: Regulatory liability - average (2)	1,308,726	1,510,069	1,711,411	1,912,753	2,114,096	2,315,438	2,516,781	2,718,123	2,919,486	3,120,808
Average Net Rate Base	\$ 122,829,820	\$ 122,003,979	\$ 120,854,268	\$ 121,028,131	\$ 122,421,833	\$ 123,519,066	\$ 122,642,178	\$ 119,295,491	\$ 118,233,408	\$ 119,542,239
Operating Income (1)	\$ 5,014,153	\$ 5,018,208	\$ 4,756,089	\$ 3,585,329	\$ 3,812,089	\$ 3,634,999	\$ 4,823,217	\$ 3,600,858	\$ 4,244,340	\$ 4,158,351
Actual Rate of Return	4.08%	4.11%	3.94%	2.96%	3.11%	2.94%	3.93%	3.02%	3.59%	3.48%
PSCW Authorized Rate of Return	2.84%	2.84%	2.84%	2.27%	2.77%	2.52%	2.52%	3.50%	3.50%	3.50%

(1) - The property tax equivalent remains an operating expense for rate setting purposes of the PSCW.
 (2) - The PSCW has modified the calculation of the rate of return effective January 1, 2004 by reclassifying the pre-2003 contributions in aid of construction and additional accumulated depreciation as a regulatory liability. The PSCW has also modified the calculation of the rate of return effective January 1, 2015 by reclassifying a portion of the effects of the implementation of GASB 68 on the current year pension expense as a regulatory liability.

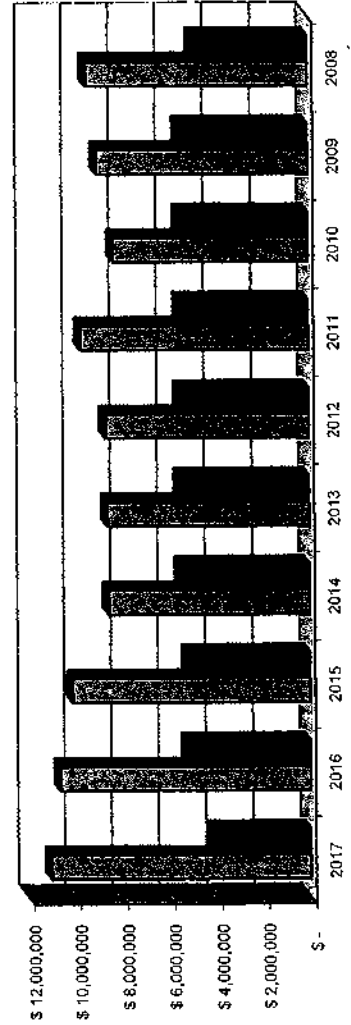


**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

REVENUE BOND COVERAGE AND DEBT RATIOS - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Income (Change in Net Position)	\$ 3,004,600	\$ 2,679,223	\$ 2,051,420	\$ 661,259	\$ 587,454	\$ 524,342	\$ 1,653,464	\$ 254,082	\$ 881,237	\$ 1,147,435
Add Back:										
Depreciation	5,606,614	5,556,148	5,457,420	4,805,319	4,782,185	4,796,086	4,559,253	4,471,135	4,470,331	4,594,424
Amortization	84,734	84,733	163,791	243,193	255,910	255,910	290,207	290,207	290,207	290,207
Interest Expense	2,340,166	2,320,992	2,424,537	2,838,129	2,984,093	3,091,531	3,198,572	3,298,272	3,364,597	3,408,088
Total Available for Debt Service	\$ 11,036,114	\$ 10,641,096	\$ 10,107,168	\$ 8,547,900	\$ 8,609,642	\$ 8,667,869	\$ 9,701,496	\$ 8,313,696	\$ 9,006,372	\$ 9,440,154
Debt Service Requirement:										
Principal	\$ 1,810,000	\$ 2,905,000	\$ 2,790,000	\$ 2,640,000	\$ 2,530,000	\$ 2,420,000	\$ 2,315,000	\$ 2,215,000	\$ 2,155,000	\$ 1,530,000
Interest	2,340,166	2,320,992	2,424,537	2,838,129	2,984,093	3,091,531	3,198,572	3,298,272	3,364,597	3,408,088
Total Debt Service Requirement	\$ 4,150,166	\$ 5,225,992	\$ 5,214,537	\$ 5,478,129	\$ 5,514,093	\$ 5,511,531	\$ 5,513,572	\$ 5,513,272	\$ 5,519,597	\$ 4,938,088
Coverage	2.66	2.04	1.94	1.56	1.56	1.57	1.76	1.51	1.63	1.91
Debt Ratio:										
Total Liabilities	\$ 61,957,249	\$ 63,641,807	\$ 66,060,315	\$ 68,092,234	\$ 70,211,592	\$ 73,023,076	\$ 77,676,120	\$ 79,688,362	\$ 81,624,508	\$ 83,729,210
Total Assets	\$ 161,784,345	\$ 161,173,139	\$ 161,529,710	\$ 160,923,793	\$ 162,381,892	\$ 164,605,922	\$ 163,725,610	\$ 169,542,372	\$ 171,224,436	\$ 172,447,901
Debt Ratio Percentage	38.30%	39.49%	40.90%	42.31%	43.24%	44.36%	47.44%	47.00%	47.67%	48.55%
Revenue bonds outstanding at year-end ⁽¹⁾	\$ 55,262,853	\$ 57,119,573	\$ 60,071,293	\$ 62,828,955	\$ 65,352,589	\$ 67,758,131	\$ 69,604,705	\$ 71,760,951	\$ 73,817,199	\$ 75,813,445
Outstanding debt per capita	\$ 524.10	\$ 543.59	\$ 571.93	\$ 600.03	\$ 626.58	\$ 649.96	\$ 667.67	\$ 689.63	\$ 713.21	\$ 729.33
Outstanding debt per customer	\$ 1,517.54	\$ 1,569.78	\$ 1,654.04	\$ 1,730.49	\$ 1,807.12	\$ 1,877.22	\$ 1,933.79	\$ 1,992.75	\$ 2,048.71	\$ 2,106.57

(1) - net of related premiums, discounts and adjustments

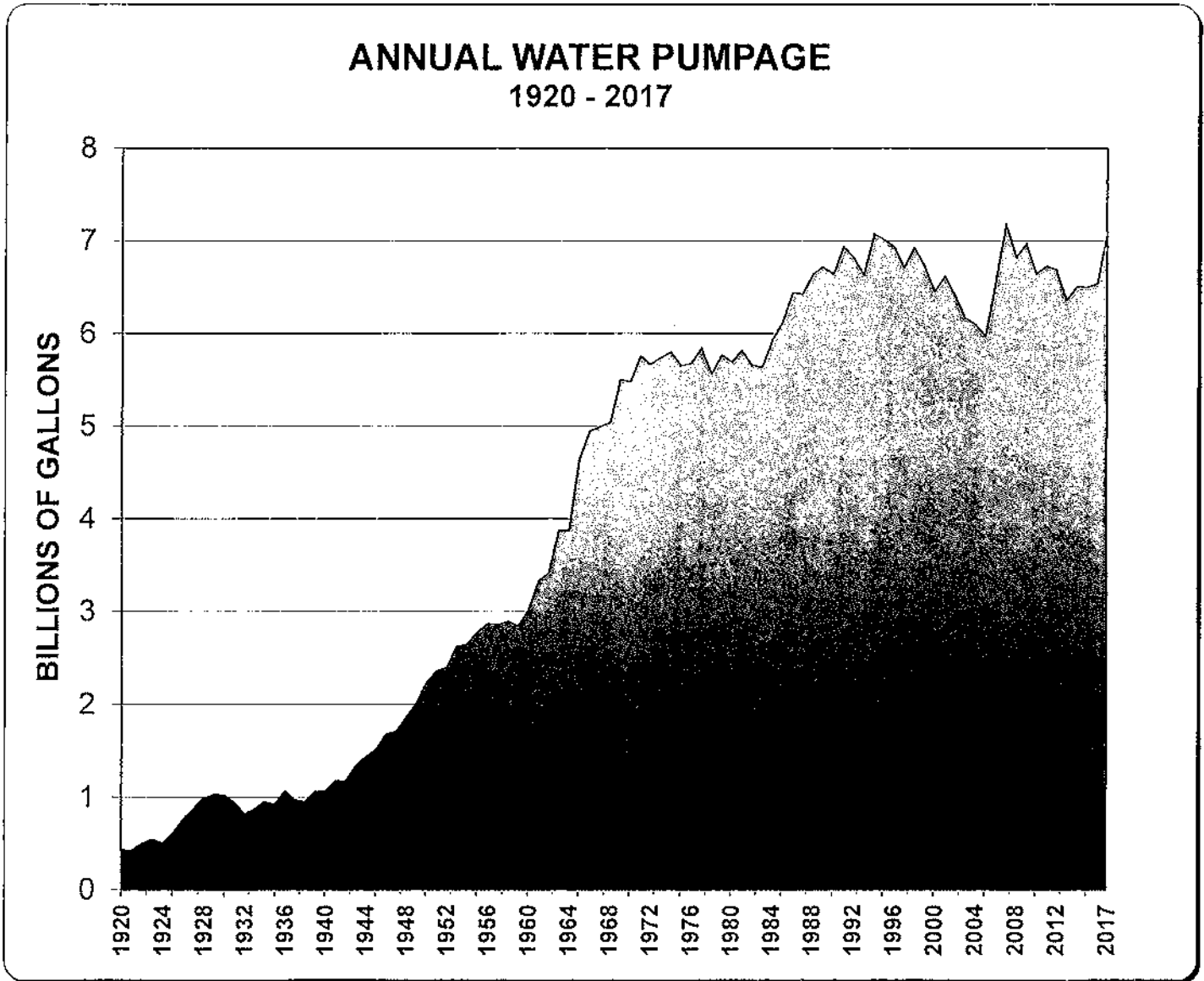


■ Total Available for Debt Service
■ Total Debt Service Requirement

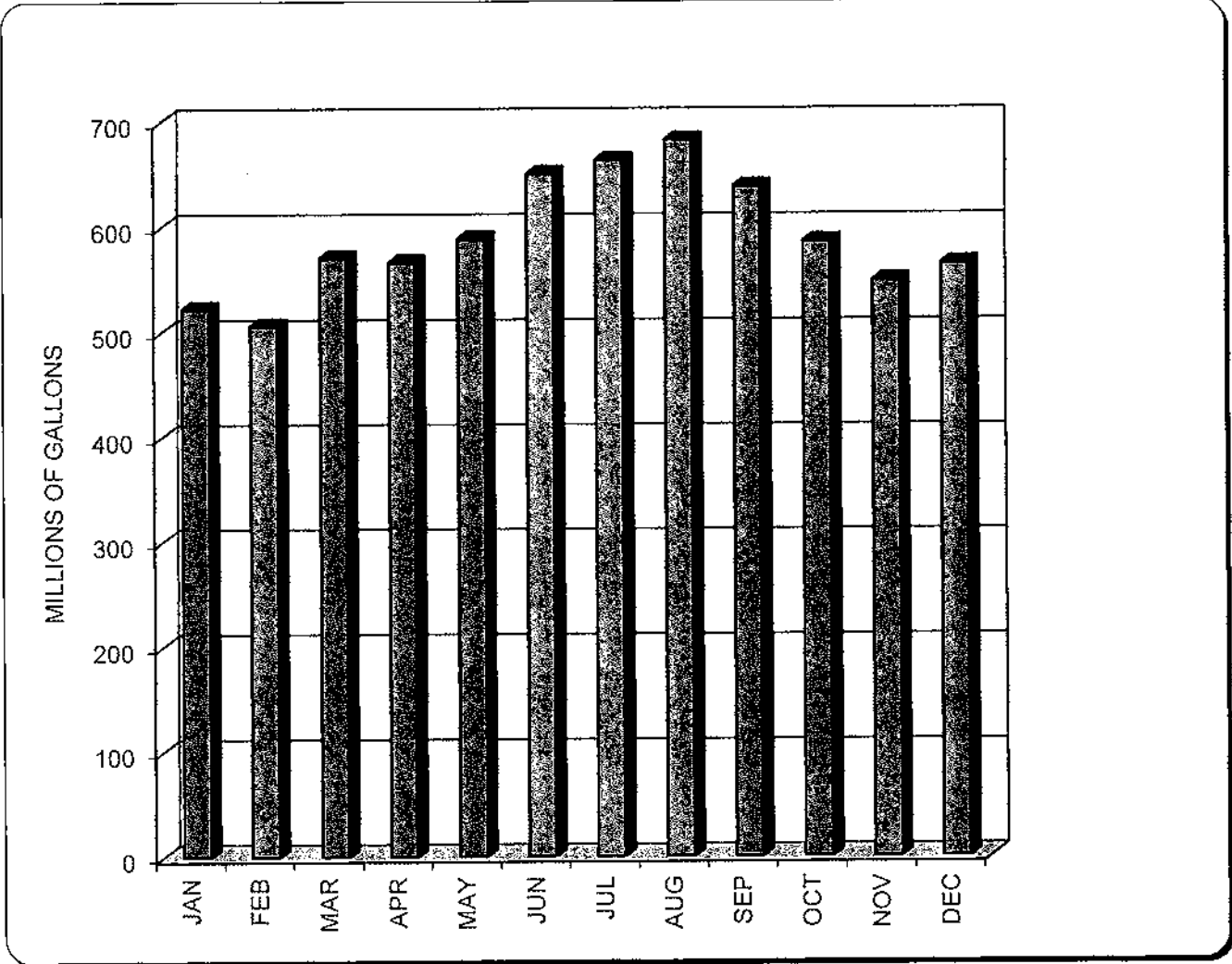
**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

ANNUAL WATER PUMPAGE

2013	6,361,641,000 gallons
2014	6,504,339,000 gallons
2015	6,498,045,000 gallons
2016	6,537,120,000 gallons
2017	7,088,892,000 gallons



**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
MONTHLY WATER PUMPAGE
2017**



2017 Pumpage - Lake Michigan-----	7,085,838,000 Gallons
- Wells-----	2,765,000 Gallons
- Water Purchased from Town of Scott-----	287,509 Gallons
2017 Average Daily Pumpage-----	19,420,830 Gallons
2017 Highest Daily Pumpage, August 9, 2017-----	26,067,000 Gallons
2017 Lowest Daily Pumpage, December 25, 2017-----	13,954,000 Gallons
Record High Daily Pumpage, July 7, 1988-----	32,909,000 Gallons

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

**WATER PRODUCED AND CONSUMED - LAST TEN YEARS
GALLONS ARE PRESENTED IN THOUSANDS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Gallons produced	7,088,892	6,535,992	6,498,045	6,504,339	6,361,641	6,690,099	6,722,466	6,647,326	6,966,338	6,827,228
Gallons sold	(6,066,409)	(5,878,274)	(5,972,675)	(5,954,478)	(6,095,811)	(6,392,999)	(6,400,957)	(6,273,289)	(6,483,670)	(6,313,218)
Gallons used for production and lost due to system leaks	(187,062)	(159,351)	(192,243)	(362,872)	(91,959)	(98,385)	(70,215)	(86,857)	(109,170)	(99,330)
Gallons produced and unaccounted for	835,421	498,367	333,127	186,989	173,871	198,715	251,294	287,180	373,498	414,680
Percent unaccounted for	11.78%	7.62%	5.13%	2.87%	2.73%	2.97%	3.74%	4.32%	5.36%	6.07%
Maximum day pumpage	26,067	27,370	27,772	24,911	25,913	28,398	26,056	25,135	27,678	25,919
Date of maximum pumpage	8/9/17	8/10/16	7/27/15	8/8/14	7/16/13	7/12/12	7/21/11	5/25/10	6/24/09	8/20/08
Minimum day pumpage	13,954	12,719	13,395	12,206	12,996	13,300	12,219	13,518	14,519	13,831
Date of minimum pumpage	12/25/17	3/27/16	3/22/15	7/5/14	3/24/13	12/25/12	12/25/11	3/14/10	12/25/09	12/25/08
Total KWH used for pumping	13,197,754	12,878,027	13,085,528	11,480,570	12,802,763	13,203,586	13,435,570	12,958,797	13,295,480	13,081,051

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

WATER RATES - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
--	------	------	------	------	------	------	------	------	------	------

Monthly Meter Charge:

5/8" & 3/4"	\$	5.25	\$	5.25	\$	5.25	\$	5.00	\$	5.00	\$	5.00	\$	5.00	\$	5.00	\$	5.00	\$	5.00		
1"		7.90		7.90		7.90		7.50		7.50		7.50		7.50		7.50		7.50		7.50		7.50
1 1/2"		13.65		13.65		13.65		13.00		13.00		13.00		13.00		13.00		13.00		13.00		13.00
2"		22.10		22.10		22.10		21.00		21.00		21.00		21.00		21.00		21.00		21.00		21.00
3"		33.60		33.60		33.60		32.00		32.00		32.00		32.00		32.00		32.00		32.00		32.00
4"		52.50		52.50		52.50		50.00		50.00		50.00		50.00		50.00		50.00		50.00		50.00
6"		81.00		81.00		81.00		77.00		77.00		77.00		77.00		77.00		77.00		77.00		77.00
8"		120.00		120.00		120.00		114.00		114.00		111.00		111.00		111.00		111.00		111.00		111.00

Effective date of rate change 11/5/15

Water billing rate per 1,000 gallons:

First 25,000 gallons per month	\$	3.03	\$	3.03	\$	3.03	\$	2.91	\$	2.75	\$	2.61	\$	2.61	\$	2.61	\$	2.51	\$	2.51
Next 350,000 gallons per month		2.91		2.91		2.91		2.65		2.46		2.31		2.31		2.31		2.23		2.23
Usage over 375,000 gallons per month		2.21		2.21		2.21		2.07		1.90		1.75		1.75		1.75		1.68		1.68
Effective date of rate change				11/5/15		7/15/14		3/6/13						11/1/10						

Monthly Public Fire Protection Charge:

5/8" & 3/4"	\$	2.97	\$	2.97	\$	2.97	\$	2.97	\$	2.75	\$	2.47	\$	2.47	\$	2.47	\$	2.40	\$	2.40
1"		7.40		7.40		7.40		7.40		6.90		6.20		6.20		6.20		6.00		6.00
1 1/2"		14.90		14.90		14.90		14.90		13.80		12.40		12.40		12.40		12.00		12.00
2"		23.80		23.80		23.80		23.80		22.10		19.80		19.80		19.80		19.20		19.20
3"		44.50		44.50		44.50		44.50		41.30		37.00		37.00		37.00		36.00		36.00
4"		74.00		74.00		74.00		74.00		68.80		62.00		62.00		62.00		60.00		60.00
6"		148.00		148.00		148.00		148.00		137.60		124.00		124.00		124.00		120.00		120.00
8"		237.00		237.00		237.00		237.00		220.10		198.00		198.00		198.00		192.00		192.00
Effective date of rate change						7/15/14		3/6/13						11/1/10						

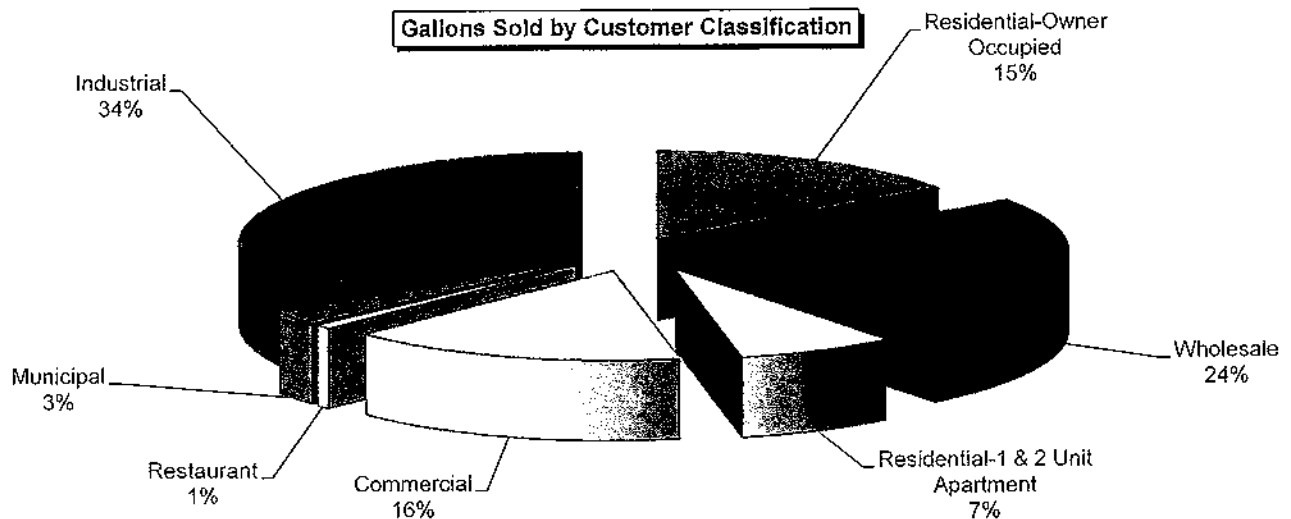
Notes:

Changes in water rates must be approved by the State of Wisconsin Public Service Commission.

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

ANALYSIS OF OPERATING REVENUE - 2017

<u>Classification</u>	<u>Gallons</u>	<u>\$ Revenue</u>	<u>Average Number of Customers Billed</u>	<u>Average Daily Consumption Per Customer</u>
Residential-Owner Occupied	928,968,898	\$ 4,186,939	22,304	114 Gallons
Residential-1 & 2 Unit Apartment	445,250,822	1,960,082	9,804	124 Gallons
Restaurant	43,262,345	145,208	127	933 Gallons
Commercial	964,754,655	3,128,236	3,336	792 Gallons
Industrial	2,057,768,002	4,740,471	168	33,558 Gallons
Municipal	153,176,000	454,138	219	1,916 Gallons
Wholesale	1,473,227,888	3,281,062	4	---
Private Fire Protection	---	136,032	454	---
Public Fire Protection	---	1,648,626	---	---
Customer Late Payment Penalties	---	145,078	---	---
Sewer Collection Revenue	---	82,027	---	---
Other Operating Revenue	---	285,577	---	---
Totals	<u>6,066,408,610</u>	<u>\$ 20,193,476</u>	<u>36,416</u>	



WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
USAGE SCHEDULE OF THE CURRENT TWELVE LARGEST CONSUMERS
For the Years Ended December 31, 2017 and 2016

Name of Customer	Gallons Used		Increase (Decrease)
	2017	2016	
Village of Ashwaubenon	1,254,214,984	1,257,795,660	(3,580,676)
Proctor & Gamble Paper Products	464,383,114	391,337,301	73,045,813
Georgia Pacific	458,902,316	437,457,014	21,445,302
Packerland Packing	350,304,721	311,816,688	38,488,033
American Foods	253,971,342	239,755,415	14,215,927
Bay Valley Foods	201,281,242	195,065,796	6,215,446
Green Bay Packaging	190,459,493	167,658,164	22,801,329
Village of Hobart	101,030,116	96,168,116	4,862,000
Village of Wrightstown	72,499,152	-	72,499,152
Aurora Bay Care Medical	53,757,548	46,799,196	6,958,352
Town of Scott	45,483,636	41,673,324	3,810,312
Bellin Hospital	44,373,110	54,283,669	(9,910,559)
St. Vincent Hospital	-	35,981,725	(35,981,725)
Totals	<u>3,490,660,774</u>	<u>3,275,792,068</u>	<u>214,868,706</u>
Percentage of Metered Water	57.54%	55.73%	1.81%

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
REVENUE SCHEDULE OF THE TWELVE LARGEST CONSUMERS - LAST TEN YEARS

Name of Customer	2017		2016		2015		2014		2013	
	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue
Village of Ashwaubenon	\$ 2,793,770	13.84%	\$ 2,804,817	14.71%	\$ 2,562,371	14.10%	\$ 2,420,081	13.67%	\$ 2,177,423	12.34%
Georgia Pacific	1,051,372	5.21%	1,004,411	5.27%	1,040,061	5.72%	967,245	5.46%	1,002,521	5.68%
Procter & Gamble Paper	1,055,098	5.22%	892,735	4.68%	1,144,229	6.30%	1,086,662	6.14%	1,055,999	5.99%
Packerland Packing	792,364	3.92%	707,612	3.71%	665,163	3.66%	615,100	3.47%	612,415	3.47%
American Foods	590,607	2.92%	559,195	2.93%	495,649	2.73%	447,008	2.53%	427,416	2.42%
Bay Valley Foods	450,495	2.23%	436,784	2.29%	360,751	1.99%	290,177	1.64%	225,637	1.28%
Green Bay Packaging	443,762	2.20%	393,515	2.06%	342,048	1.88%	297,661	1.68%	276,827	1.57%
Village of Hobart	225,291	1.12%	214,450	1.12%	202,109	1.11%	204,814	1.16%	192,467	1.09%
Bellin Hospital	120,201	0.60%	142,146	0.75%	112,657	0.62%	105,162	0.59%	97,775	0.55%
Aurora Bay Care Medical	144,543	0.72%	128,794	0.68%	110,622	0.61%	123,184	0.70%		
Wisc Public Service Corp					97,450	0.54%	128,392	0.73%	147,874	0.84%
St. Vincent Hospital			96,617	0.51%					98,234	0.56%
Town of Scott	96,827	0.48%	90,876	0.48%	87,136	0.48%	92,191	0.52%	90,849	0.52%
Village of Wrightstown	200,397	0.99%								
Totals	\$ 7,964,727	39.44%	\$ 7,471,952	39.19%	\$ 7,220,246	39.73%	\$ 6,777,675	38.29%	\$ 6,405,437	36.31%

Name of Customer	2012		2011		2010		2009		2008	
	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue
Village of Ashwaubenon	\$ 2,157,758	10.89%	\$ 2,029,400	12.01%	\$ 1,920,189	11.09%	\$ 1,977,753	11.62%	\$ 1,909,352	10.87%
Georgia Pacific (formerly Fort James)	1,051,940	5.31%	928,516	5.50%	904,538	5.22%	891,309	5.24%	896,271	5.10%
Procter & Gamble Paper	1,189,974	6.01%	1,455,966	8.62%	1,357,708	7.84%	1,434,883	8.43%	1,292,494	7.36%
Packerland Packing	561,736	2.84%	611,492	3.62%	564,653	3.26%	511,536	3.01%	522,324	2.97%
American Foods	411,317	2.08%	418,636	2.48%	432,738	2.50%	428,672	2.52%	414,695	2.36%
Bay Valley Foods (formerly Dean Pickle)	232,763	1.17%	206,064	1.22%	195,624	1.13%	210,343	1.24%	183,875	1.05%
Green Bay Packaging	258,445	1.30%	444,193	2.63%	299,879	1.73%	244,125	1.43%	265,800	1.51%
Village of Hobart	183,400	0.93%	100,249	0.59%						
Bellin Hospital	93,218	0.47%	94,317	0.56%	100,583	0.58%	99,734	0.59%	92,405	0.53%
Aurora Bay Care Medical										
Wisc Public Service Corp	129,744	0.65%	163,595	0.97%	180,234	1.04%	167,056	0.98%	185,703	1.06%
St. Vincent Hospital	101,732	0.51%	90,705	0.54%	85,168	0.49%	89,837	0.53%	87,545	0.50%
Town of Scott	76,420	0.39%	82,069	0.49%	88,926	0.51%	92,203	0.54%	97,799	0.56%
Schreiber Foods									78,455	0.45%
Univ of Wisc - Green Bay					66,422	0.38%	81,873	0.48%		
Totals	\$ 6,448,447	32.55%	\$ 6,625,202	39.21%	\$ 6,196,662	35.78%	\$ 6,229,324	36.61%	\$ 6,026,718	34.32%

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

**TWELVE LARGEST CONSUMERS
CURRENT YEAR AND NINE YEARS AGO**

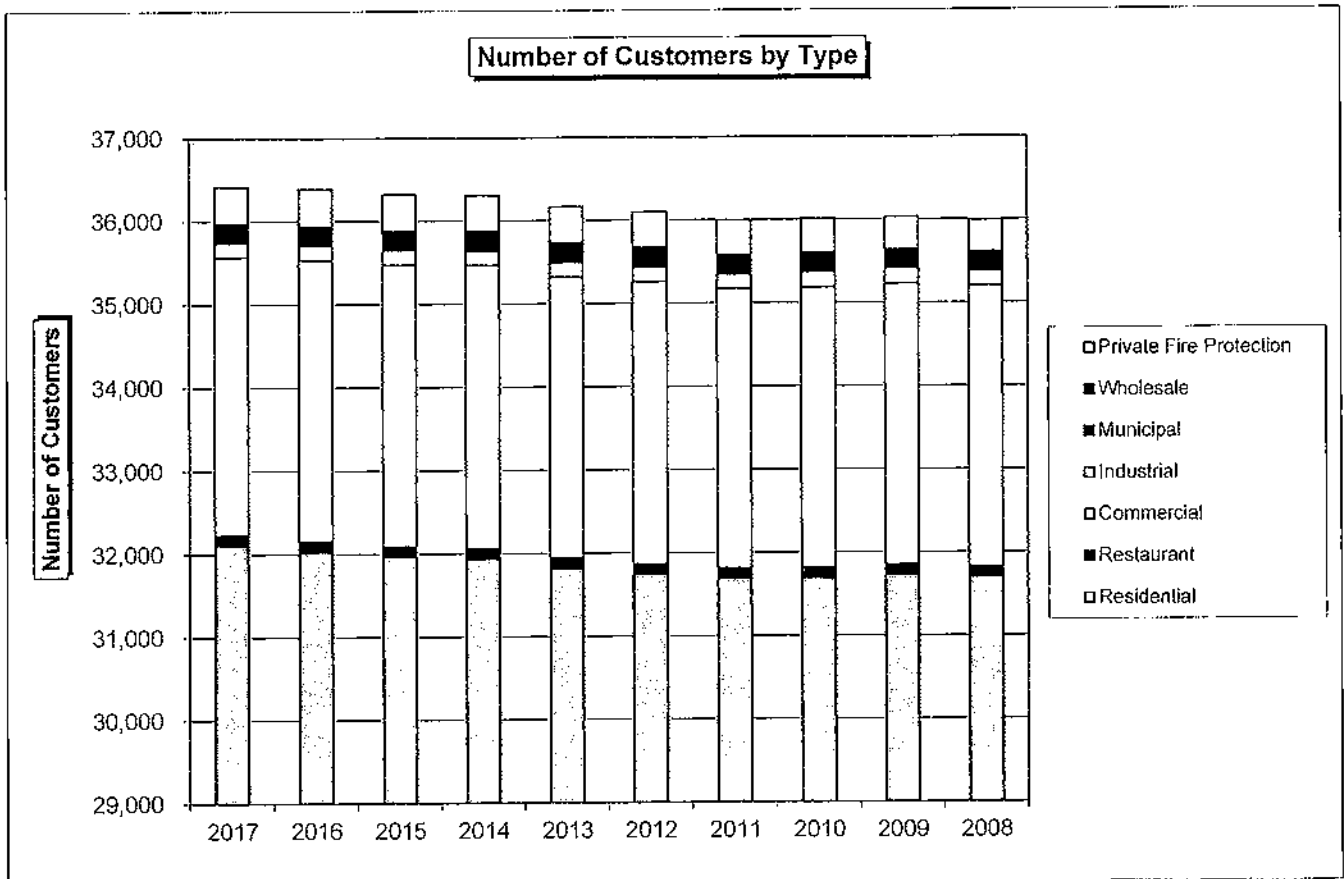
Name of Customer	2017			
	Amount	% of Oper Revenue	Gallons Used	% of Water Metered
Village of Ashwaubenon	\$ 2,793,770	13.84%	1,254,214,984	20.67%
Proctor & Gamble Paper Products	1,055,098	5.22%	464,383,114	7.65%
Georgia Pacific	1,051,372	5.21%	458,902,316	7.56%
Packerland Packing	792,364	3.92%	350,304,721	5.77%
American Foods	590,607	2.92%	253,971,342	4.19%
Bay Valley Foods	450,495	2.23%	201,281,242	3.32%
Green Bay Packaging	443,762	2.20%	190,459,493	3.14%
Village of Hobart	225,291	1.12%	101,030,116	1.67%
Village of Wrightstown	200,397	0.99%	72,499,152	1.20%
Aurora Bay Care Medical	144,543	0.72%	53,757,548	0.89%
Bellin Hospital	120,201	0.60%	44,373,110	0.73%
Town of Scott	96,827	0.48%	45,483,636	0.75%
Totals	\$ 7,964,727	39.44%	3,490,660,774	57.54%

Name of Customer	2008			
	Amount	% of Oper Revenue	Gallons Used	% of Water Metered
Village of Ashwaubenon	\$ 1,909,352	11.22%	1,123,148,180	17.79%
Proctor & Gamble Paper Products	1,292,494	7.60%	755,669,992	11.97%
Georgia Pacific	896,271	5.27%	513,953,710	8.14%
Packerland Packing	522,324	3.07%	298,398,039	4.73%
American Foods	414,695	2.44%	231,292,461	3.66%
Green Bay Packaging	265,800	1.56%	145,661,802	2.31%
Bay Valley Foods	183,875	1.08%	105,931,012	1.68%
Wisconsin Public Service Corp	185,703	1.09%	98,362,367	1.56%
Town of Scott	97,799	0.57%	58,058,264	0.92%
Schreiber Foods	78,455	0.46%	40,460,726	0.64%
Bellin Hospital	92,405	0.54%	42,297,328	0.67%
St. Vincent Hospital	87,545	0.51%	41,425,100	0.66%
Totals	\$ 6,026,718	35.42%	3,454,658,981	54.72%

WATER UTILITY CITY OF GREEN BAY, WISCONSIN

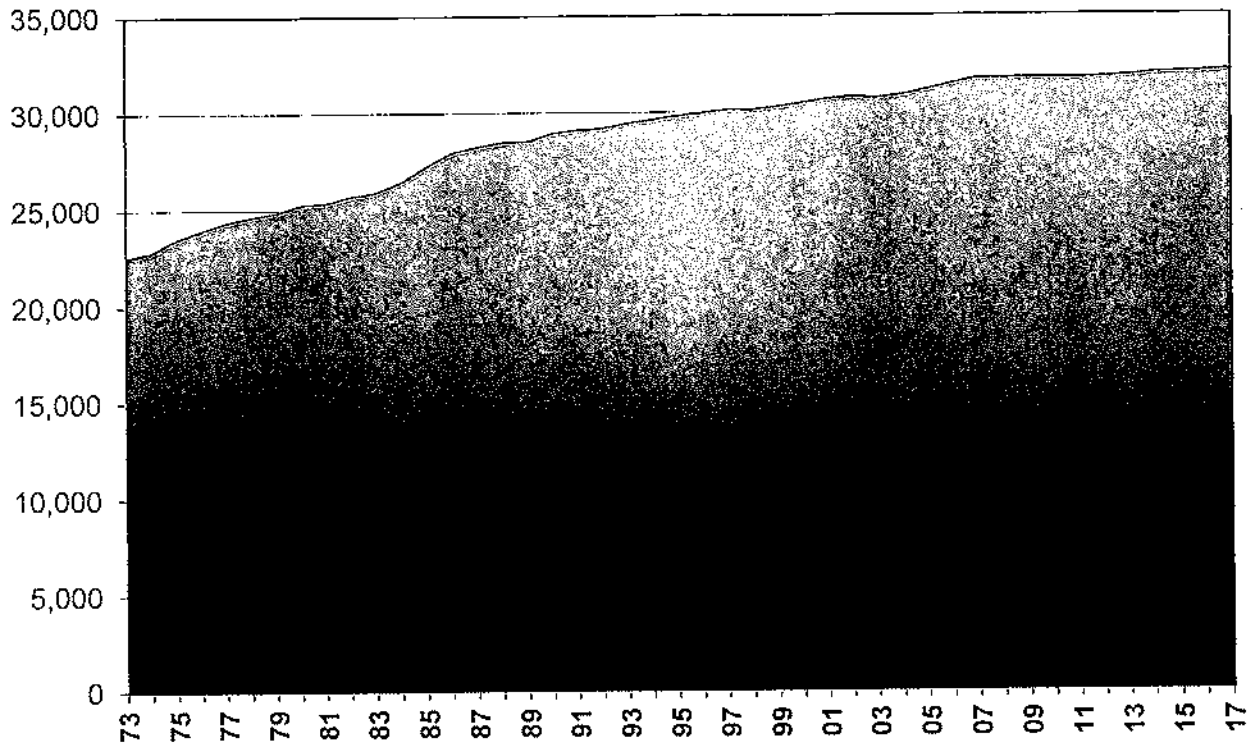
NUMBER OF CUSTOMERS BY TYPE - LAST TEN YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Residential	32,108	32,027	31,968	31,939	31,818	31,746	31,691	31,692	31,732	31,698
Restaurant	127	127	125	126	130	126	126	126	127	128
Commercial	3,336	3,379	3,384	3,401	3,375	3,388	3,353	3,368	3,370	3,375
Industrial	168	172	174	171	173	174	176	180	181	180
Municipal	219	222	220	231	232	232	223	229	223	222
Wholesale	4	4	3	3	3	3	3	2	2	2
Private Fire Protection	454	456	444	436	433	426	422	414	396	384
Totals	36,416	36,387	36,318	36,307	36,164	36,095	35,994	36,011	36,031	35,989



**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
RESIDENTIAL CUSTOMER ANALYSIS**

**NUMBER OF RESIDENTIAL CUSTOMERS
1973 - 2017**



RESIDENTIAL CUSTOMERS

Five Year Record

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Average Number of Customers	32,108	32,027	31,968	31,939	31,818
Average Annual Usage Per Customer (Gallons)	42,800	44,296	45,334	46,335	49,982
Average Annual Billings Per Customer	\$ 191.49	\$ 196.84	\$ 191.83	\$ 186.63	\$ 188.08
Rate Increases	---	---	11/5/15	7/15/14	3/6/13
Approximate % Increase	---	---	4.3%	4.7%	4.3%

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Population - City of Green Bay	105,443	105,079	105,051	104,710	104,300	104,275	104,250	104,057	103,500	103,950
Unemployment Rate (1)										
Green Bay Metropolitan Area	3.2%	3.8%	4.2%	5.1%	6.2%	6.5%	7.1%	7.7%	8.3%	4.8%
State of Wisconsin	3.3%	4.1%	4.6%	5.5%	6.7%	6.9%	7.5%	8.5%	8.7%	4.9%
Building Permits - City of Green Bay										
Number of New Residential Projects	100	112	69	67	79	48	41	42	87	58
Value of New Residential Projects (\$000's)	\$26,941	\$31,321	\$21,771	\$29,961	\$17,732	\$10,227	\$7,193	\$27,340	\$11,180	\$10,208
Number of Total Building Permits	3,037	2,877	2,753	2,236	2,206	2,318	2,386	2,420	2,759	890
Value of Total Building Projects (\$000's)	\$ 143,678	\$ 219,869	\$ 182,138	\$ 120,215	\$ 69,038	\$ 221,223	\$ 80,886	\$ 130,276	\$ 71,327	\$ 94,704
Personal Income - Green Bay Metro Area										
Total (million \$)	(2)	\$ 14,754	\$ 14,454	\$ 14,079	\$ 13,538	\$ 13,338	\$ 12,726	\$ 12,095	\$ 11,644	\$ 11,833
Per Capita	(2)	\$ 46,362	\$ 45,665	\$ 44,761	\$ 43,312	\$ 42,879	\$ 41,215	\$ 39,433	\$ 38,217	\$ 39,121

(1) - Unemployment rate is annual average not seasonally adjusted.

(2) - Personal income information for most recent year not available at time of publication

Green Bay Metro Area - defined as an area consisting of a recognized population nucleus and adjacent communities that have a high degree of integration with that nucleus.

Sources: U.S. Department of Commerce Bureau of Economic Analysis
City of Green Bay Planning Department
Wisconsin Department of Workforce Development

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

**TEN LARGEST METROPOLITAN AREA PRIVATE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

2017			
Name of Employer	Number of Employees	Percent of Total Metro Area Employment	Type of Business
Humana	3,133	1.82%	Health insurance
Bellin Health *	2,892	1.68%	Acute care hospital
Oneida Tribe of Indians of Wisconsin	2,752	1.60%	Tribal enterprises and
Schneider National, Inc. *	2,628	1.53%	Truck load carrier
Aurora Healthcare *	2,305	1.34%	Full service medical care
Georgia Pacific Corporation *	1,875	1.09%	Paper & tissue products
UnitedHealthcare * (formerly American Medical Security)	1,730	1.00%	Health and life insurance
Green Bay Packaging, Inc. *	1,575	0.91%	Box manufacturer
St. Vincent Hospital *	1,563	0.91%	Acute care hospital
American Foods Group *	1,520	0.88%	Meat distributor
Total of Ten Largest Employers	21,973	12.76%	

2008			
Name of Employer	Number of Employees	Percent of Total Metro Area Employment	Type of Business
Schneider National, Inc. *	3,363	1.97%	Truck load carrier
Humana	3,238	1.90%	Health insurance
Oneida Tribe of Indians of Wisconsin	2,916	1.71%	Tribal enterprises and government
Georgia Pacific Corporation *	2,700	1.58%	Paper & tissue products
Bellin Health *	1,945	1.14%	Acute care hospital
Shopko Stores, Inc. *	1,528	0.89%	Discount retail mass-merchandise
St. Vincent Hospital *	1,785	1.04%	Acute care hospital
WPS Resources *	1,511	0.88%	Natural gas and electric utility
Aurora Health Care *	1,628	0.95%	Full service hospital
United Health Group *	1,730	1.01%	Health and life insurance
Total of Ten Largest Employers	22,344	13.08%	

Green Bay metropolitan area's total labor force (2017 = 172,176, 2008 = 170,824)

Data is for the Green Bay metropolitan area. The Green Bay Water Utility is located within the Green Bay metropolitan area. Employers located within the Green Bay Water Utility's service area are designated with an asterisk (*).

Source: Green Bay Area Chamber of Commerce

Wisconsin Department of Workforce Development

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN

CLASSIFICATION OF METERS
As of December 31, 2017

<u>Size</u>	<u>Residential & Apartment</u>	<u>Commercial & Restaurant</u>	<u>Industrial</u>	<u>Municipal</u>	<u>Wholesale</u>	<u>Utility Use</u>	<u>In Stock & Deduct</u>	<u>Total</u>
5/8"	16,451	620	13	12	0	0	539	17,635
3/4"	15,497	1,048	35	7	0	0	800	17,387
1"	145	670	29	11	0	0	113	968
1 1/2"	3	650	20	20	0	0	85	778
2"	0	400	39	48	0	0	142	629
3"	0	57	9	20	0	0	38	124
4"	0	19	8	12	0	0	18	57
6"	0	2	10	2	3	0	15	32
8"	0	1	4	1	2	8	5	21
10"	0	0	0	0	1	1	0	2
18"	0	0	0	0	2	0	0	2
36"	0	0	0	0	0	2	0	2
Total	32,096	3,467	167	133	8	11	1,755	37,637

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

WELLS AVAILABLE FOR EMERGENCY USE

Location	Depth	Diameter	Yield in Gallons/Day
1479 North Military Avenue	809'	12"	1,440,000
3120 Sturgeon Bay Road (Hwy 54/57)	132'	12"	1,000,000
2240 Eastman Avenue	943'	17"	1,152,000
1817 Deckner Avenue	973'	12"	648,000
1451 Cass Street	918'	15"	1,238,400
605 South Adams Street (Mason)	917'	16"	1,332,000
1569 Seventh Street	860'	17"	1,670,000
2105 Sugar Maple Court (Highland)	777'	16"	1,425,000
1649 Bond Street	807'	15"	1,555,000

RESERVOIRS IN SERVICE

Location	Year Constructed	Primary Material	Capacity in Gallons
1451 Cass Street	1938	Concrete	1,500,000
3120 Sturgeon Bay Road (Hwy 54/57)	1962	Concrete	500,000
Filtration Plant, 6183 Finger Road	1957	Concrete	2,000,000
Filtration Plant, 6183 Finger Road	1968	Concrete	2,000,000
Kewaunee Booster Station, Hwy B	1968	Concrete	1,000,000
Filtration Plant, 6183 Finger Road	1975	Concrete	4,000,000
641 South Grandview Road	1992	Concrete	1,000,000

ELEVATED TANKS IN SERVICE

Location	Year Constructed	Primary Material	Capacity in Gallons
940 North Broadway	1937	Steel	500,000
Filtration Plant, 6183 Finger Road	1957	Steel	150,000
629 Mount Mary Drive	1958	Steel	50,000
1810 South Point Road	1981	Steel	2,000,000
720 South Huron Road	1992	Steel	750,000
2228 North Quincy Street	1998	Concrete	2,000,000
Filtration Plant, 6183 Finger Road	2006	Steel	500,000

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

UTILITY PLANT IN SERVICE AT YEAR END - LAST TEN YEARS

Description	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Green Bay Plant										
Land	\$ 264,966	\$ 264,174	\$ 264,174	\$ 264,174	\$ 264,174	\$ 264,174	\$ 264,174	\$ 264,174	\$ 257,758	\$ 257,758
Pumping plant structures	3,545,931	3,545,931	3,545,931	3,382,011	3,381,170	3,381,170	3,381,170	3,381,170	3,287,992	3,287,992
Reservoirs and standpipes	4,484,500	4,484,500	4,484,500	4,484,500	4,484,500	4,484,500	4,484,500	4,484,500	4,484,500	4,484,500
Wells	719,543	719,543	719,543	719,543	719,543	719,543	719,543	719,543	719,543	719,543
Office building & garage	2,525,366	2,525,366	2,513,041	2,463,183	2,285,905	2,299,154	2,280,556	2,269,481	2,201,104	2,169,319
Water treatment structures	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835
Supply mains	4,922,017	4,922,017	4,922,017	4,470,193	4,425,118	4,425,118	4,428,572	4,428,572	4,428,572	4,374,972
Distribution mains	72,810,110	70,214,151	68,174,100	65,999,622	65,894,468	64,803,422	64,082,647	61,277,522	59,728,034	59,136,700
Services	16,739,574	15,082,154	13,608,828	13,080,171	12,845,509	12,348,331	12,074,240	11,468,789	11,218,137	10,941,404
Meters	8,190,677	8,033,406	7,840,814	7,737,632	7,702,721	7,545,641	7,265,633	6,716,815	6,102,611	5,354,746
Hydrants	7,976,604	7,776,986	7,513,426	7,375,074	7,153,155	6,798,948	6,564,916	6,221,989	5,965,384	5,796,706
Treatment equipment	185,467	185,467	185,467	184,534	182,059	178,652	178,652	178,652	178,652	178,652
Telemetering equipment	190,736	190,736	176,881	176,881	163,531	163,531	163,531	163,531	47,150	47,150
Electric pumping equipment	1,431,757	1,360,569	1,328,422	1,337,057	1,278,348	1,277,073	1,277,073	1,263,976	1,263,976	1,263,976
Power production equipment	237,309	237,309	237,309	-	-	-	-	-	-	-
Power operated equipment	710,553	604,324	604,324	582,075	548,058	548,058	548,058	548,058	526,596	526,596
Tools, shop & garage equipment	1,175,318	1,194,364	1,129,706	1,076,945	1,038,682	956,286	894,527	886,166	754,596	744,205
Stores equipment	40,650	40,650	40,650	40,650	40,650	37,988	37,988	37,988	37,988	37,988
Transportation equipment	2,412,854	2,266,006	2,023,030	1,686,779	1,686,779	1,639,015	1,623,223	1,621,382	1,615,764	1,635,635
Communication equipment	58,035	58,035	56,785	56,785	56,785	56,785	56,785	67,664	67,664	62,626
Office furniture & computers	3,509,003	3,566,178	3,313,995	2,916,918	2,720,066	2,465,277	2,629,794	2,618,809	2,518,252	2,456,453
Subtotal	132,133,805	127,275,693	122,685,778	118,037,562	116,874,056	114,395,501	112,956,417	108,505,235	105,407,108	103,479,756
Lake Michigan Supply System										
Land	259,723	259,723	259,723	259,723	259,723	259,723	259,723	259,723	259,723	259,723
Pumping plant structures	2,805,052	2,805,052	2,805,052	2,805,052	2,805,052	2,788,357	2,716,857	2,716,857	2,175,165	2,154,280
Reservoirs and standpipes	97,448	97,448	97,448	97,448	97,448	97,448	97,448	97,448	97,448	97,448
Water treatment structures	15,418,758	15,418,758	15,418,758	15,402,598	15,402,598	15,400,813	15,335,860	15,034,561	14,990,648	14,985,625
Lake intakes	1,539,207	1,539,207	1,539,207	1,539,207	1,539,207	1,539,207	1,539,207	1,539,207	1,539,207	1,539,207
Supply mains	43,764,408	43,114,197	43,095,218	42,795,003	42,795,003	42,795,003	42,593,662	41,055,061	40,952,055	40,817,926
Distribution mains	646,048	646,048	646,048	646,048	646,048	646,048	646,048	646,048	646,048	646,048
Electric pumping equipment	3,783,667	3,783,667	3,783,667	3,783,667	3,783,667	3,780,981	3,780,981	3,768,240	3,711,158	3,685,358
Treatment equipment	18,688,365	18,502,929	18,157,813	18,155,719	17,739,858	17,590,652	17,578,437	17,538,105	17,517,522	17,508,145
Telemetering equipment	1,247,123	1,229,123	967,083	1,351,119	1,351,119	1,342,327	1,339,612	1,339,612	1,292,937	1,199,436
Tools, shop & garage equipment	43,337	52,365	52,965	52,965	52,965	52,965	52,965	33,797	33,797	33,797
Laboratory equipment	41,977	32,799	32,799	32,799	32,799	32,799	32,799	32,799	32,799	32,799
Communication equipment	321,656	321,656	305,751	106,514	106,514	106,514	106,514	106,514	100,959	1,356
Office furniture & computers	30,595	30,595	30,595	30,595	30,595	30,595	29,787	29,787	29,787	20,853
Power production equipment	1,612,314	1,612,314	1,609,818	1,372,509	1,372,509	1,372,509	1,372,509	1,372,509	1,372,509	1,372,509
Subtotal	90,299,578	89,446,381	88,801,845	88,430,866	88,015,005	87,835,941	87,482,409	85,570,268	82,011,762	81,626,510
Total	\$ 222,433,383	\$ 216,722,074	\$ 211,487,623	\$ 206,468,428	\$ 204,889,061	\$ 202,231,442	\$ 200,440,826	\$ 194,075,503	\$ 187,418,870	\$ 185,106,266

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
SUPPLY MAINS IN SERVICE
TYPE AND SIZE IN SERVICE DECEMBER 31, 2017

Type and Size of Main	Feet in Service Dec. 31, 2016	Added in 2017	Retired in 2017	Adjusted in 2017	Feet in Service Dec. 31, 2017
16" Ductile Iron	7,021				7,021
16" Prestressed Concrete	3,629				3,629
16" Steel	43				43
16" PVC	3				3
18" Steel	53				53
20" Prestressed Concrete	3,405				3,405
20" Ductile Iron	4				4
24" Cast Iron	18				18
24" Prestressed Concrete	24,920		(66)		24,854
24" Ductile Iron	17,375				17,375
30" Prestressed Concrete	2,307				2,307
30" Ductile Iron	3,850				3,850
30" Steel	18				18
36" Prestressed Concrete	133,325	368	(342)		133,351
36" Ductile Iron	7,325				7,325
36" Steel	123				123
42" Prestressed Concrete	78,209		(55)		78,154
42" Steel	1,284		(8)		1,286
54" Steel	75,587				75,587
Totals	358,509	368	(471)	0	358,406

The amounts in the "Adjusted in 2017" column are due to adjusting the historical footages to actual footages as determined by the Water Utility's computerized geographic information system (GIS).

RIVER CROSSING SUPPLY MAINS IN SERVICE DECEMBER 31, 2016

FOX RIVER:		
1964	Emilie Street to Ninth Street	1,812 ft. 24" Steel
1971	Mason Street Crossing	1,061 ft. 24" Ductile Iron
2005	Grignon Street to Ninth Street	2,332 ft. 36" Steel
EAST RIVER:		
1957	Cass Street Crossing	302 ft. 30" Steel
1995	Lowe Street Crossing	1,571 ft. 36" Steel
		<u>7,078 ft.</u>

69.2 Miles of Supply Mains in Service as of December 31, 2017

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
DISTRIBUTION AND TRANSMISSION MAINS IN SERVICE
TYPE AND SIZE IN SERVICE DECEMBER 31, 2017

Type and Size of Main	Feet In Service Dec. 31, 2016	Added in 2017	Retired in 2017	Adjusted in 2017	Feet In Service Dec. 31, 2017
3/4" Galvanized	335				335
3/4" Lead	0				0
3/4" Copper	470				470
1" Galvanized	1,238				1,238
1" Lead	0				0
1" Copper	1,313		(43)		1,270
1" Polyethylene	243				243
1 1/4" Galvanized	457				457
1 1/4" Copper	244				244
1 1/2" Galvanized	2,023				2,023
1 1/2" Copper	2,703				2,703
1 1/2" Polyethylene	245				245
2" Galvanized	1,251				1,251
2" Cast Iron	8,910		(173)		8,737
2" Ductile Iron	514				514
2" Copper	3,436		(80)		3,356
2" Brass	15				15
2" Polyethylene	298	20			318
2 1/2" Galvanized	724				724
3" Cast iron	129				129
3" Ductile Iron	106				106
4" Cast Iron	5,901				5,901
4" Ductile Iron	10,754				10,754
4" PVC	128				128
6" Phipp's Hydraulic	5,324		(437)		4,887
6" Cast Iron	477,025		(8,877)		468,148
6" Ductile Iron	98,666		(775)		97,891
6" PVC	7,981	381	(7)	18	8,373
8" Phipp's Hydraulic	1,251				1,251
8" Cast iron	103,412		(11)		103,401
8" Ductile Iron	646,632		(238)	(540)	645,854
8" PVC	156,752	10,667	(8)	540	167,951
10" Cast iron	88,698		(4,318)		84,380
10" Ductile Iron	23,491		(58)		23,433
10" PVC	594	44	(11)		627
12" Cast Iron	61,705		(99)		61,606
12" Ductile Iron	356,015		(686)		355,330
12" PVC	90,119	5,194			95,313
16" Cast Iron	27,654		(738)		26,916
16" Ductile Iron	113,821		(195)		113,626
16" Steel	12		(12)		0
16" PVC	14,208	60			14,268
18" Cast iron	1,849				1,849
18" Ductile Iron	437				437
18" Polyethylene	783				783
20" Ductile Iron	227				227
24" Ductile Iron	566				566
Totals	2,318,659	16,366	(16,765)	18	2,318,278

The amounts in the "Adjusted in 2017" column are due to adjusting the historical footages to actual footages as determined by the Water Utility's computerized geographic information system (GIS).

RIVER CROSSING TRANSMISSION MAINS IN SERVICE DECEMBER 31, 2016

FOX RIVER:			
1906	Stuart Street to School Place	991 ft.	16" Cast Iron
		79 ft.	16" Ductile Iron
1996	Prairie Avenue to Radisson Street	1,435 ft.	16" Steel
		319 ft.	16" Ductile Iron
EAST RIVER:			
1905	Cedar Street Crossing	286 ft.	12" Cast Iron
1907	Jackson Street Crossing	354 ft.	12" Cast Iron
1934	Cass Street Crossing	794 ft.	12" Cast Iron
1939	Irwin Avenue Crossing	717 ft.	12" Cast Iron
		15 ft.	10" Cast Iron
		<u>4,990 ft.</u>	

Total Distribution Mains in Service December 31, 2017 2,318,278 ft.
Total River Crossing Transmission Mains in Service December 31, 2017 4,990 ft.

440 Miles of Distribution and Transmission Mains in Service as of December 31, 2017

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN

WATER SERVICES (LATERALS) IN SERVICE
TYPE AND SIZE IN SERVICE DECEMBER 31, 2017

TYPE AND SIZE OF PIPE	IN SERVICE DEC. 31, 2016	ADDED IN 2017	RETIRED IN 2017	ADJUSTED IN 2017	IN SERVICE DEC. 31, 2017
3/4" Galvanized	129		(3)		126
3/4" Lead	1,904		(495)		1,409
3/4" Tubeloy (lead & copper alloy)	2				2
3/4" Copper	15,751	1	(85)		15,667
3/4" Polyethylene	9				9
1" Galvanized	7				7
1" Lead	0				0
1" Copper	12,812	212	(13)		13,011
1" Polyethylene	2,644	392			3,036
1 1/4" Galvanized	2				2
1 1/2" Galvanized	1				1
1 1/2" Copper	688		(2)		686
1 1/2" Polyethylene	54	4			58
2" Galvanized	4		(1)		3
2" Copper	614				614
2" Polyethylene	90	6			96
2" Cast Iron	13				13
2" Ductile Iron	1				1
3" Cast Iron	17				17
3" Ductile Iron	48		(1)		47
4" Cast Iron	28		(5)		23
4" Ductile Iron	152		(2)		150
4" PVC	41	7			48
4" Copper	1				1
6" Cast Iron	39				39
6" Ductile Iron	195		(3)		192
6" PVC	80	3	(1)		82
8" Cast Iron	8				8
8" Ductile Iron	130				130
8" PVC	74	2	(1)	1	76
10" Cast Iron	2				2
10" Ductile Iron	30				30
10" PVC	11				11
12" Cast Iron	1				1
12" Ductile Iron	16				16
12" PVC	6				6
16" Ductile Iron	1				1
24" Ductile Iron	1				1
Total Services	35,606	627	(612)	1	35,622

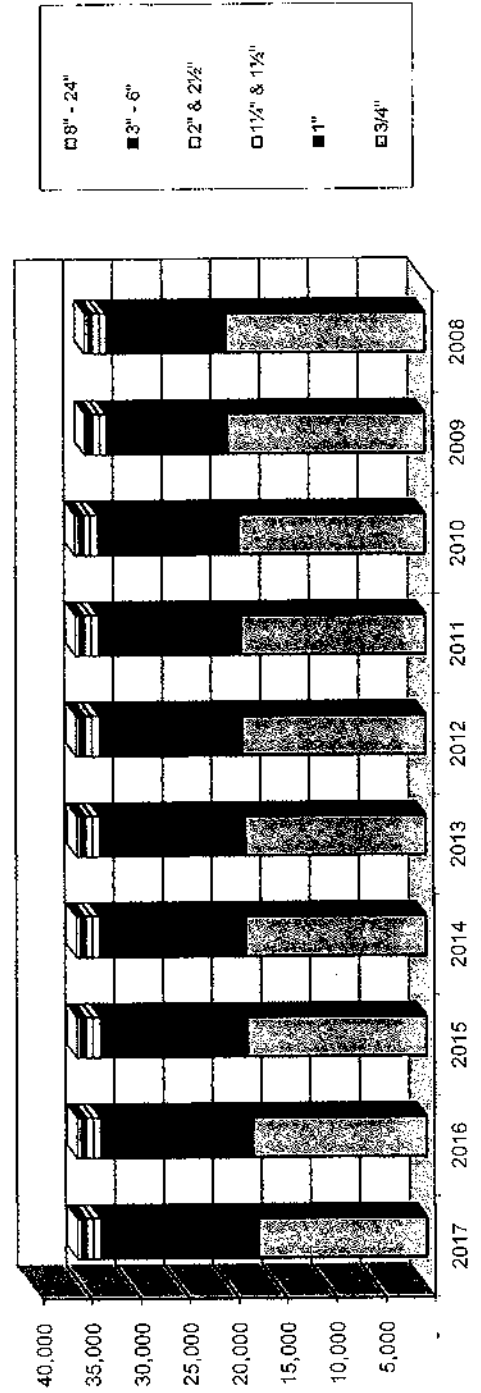
The amounts in the "Adjusted in 2017" column are due to adjusting the historical counts to actual counts as determined by the Water Utility's computerized geographic information system (GIS).

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

WATER SERVICES (LATERALS) IN SERVICE - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
3/4"	17,213	17,795	18,261	18,454	18,479	18,697	18,817	19,109	20,190	20,322
1"	16,054	15,463	15,007	14,839	14,748	14,591	14,510	14,286	12,313	12,207
1 1/4"	2	2	2	2	1	2	2	1	1	1
1 1/2"	745	743	744	743	743	742	746	751	647	647
2"	727	722	722	724	714	711	710	698	715	714
2 1/2"	-	-	-	-	-	-	-	-	3	3
3"	64	65	66	66	67	71	72	73	67	70
4"	222	222	223	223	221	217	216	216	206	202
6"	313	314	305	303	296	297	297	293	266	258
8"	214	212	207	205	204	203	198	195	168	167
10"	43	43	42	42	41	41	41	40	39	39
12"	23	23	21	21	21	21	23	22	22	22
16"	1	1	1	1	1	1	1	1	1	1
24"	1	1	1	1	1	1	1	-	-	-
Totals	35,622	35,606	35,602	35,624	35,537	35,595	35,634	35,685	34,638	34,653

Note: 1,042 of the 1,047 increase in the number of services in 2010 is due to adjusting the historical counts to actual counts as determined by the Water Utility's computerized geographic information system (GIS).



**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

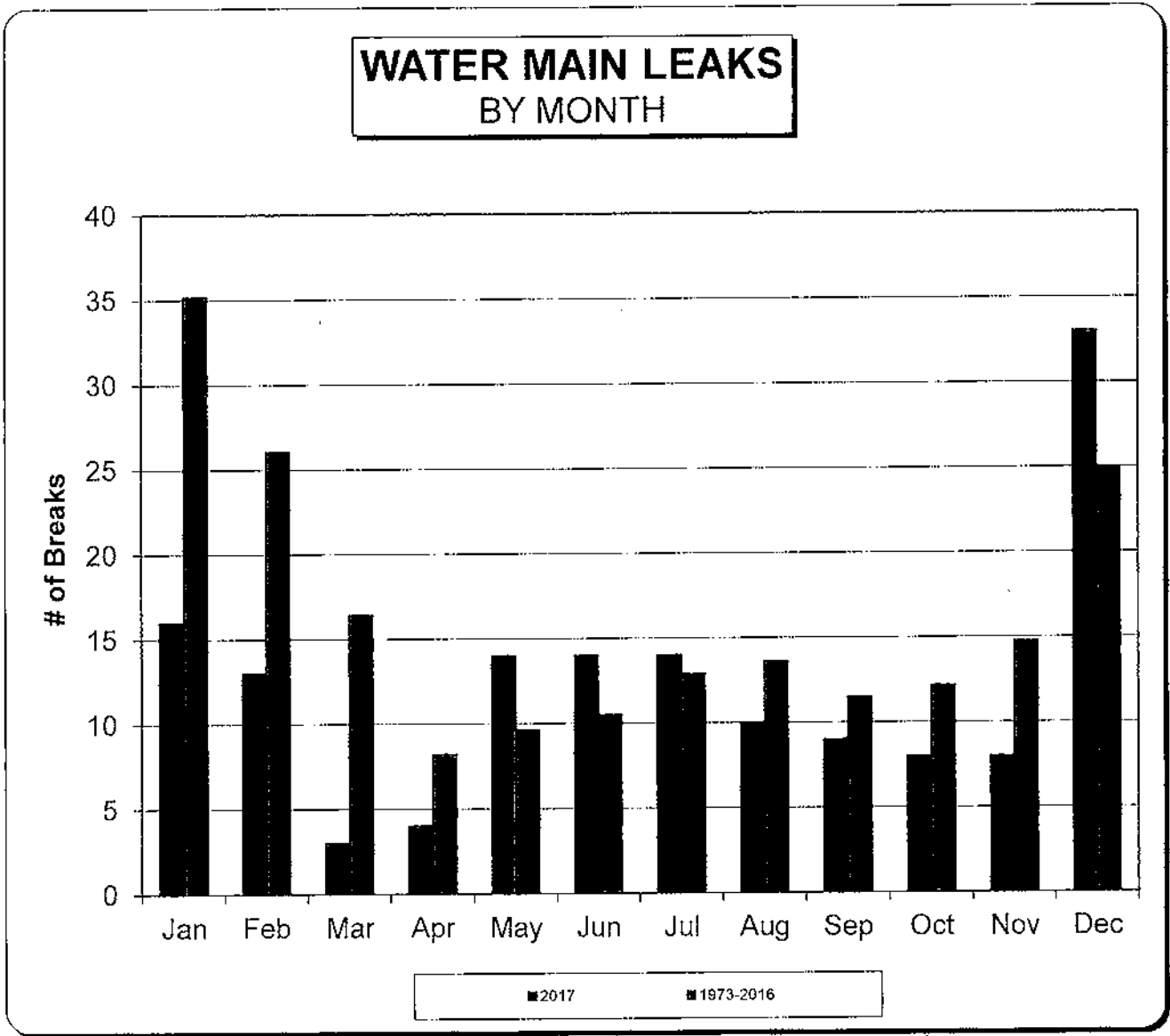
OPERATING AND CAPITAL INDICATORS - LAST TEN YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Miles of water mains:										
Supply mains	69.2	67.9	67.9	68.1	68.2	68.0	69.2	69.2	62.9	62.9
River crossing mains	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.7	2.0	2.0
Distribution mains	440.0	440.1	439.0	439.8	440.5	441.1	441.4	440.4	453.9	454.1
Total	511.5	510.3	509.2	510.2	511.0	511.4	512.9	512.3	518.8	519.0

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Number of full-time Water Utility employees										
Pumping	4	4	4	4	4	4	4	4	4	4
Water Treatment	8	8	8	8	8	8	8	8	8	8
Distribution & Engineering	27	25	26	24	24	23	23	23	23	23
Metering & Customer Service	6	7	6	7	7	8	8	8	9	9
Billing & Office Administration	10	10	10	10	10	10	10	10	10	10
Total	4	4	2	2	3	3	3	3	3	3
	59	58	56	55	55	56	56	56	57	57

Average daily pumpage (gallons)	19,420,830	17,860,984	17,802,863	17,820,107	17,429,153	18,278,959	18,417,715	18,211,025	19,084,405	18,704,734
Finished water storage capacity (gallons)	16,300,000	16,300,000	16,300,000	16,300,000	16,300,000	16,300,000	16,300,000	16,300,000	16,300,000	16,300,000
Storage capacity as a percentage of average daily pumpage	83.9%	91.3%	91.6%	91.5%	93.5%	89.2%	88.5%	89.5%	85.4%	87.1%
Daily pump capacity at Lake Michigan pump station (gallons)	54,501,120	54,501,120	54,501,120	54,501,120	54,501,120	54,501,120	54,501,120	54,501,120	46,392,480	46,392,480
Percentage of pump capacity used	35.6%	32.8%	32.7%	32.7%	32.0%	33.5%	33.8%	33.4%	41.1%	40.3%
Daily capacity of stand-by wells for emergency use (gallons)	11,460,400	11,460,400	11,460,400	11,460,400	11,460,400	11,460,400	11,460,400	11,460,400	11,460,400	11,460,400
Emergency stand-by well capacity as a percentage of average daily pumpage	59.0%	64.2%	64.4%	64.3%	65.8%	62.7%	62.2%	62.9%	60.1%	61.3%

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN



ANNUAL WATER MAIN LEAKS

2013	168
2014	294
2015	147
2016	138
2017	146



**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

WATER RATES IN EFFECT ON OCTOBER 18, 1887

Bakeries

Bakeries may be charged according to the average daily use of flour, namely, for each barrel per day, the sum of \$4.00 annually; provided that in no case will the bakery be charged less than \$8.00 per year.

Manufacturing and other purposes

In all cases when large quantities of water are required, the quantity is to be ascertained by meters. For the first 2,000 gallons used daily, the rate is 4¢ per 100 gallons. For the quantity in excess of 2,000 gallons and up to 5,000 gallons used daily, the rate is 3¢ per 100 gallons. For the quantity in excess of 5,000 gallons up to 10,000 gallons used daily, the rate is 2¢ per 100 gallons.

Private Stables with one faucet therein

For first horse	\$4.00 per year
Each additional horse	\$2.50 per year
Each cow	\$1.50 per year

Livery Club and Boarding Stables with one faucet therein

For six horses or less	\$12.00 per year
For each additional horse	\$1.50 per year

Steam Engines

Stationary steam engines working not over twelve hours per day may be charged by the horse-power as follows; for each horse-power up to and not exceeding ten, the sum of \$4.00 per year. For each horse-power exceeding ten and not over fifteen, the sum of \$3.50 per year. For each horse-power over fifteen, the sum of \$3.00 per year. No steam engine will be charged less than \$10.00 per year.

Eating House

Refractories, confectioners, eating houses, fish stalls, provision shops, refreshment and oyster houses will be charged not more than \$50.00 per year.

Stores, offices, etc.

For each tenement occupied as a store, warehouse, or office	\$6.00 per year
Barber shop, first chair	\$6.00 per year
Barber shop, each additional chair	\$2.00 per year

Dwelling Houses

Dwelling houses up to five rooms, for the first faucet	\$5.00 per year
For each additional room	\$1.00 per year
For each additional faucet	\$2.00 per year



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COMPLIANCE SECTION

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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
Water Utility Commission
Green 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 Water Utility of the City of Green Bay, Wisconsin, (the "Utility") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Utility's financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 10 dated June 18, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Utility'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 Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility'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 Utility's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Utility'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 Utility'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 Utility's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin

June 18, 2018