

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**INCLUDING AUDITORS' REPORT
FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2016 AND 2015**



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, 2016 AND 2015

Prepared by

Keith J. Mueller, CPA

Comptroller

Green Bay Water Utility

MISSION STATEMENT

THE GREEN BAY WATER UTILITY'S MISSION IS TO PROVIDE SAFE, RELIABLE, HIGH QUALITY AND LOW COST POTABLE WATER TO RESIDENCES AND BUSINESSES IN GREEN BAY AND OUR PARTNER COMMUNITIES INCLUDING ASHWAUBENON, SCOTT, HOBART & WRIGHTSTOWN. WE ARE DEDICATED TO FRIENDLY, CONVENIENT, AND DEPENDABLE SERVICE. WE WILL UNDERSTAND OUR CUSTOMERS' NEEDS AND ASSURE THEIR SATISFACTION.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 DECEMBER 31, 2016

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INTRODUCTORY SECTION



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.gbwater.org

June 10, 2017

A message from the Utility General Manager:

In 2016, 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 commitment to excellence, efficiency, and safety are evident in the projects we tackled in 2016.

Examples of projects completed in 2016:

- We began pumping water to our new wholesale customer Wrightstown.
- We won the "Best Tasting Water in Wisconsin" award at the Wisconsin Section of AWWA.
- We began the repairs of the nineteen pipe segments in our 36" transmission lines that had shown wire breaks in our inspection report done in 2010.
- We replaced one of our Ozone Generators and updated our SCADA system.
- We continued deployment of our work management system on field devices to our customer service and distribution staff.
- We completed the conversion and began providing De Pere with utility billing and meter services.
- We completed the 2016 Update to our Strategic Plan.
- We updated our employee Handbook.
- We replaced 14,946 feet of old cast iron water main.
- We replaced 320 lead services.
- We were the first community in Wisconsin to sign the finance agreement with the State of Wisconsin for principal forgiveness loans to assist home owners with lead service replacements.

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 2016 a successful year.

Respectfully submitted

THE GREEN BAY WATER UTILITY

Nancy A. Quirk, P.E.
General Manager



Green Bay Water Utility

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

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FAX 920-448-3486
www.gbwater.org

Letter of Transmittal

June 10, 2017

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, 2016 is hereby submitted. This report was prepared by the Utility's Comptroller. 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 130 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 105,079. 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 2,279 persons per square mile indicates there is ample land for future growth and development.

The 2016 City of Green Bay Capital Improvement Program (CIP) initiated the replacement of about 2.0 miles of existing distribution water main infrastructure. The City's Street Resurfacing Program accounted for the 2.0 miles of the water main that was replaced. There was no water main replacement generated by the City's Street Reconstruction Program. There was 0.3 miles of new subdivision water main footage added into the distribution system in 2016.

In 2016, the Utility removed pump and motor #2 at the Lake Michigan pumping station and had them both rebuilt and reinstalled. The Utility installed new electronically-controlled pressure-reducing valves in the Lime Kiln and Abrams vaults to allow better pressure control and to monitor flows into pressure zones.

In 2016, the Water Treatment Plant's ozone generator #2 was updated with a new power supply unit and dielectrics. The upgrades of the treatment plant's supervisory control and data acquisition (SCADA) system and the ozone system's SCADA were completed.

The Water Utility started 2016 with a relatively mild winter season comparable to the 2015 winter, which was a great relief compared to the brutally cold winter of 2014. Lead removal was at the top of the list in 2016 for the Customer Service and Distribution Departments. The Customer Service Department built a pumping device to scour the owner's side of the service lines after the Distribution Department replaced 315 of the utility-owned portion of the lead services. This device allowed the Utility to remove as many lead particles as possible from the owner's side of the service. The Utility's Customer Service

personnel visited over 1,000 homes in an effort to determine what type of service line material was on the owner's portion. The Utility's fire hydrants were all painted according to the nationally established color code set by the National Fire Protection Association (NFPA). This color code is based on the available flow for fire fighting.

In 2016 the Water Utility's Billing Department took over the billing and office operations for the City of De Pere 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, 2016, 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, 2015. 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, 2015 was the twenty-second 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 Board of Waterworks Commissioners for their interest and support in planning and conducting the financial operations of the Utility in a responsible and progressive manner.

Respectfully submitted,



Keith J. Mueller, CPA
Utility Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

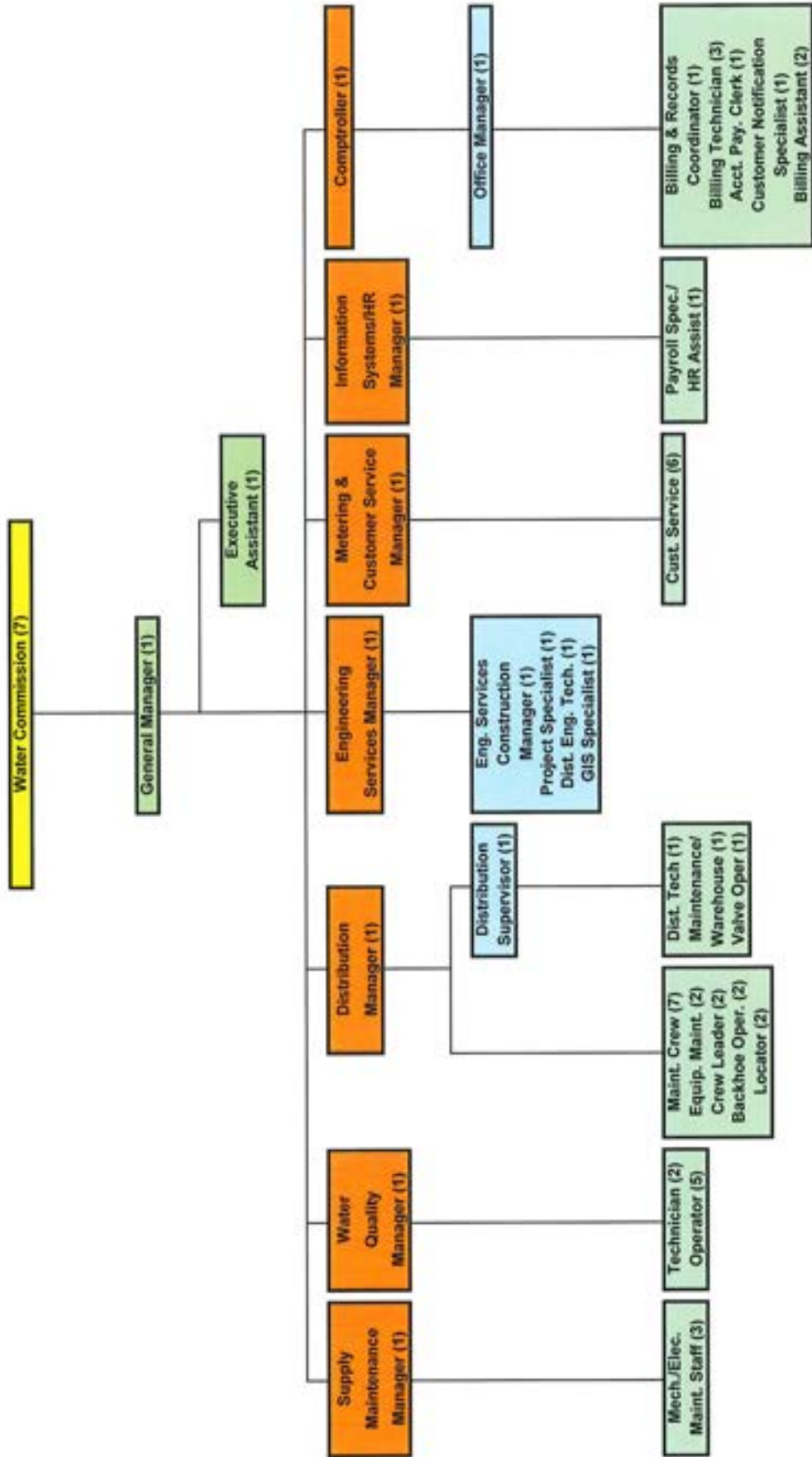
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

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	13	2019
Vice President	Kathryn Hasselblad-Pascale	13	2017
Secretary	Leon R. Engler	30	2020
Commissioner	Douglas J. Martin	4	2018
Commissioner	Lisa M. Bauer Lotto	4	2021
Commissioner	John C. Heugel	4	2022
Commissioner	Nanette M. Nelson	3	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.	4	4
Comptroller	Keith J. Mueller, CPA	30	30
Engineering Services Manager	Brian K. Powell, P.E.	14	14
Supply Maintenance Manager	Thomas P. Landwehr	15	16
Water Quality Manager	Russell A. Hardwick	16	21
Distribution Maintenance Manager	Paul A. Pavlik	26	39
Metering & Customer Service Manager	John W. Mahoney	16	24
Information Systems/HR Manager	Kevin J. Brunner	17	17

CERTIFIED PUBLIC ACCOUNTANTS
Schenck SC, Green Bay, Wisconsin

BOND COUNCIL
Foley & Lardner, Madison, Wisconsin

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

FINANCIAL SECTION

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, 2016 and December 31, 2015, 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 Water Utility of the City of Green Bay, Wisconsin as of December 31, 2016 and December 31, 2015, 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, 2016 and December 31, 2015 and the changes in its financial position or its cash flows for the years 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.

Change in Accounting Principle

As discussed in Note B, the Commission implemented GASB Statement No. 72, *Fair Value Measurement and Application*. 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 other post-employment benefits and pensions on pages 47 through 50 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 response 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 the introductory section, supplementary financial information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and 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 8, 2017, 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 8, 2017



Green Bay Water Utility

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WATER UTILITY CITY OF GREEN BAY, WISCONSIN Management's Discussion and Analysis December 31, 2016

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, 2016.

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 \$20.46 million in 2016 and expenses were \$17.79 million. The Utility's net position increased by \$2.68 million in 2016 to \$98.74 million. The \$7.98 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 \$3.50 million and \$87.26 million, respectively.

COMPARISON TO PRIOR FISCAL YEARS

Water sales for 2016 were 5.88 billion gallons compared to 5.97 billion gallons in 2015 and 5.95 billion gallons in 2014. One major wholesale customer, the Village of Wrightstown, was added in 2016. No major customers were removed in 2016 and no major customers were added or removed in 2015.

Interest income was slightly higher in 2016. The average yield for 2016 was 1.91% compared to 1.84% for 2015 and 2.63% for 2014. The average investment balance increased to \$10.15 million in 2016 from \$9.64 million in 2015. The average investment balance was \$9.01 million in 2014.

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 distribution mains, services, hydrants, and meters. Utility operating expenses decreased slightly in 2015 compared to 2014. The Utility added \$6.67 million in capital assets in 2015. Primarily, these capital assets consisted of water supply and distribution mains, services, hydrants, meters and backup power generators at our treatment plant and Grandview booster station.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Management's Discussion and Analysis
December 31, 2016

The decrease in bond interest expense in 2016 compared to 2015 was due to the payment of principal on the bond issues. The decrease in bond interest expense in 2015 compared to 2014 was due to the payment of principal on the bond issues as well as the 2014 refinancing of the remaining 2004 bond issue.

The net position of the Utility increased by \$2.68 million in 2016. Overall, the net position of the Utility increased by \$3.23 million in 2015 which included a \$1.18 million increase attributed to the change in accounting principle for pension benefits.

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%

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Management's Discussion and Analysis
December 31, 2016

Revenues and Expenses Year-to-Year Comparison	Year Ending Dec. 31, 2015	Year Ending Dec. 31, 2014	Increase (Decrease)	% Change
Revenues:				
Operating revenue:				
Residential	\$ 6,132,565	\$ 5,960,672	\$ 171,893	2.9%
Commercial	3,054,456	2,922,135	132,321	4.5%
Industrial	4,373,034	4,057,829	315,205	7.8%
Wholesale	2,851,616	2,717,086	134,530	5.0%
Public fire protection	1,648,897	1,552,420	96,477	6.2%
All other	<u>1,006,501</u>	<u>962,879</u>	<u>43,622</u>	4.5%
Total operating revenue	<u>19,067,069</u>	<u>18,173,021</u>	<u>894,048</u>	4.9%
Operating Expenses:				
Operating Expense	<u>12,593,777</u>	<u>12,838,179</u>	<u>(244,402)</u>	(1.9%)
Operating Income	6,473,292	5,334,842	1,138,450	21.3%
Nonoperating Revenues and (Expenses):				
Interest income	177,081	239,425	(62,344)	(26.0%)
All other revenues	46,911	45,539	1,372	3.0%
Interest expense	(2,424,537)	(2,838,129)	(413,592)	(14.6%)
Tax equivalent	(2,204,731)	(2,260,918)	(56,187)	(2.5%)
Amortization	<u>(32,338)</u>	<u>(111,740)</u>	<u>(79,402)</u>	(71.1%)
Excess before contributions	2,035,678	409,019	1,626,659	397.7%
Contributions	<u>15,742</u>	<u>252,240</u>	<u>(236,498)</u>	(93.8%)
Change in net position	<u>2,051,420</u>	<u>661,259</u>	<u>1,390,161</u>	210.2%
Net position – beginning of year, as originally reported	92,831,559	92,170,300	661,259	0.7%
Cumulative effect of change in accounting principle	<u>1,181,454</u>	<u>- 0 -</u>	<u>1,181,454</u>	
Net position – beginning of year, as restated	<u>94,013,013</u>	<u>92,170,300</u>	<u>1,842,713</u>	2.0%
Net position – end of year	<u>\$ 96,064,433</u>	<u>\$ 92,831,559</u>	<u>\$ 3,232,874</u>	3.5%

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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 pension benefits	- 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>
Summary of Net Position Year-to-Year Comparison	December 31, 2015	December 31, 2014	Increase (Decrease)
Assets:			
Cash and investments	\$ 12,407,004	\$ 13,971,941	\$ (1,564,937)
Receivables	4,434,242	4,242,234	192,008
Other assets	3,922,627	2,805,796	1,116,831
Net property, plant and equipment	<u>140,765,837</u>	<u>139,903,822</u>	<u>862,015</u>
Total Assets	<u>161,529,710</u>	<u>160,923,793</u>	<u>605,917</u>
Deferred Outflows of Resources:			
Deferred outflows related to pension	<u>595,038</u>	<u>- 0 -</u>	<u>595,038</u>
Liabilities:			
Payables	5,566,719	4,837,502	729,217
Accrued interest	389,808	425,777	(35,969)
Other liabilities	32,495	- 0 -	32,495
Bonds payable – current	2,905,000	2,790,000	115,000
Bonds payable – long-term	<u>57,166,293</u>	<u>60,038,955</u>	<u>(2,872,662)</u>
Total Liabilities	<u>66,060,315</u>	<u>68,092,234</u>	<u>(2,031,919)</u>
Net Position:			
Net investment in capital assets	83,599,544	79,864,867	3,734,677
Restricted for debt retirement	3,524,289	3,440,245	84,044
Restricted for pension benefits	585,000	- 0 -	585,000
Unrestricted	<u>8,355,600</u>	<u>9,526,447</u>	<u>(1,170,847)</u>
Total Net Position	<u>\$ 96,064,433</u>	<u>\$ 92,831,559</u>	<u>\$ 3,232,874</u>

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CAPITAL ASSETS CHANGES

The Utility's total capital assets increased by \$5.46 million in 2016 and \$4.71 million in 2015. Of the 2016 increase, \$3.99 million was for new water mains, services, hydrants and meters. Of the 2015 increase, \$4.20 million was for new water mains, services, hydrants and meters. Total capital assets in service before depreciation were \$216.94 million and \$211.49 million as of December 31, 2016 and 2015 respectively. Construction in progress cost was \$.22 million as of December 31, 2016. There was no construction in progress cost as of December 31, 2015. 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, 2016	December 31, 2015	Increase (Decrease)	% Change
Capital Investment				
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	<u>35,269,786</u>	<u>34,036,960</u>	<u>1,232,826</u>	3.6%
Total in-service	216,722,074	211,487,623	5,234,451	2.5%
Construction in progress	<u>222,026</u>	<u>- 0 -</u>	<u>222,026</u>	
Total Capital Assets	<u>\$ 216,944,100</u>	<u>\$ 211,487,623</u>	<u>\$ 5,456,477</u>	2.6%

Changes in Capital Assets Year-to-Year Comparison	December 31, 2015	December 31, 2014	Increase (Decrease)	% Change
Capital Investment				
Land	\$ 523,897	\$ 523,897	\$ - 0 -	0.0%
Buildings and improvements	24,285,617	24,055,679	229,938	1.0%
Improvements other than buildings	152,641,149	148,944,441	3,696,708	2.5%
Machinery and equipment	<u>34,036,960</u>	<u>32,944,411</u>	<u>1,092,549</u>	3.3%
Total in-service	211,487,623	206,468,428	5,019,195	2.4%
Construction in progress	<u>- 0 -</u>	<u>306,320</u>	<u>(306,320)</u>	(100.0%)
Total Capital Assets	<u>\$ 211,487,623</u>	<u>\$ 206,774,748</u>	<u>\$ 4,712,875</u>	2.3%

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DEBT ADMINISTRATION

All scheduled bond payments in 2016 and 2015 were made on time. Requirements of the revenue bond ordinances have also been met, in full, as of December 31, 2016 and 2015. In October 2004, the Water Utility issued new revenue bonds in the amount of \$76,765,000. A portion of this new 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 new 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 new 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. The revenue bond debt outstanding was \$56.520 million and \$59.425 million as of December 31, 2016 and 2015 respectively. In 2004, Moody's Investor Service improved the rating of the Utility's revenue bonds from "A1" to "Aa3". 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, 2016	December 31, 2015	Increase (Decrease)	% Change
Debt Instrument				
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	\$ 56,520,000	\$ 59,425,000	\$ (2,905,000)	(4.9%)

Changes in Outstanding Bonded Debt

Year-to-Year Comparison	December 31, 2015	December 31, 2014	Increase (Decrease)	% Change
Debt Instrument				
2006 Revenue bond	\$ 46,070,000	\$ 48,160,000	\$ (2,090,000)	
2014 Revenue bond	<u>13,355,000</u>	<u>14,055,000</u>	<u>(700,000)</u>	
Total	\$ 59,425,000	\$ 62,215,000	\$ (2,790,000)	(4.5%)

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.

The Utility's cash and investment portfolio totaled \$12.11 million as of December 31, 2016, \$12.41 million as of December 31, 2015 and \$13.97 million as of December 31, 2014. It was earning a

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of December 31, 2014, based on original purchase price. These utility funds as of December 31, 2016, 2015 and 2014 were invested as follows:

Cash and Investment Type	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Wisconsin Local Government Investment Pool	0.8%	0.8%	0.7%
Certificates of deposit	16.4%	13.7%	8.6%
Federal government notes	0.0%	2.0%	9.2%
Municipal government bonds	39.6%	40.6%	7.1%
Interest-bearing money market, checking & savings accounts	43.2%	42.9%	74.4%
Cash on hand and non interest-bearing checking	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%

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 Comptroller.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Comparative Statement of Net Position
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 5,035,995	\$ 4,264,700
Temporary investments	98,337	1,323,207
Accounts receivable:		
Customer - Current	1,829,078	1,826,219
- Delinquent	2,713,726	2,608,023
Inventories	457,380	491,277
Prepaid expenses	176,968	175,824
Total Unrestricted Current Assets	10,311,484	10,689,250
Restricted Current Assets		
Bond Redemption Fund		
Cash and cash equivalents	2,521	2,663
Temporary investments	1,249,706	969,293
Total Bond Redemption Fund	1,252,227	971,956
Lead Service Replacement Fund		
Cash and cash equivalents	95,878	-
Accounts receivable	10,120	-
Total Lead Service Replacement Fund	105,998	-
Total Restricted Current Assets	1,358,225	971,956
Total Current Assets	11,669,709	11,661,206
LONG-TERM ASSETS		
Restricted Long-term Assets		
Debt Reserve Fund		
Cash and cash equivalents	97,728	77,537
Temporary investments	5,532,829	5,769,604
Total Debt Reserve Fund	5,630,557	5,847,141
Total Restricted Long-term Assets	5,630,557	5,847,141
Other Assets (net of amortization)		
Net pension asset	-	585,000
Construction grant to wholesale customer	601,350	633,000
Non-utility plant (net of amortization)	1,906,073	2,037,526
Total Other Assets	2,507,423	3,255,526
Capital Assets		
Land	524,689	523,897
Buildings and improvements	24,297,942	24,285,617
Improvements other than buildings	156,629,657	152,641,149
Machinery and equipment	35,269,786	34,036,960
	216,722,074	211,487,623
Less accumulated depreciation	75,578,650	70,721,786
	141,143,424	140,765,837
Construction in progress	222,026	-
Net Capital Assets	141,365,450	140,765,837
Total Long-term Assets	149,503,430	149,868,504
TOTAL ASSETS	161,173,139	161,529,710
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	1,925,919	595,038

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

WATER UTILITY
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Comparative Statement of Net Position
December 31, 2016 and 2015

	2016	2015
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,008,670	\$ 724,438
Construction-related payables	145,469	688,595
Sewer and storm water collections payable	3,967,551	3,749,661
Accrued liabilities:		
Payroll taxes	39,730	28,712
Compensated absences	519,355	375,313
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	3,010,000	2,905,000
Accrued interest	371,950	389,808
Lead service replacement advance	100,000	-
Total Current Liabilities	9,162,725	8,861,527
 LONG-TERM LIABILITIES		
Long-term portion of revenue bonds - net of unamortized debt premium and discount	54,109,573	57,166,293
Post-employment benefit liability	30,470	32,495
Net pension liability	339,039	-
Total Long-term Liabilities	54,479,082	57,198,788
TOTAL LIABILITIES	63,641,807	66,060,315
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	713,595	-
 NET POSITION		
NET POSITION		
Net investment in capital assets	87,255,877	83,599,544
Restricted for debt retirement	3,500,834	3,524,289
Restricted for pension benefits	-	585,000
Restricted for lead service replacement	5,998	-
Unrestricted	7,980,947	8,355,600
TOTAL NET POSITION	\$ 98,743,656	\$ 96,064,433

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

Comparative Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues		
Metered sales - Residential	\$ 6,304,242	\$ 6,132,565
Metered sales - Commercial	3,289,651	3,054,456
Metered sales - Industrial	4,323,113	4,373,034
Public authority sales	477,730	438,716
Wholesale water sales	3,150,957	2,851,616
Private fire protection	133,439	131,784
Public fire protection	1,647,390	1,648,897
Customer late payment charges	140,112	140,257
Sewer and storm water collection revenue	83,405	84,573
Other operating revenues	262,389	211,171
Total Operating Revenues	19,812,428	19,067,069
Operating Expenses		
Pumping expense	1,352,229	1,258,162
Water treatment expense	1,213,056	1,376,668
Transmission and distribution expense	1,439,930	1,856,801
Maintenance expense	988,035	735,438
Meter expense	93,275	79,170
Customers' installation expense	87,456	92,064
Customer records and collecting expense	384,069	239,631
Meter reading expense	10,202	11,253
Depreciation	4,936,857	4,894,959
Administrative and general expense	2,795,864	2,049,631
Total Operating Expenses	13,300,973	12,593,777
Operating Income	6,511,455	6,473,292
Nonoperating Revenues (Expenses)		
Interest income	181,549	177,081
Miscellaneous income	36,502	46,911
Interest expense	(2,320,992)	(2,424,537)
Tax equivalent	(2,210,285)	(2,204,731)
Amortization of debt premium	227,442	227,442
Amortization of debt discount and other assets	(180,722)	(259,780)
Total Nonoperating Revenues (Expenses)	(4,266,506)	(4,437,614)
Excess before contributions	2,244,949	2,035,678
Capital contributions	434,274	15,742
Change in Net Position	2,679,223	2,051,420
Net Position - Beginning of Year, as originally reported	96,064,433	92,831,559
Cumulative effect of change in accounting principle	-	1,181,454
Net Position - Beginning of Year, as restated	96,064,433	94,013,013
Net Position - End of Year	\$ 98,743,656	\$ 96,064,433

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 21,160,656	\$ 20,215,046
Cash payments to employees for services	(3,691,322)	(3,310,748)
Cash payments to suppliers of goods and services	(4,485,734)	(4,714,471)
Net cash provided by operating activities	<u>12,983,600</u>	<u>12,189,827</u>
Cash Flows from Non-Capital Financing Activities		
Paid to municipality for tax equivalent	<u>(2,210,285)</u>	<u>(2,204,731)</u>
Cash Flows from Capital and Related Financing Activities		
Contributions from property owners (net of change in receivables)	10,741	45,826
Acquisition of capital assets (net of change in payables)	(6,367,920)	(5,925,393)
Principal paid on capital financing	(2,905,000)	(2,790,000)
Interest paid on capital financing	(2,338,850)	(2,460,506)
Advance received for replacement of lead services	100,000	-
Construction grant paid to wholesale customer	-	633,000
Proceeds from sale of equipment	34,015	34,543
Net cash used in capital and related financing activities	<u>(11,467,014)</u>	<u>(10,462,530)</u>
Cash Flows from Investing Activities		
Interest received on investments	192,420	129,426
Proceeds from maturity of investments	4,535,750	4,402,185
Purchase of investments	(3,147,249)	(8,882,589)
Net cash provided by (used in) investing activities	<u>1,580,921</u>	<u>(4,350,978)</u>
Net change in cash and cash equivalents	<u>887,222</u>	<u>(4,828,412)</u>
Cash and cash equivalents - Beginning of Year	<u>4,344,900</u>	<u>9,173,312</u>
Cash and cash equivalents - End of Year	<u>\$ 5,232,122</u>	<u>\$ 4,344,900</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 6,511,455	\$ 6,473,292
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation per Schedule of Operating Expenses	4,936,857	4,894,959
Depreciation reimbursed by City	218,270	214,204
Depreciation allocated to other accounts	401,021	358,257
Amortization of non-utility plant	131,453	131,453
Miscellaneous other income	36,502	46,911
Changes in assets and liabilities:		
Accounts receivable (excluding contributions from property owners)	60,132	(222,091)
Inventories	33,897	(10,690)
Prepaid expenses	(1,144)	(19,594)
Accounts payable	284,232	121,331
Sewer and stormwater collections payable	217,890	221,606
Accrued liabilities	155,060	(52,306)
Post-employment benefit liability	(2,025)	32,495
Net cash provided by operating activities	<u>\$ 12,983,600</u>	<u>\$ 12,189,827</u>
Non-cash Investing and Financing Activities		
Contributions from property owners (non-cash portion)	<u>\$ 58,551</u>	<u>\$ (30,084)</u>
Increase in fair value of investments held at year end	<u>\$ 45,267</u>	<u>\$ 56,138</u>

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, 2016 and 2015

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, 2016 and 2015

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, 2016 and 2015

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 2016 and 2015 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. These compensated absences are recorded as current liabilities because the majority of the liability is 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/expenditure) until then. 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.

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, 2016 and 2015

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.

18. Reclassifications

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

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

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, 2016	December 31, 2015
Cash and cash equivalents		
Petty cash funds	\$ 3,500	\$ 3,500
Interest and non-interest bearing bank accounts	5,228,622	4,341,400
Total cash and cash equivalents	<u>5,232,122</u>	<u>4,344,900</u>
Temporary investments		
Investment in local government investment pool	98,337	97,930
Negotiable certificates of deposit with maturity more than 90 days	1,982,285	1,700,468
Repurchase agreement	- 0 -	1,225,277
Federal government securities	- 0 -	243,064
State government securities	2,966,208	3,111,811
Local government securities	1,834,042	1,683,554
Total temporary investments	<u>6,880,872</u>	<u>8,062,104</u>
	<u>\$12,112,994</u>	<u>\$12,407,004</u>
Reconciliation to the basic financial statements:		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 5,035,995	\$ 4,264,700
Temporary investments	98,337	1,323,207
Restricted Current Assets		
Bond Redemption Fund		
Cash and cash equivalents	2,521	2,663
Temporary investments	1,249,706	969,293
Lead Service Replacement Fund		
Cash and cash equivalents	95,878	- 0 -
Restricted Long-term Assets		
Debt Reserve Fund		
Cash and cash equivalents	97,728	77,537
Temporary investments	5,532,829	5,769,604
	<u>\$12,112,994</u>	<u>\$12,407,004</u>

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.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE B - CASH AND INVESTMENTS (CONTINUED)

The Utility has the following fair value measurements 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 \$5,406,118 and \$3,812,170 as of December 31, 2016 and 2015 respectively. On December 31, 2015, the Utility held a repurchase agreement investment of \$1,225,277, of which the underlying securities are held by the investment's counterparty, not in the name of the Utility.

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

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE B - CASH AND INVESTMENTS (CONTINUED)

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.

Investment Type	Amount	Aa1	Aa2	Aa3	AA+ to A+	Not Rated or Exempt from Disclosure
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	2,966,208	- 0 -	2,074,261	603,058	288,889	- 0 -
Local government securities	1,834,042	205,484	- 0 -	- 0 -	1,628,558	- 0 -
Totals	\$6,880,872	\$205,484	\$2,074,261	\$ 603,058	\$3,899,732	\$ 98,337
December 31, 2015						
Wisconsin local government investment pool	\$ 97,930	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 97,930
Negotiable certificates of deposit	1,700,468	- 0 -	- 0 -	- 0 -	1,700,468	- 0 -
Repurchase agreement	1,225,277	- 0 -	- 0 -	- 0 -	- 0 -	1,225,277
Federal government securities	243,064	- 0 -	- 0 -	- 0 -	- 0 -	243,064
State government securities	3,111,811	- 0 -	1,795,320	1,053,176	263,315	- 0 -
Local government securities	1,683,554	205,468	- 0 -	- 0 -	1,478,086	- 0 -
Totals	\$8,062,104	\$205,468	\$1,795,320	\$1,053,176	\$3,441,869	\$1,566,271

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.

Investment Type	Limit
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

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, 2016	December 31, 2015
New York Housing	State municipal bond	\$ 1,005,090	\$ 1,005,007
Rhode Island Housing	State municipal bond	\$ 790,372	\$ 790,314
Milwaukee Housing	Local municipal bond	\$ 462,188	\$ 462,149
Chaska Economic Dev.	Local municipal bond	\$ 400,367	\$ 400,332
Vermont Housing	State municipal bond	\$ 603,058	\$ 728,784
Associated Bank, NA	Certificates of deposit	\$ 1,249,707	\$ 860,240

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE B - CASH AND INVESTMENTS (CONTINUED)

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, 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>283,372</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>
December 31, 2015					
<u>Debt Reserve Fund Investments</u>					
Negotiable certificates of deposit	\$ 731,175	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 731,175
Federal government securities	243,064	243,064	- 0 -	- 0 -	- 0 -
State government securities	3,111,811	- 0 -	- 0 -	790,314	2,321,497
Local government securities	<u>1,683,554</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>285,019</u>	<u>1,398,535</u>
Total Debt Reserve Fund	<u>5,769,604</u>	<u>243,064</u>	<u>- 0 -</u>	<u>1,075,333</u>	<u>4,451,207</u>
<u>Investments other than Debt Reserve</u>					
Wisconsin local government investment pool	97,930	97,930	- 0 -	- 0 -	- 0 -
Negotiable certificates of deposit	969,293	969,293	- 0 -	- 0 -	- 0 -
Repurchase agreement	<u>1,225,277</u>	<u>1,225,277</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total other than Debt Reserve	<u>2,292,500</u>	<u>2,292,500</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total Investments	<u>\$8,062,104</u>	<u>\$2,535,564</u>	<u>\$ - 0 -</u>	<u>\$ 1,075,333</u>	<u>\$4,451,207</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE B - CASH AND INVESTMENTS (CONTINUED)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

On December 31, 2016 and 2015, 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 \$98,337 and \$97,930 as of December 31, 2016 and 2015 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, 2016 and 2015, 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 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, 2016 and 2015. The debt reserve fund account had cash and investments available of \$5,630,557 and \$5,847,141 at December 31, 2016 and 2015 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, 2016 and 2015 were \$1,252,227 and \$971,956 respectively. The bond redemption fund was also in compliance with bond ordinances.

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.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE D – CAPITAL ASSETS

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

Capital Assets:	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	- 0 -	222,026	- 0 -	222,026
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	34,036,960	1,587,134	(354,308)	35,269,786
Total Depreciable Capital Assets	210,963,726	5,966,958	(733,299)	216,197,385
Less accumulated depreciation ⁽¹⁾	70,721,786	5,590,163	(733,299)	75,578,650
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:

Capital Asset Classification	1/01/16 Balance	2016 Depreciation	2016 Salvage	2016 Retirement	12/31/16 Balance
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	19,871,296	1,859,121	22,581	(354,308)	21,398,690
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, 2016 and 2015

NOTE D – CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the year ended December 31, 2015 is as follows:

Capital Assets:	Balance 1/01/15	2015 Additions	2015 Deletions	Balance 12/31/15
Non-depreciable Capital Assets				
Land	\$ 523,897	\$ - 0 -	\$ - 0 -	\$ 523,897
Construction in progress	<u>306,320</u>	<u>- 0 -</u>	<u>(306,320)</u>	<u>- 0 -</u>
Total Non-Depreciable Capital Assets	<u>830,217</u>	<u>- 0 -</u>	<u>(306,320)</u>	<u>523,897</u>
Depreciable Capital Assets				
Buildings and improvements	24,055,679	289,938	(60,000)	24,285,617
Improvements other than buildings	148,944,441	4,204,945	(508,237)	152,641,149
Machinery and equipment	<u>32,944,411</u>	<u>2,175,415</u>	<u>(1,082,866)</u>	<u>34,036,960</u>
Total Depreciable Capital Assets	205,944,531	6,670,298	1,651,103	210,963,726
Less accumulated depreciation ⁽¹⁾	<u>66,870,926</u>	<u>5,501,963</u>	<u>(1,651,103)</u>	<u>70,721,786</u>
Total Net Depreciable Capital Assets	<u>139,073,605</u>	<u>1,168,335</u>	<u>- 0 -</u>	<u>140,241,940</u>
Total Net Capital Assets	<u>\$139,903,822</u>	<u>\$ 1,168,335</u>	<u>\$ (306,320)</u>	<u>\$140,765,837</u>

A summary of changes in accumulated depreciation of depreciable capital assets for the year ended December 31, 2015 is as follows:

Capital Asset Classification	1/01/15 Balance	2015 Depreciation	2015 Salvage	2015 Retirement	12/31/15 Balance
Buildings and improvements	\$13,305,794	\$ 765,996	\$ - 0 -	\$ (60,000)	\$14,011,790
Improvements other than buildings	34,489,599	2,851,332	6,006	(508,237)	36,838,700
Machinery and equipment	<u>19,075,533</u>	<u>1,850,092</u>	<u>28,537</u>	<u>(1,082,866)</u>	<u>19,871,296</u>
Total	<u>\$66,870,926</u>	<u>\$ 5,467,420</u>	<u>\$ 34,543</u>	<u>\$(1,651,103)</u>	<u>\$70,721,786</u>

⁽¹⁾ Reconciliation of 2015 additions in accumulated depreciation:

Depreciation expense on Schedule of Operating Expenses	\$4,894,959
Depreciation expense reimbursed by City	214,204
Depreciation expense allocated to other accounts	<u>358,257</u>
Total depreciation expense	5,467,420
Salvage value received on capital assets retired	<u>34,543</u>
Total 2015 additions in accumulated depreciation	<u>\$5,501,963</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE E - LONG-TERM OBLIGATIONS

The Waterworks Mortgage Revenue Bonds Series of 2006 and 2014 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 2016 and 2015.

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

Obligation Description	Outstanding 1/1/16	Increases	Decreases	Outstanding 12/31/16	Due within one year
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	144,042	- 0 -	519,355	519,355
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	\$483,081	\$2,953,745	\$58,008,437	\$3,529,355

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of changes in long-term obligations for the year ended December 31, 2015 is as follows:

Obligation Description	Outstanding 1/1/15	Increases	Decreases	Outstanding 12/31/15	Due within one year
Mortgage revenue bonds					
\$49,310,000 issued 2006; outstanding balance due in annual installments of \$140,000 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	\$48,160,000	\$ - 0 -	\$2,090,000	\$ 46,070,000	\$2,180,000
\$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	14,055,000	- 0 -	700,000	13,355,000	725,000
Total mortgage revenue bonds	62,215,000	- 0 -	2,790,000	59,425,000	2,905,000
Less unamortized debt discount	(2,759,773)	- 0 -	259,780	(2,499,993)	- 0 -
Unamortized debt premium	3,373,728	- 0 -	227,442	3,146,286	- 0 -
Compensated absences	423,902	- 0 -	48,589	375,313	375,313
Post-employment benefit liability	- 0 -	32,495	- 0 -	32,495	- 0 -
Total long-term obligations	\$63,252,857	\$ 32,495	\$2,806,251	\$60,479,101	\$3,280,313

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

Year	Principal	Interest	Total
2016	\$ 2,905,000	\$ 2,338,850	\$ 5,243,850
2017	3,010,000	2,231,700	5,241,700
2018	3,140,000	2,103,400	5,243,400
2019	3,275,000	1,969,050	5,244,050
2020	3,415,000	1,828,550	5,243,550
2021	3,565,000	1,681,350	5,246,350
2022	3,725,000	1,519,200	5,244,200
2023	3,895,000	1,349,550	5,244,550
2024	4,075,000	1,171,800	5,246,800
2025	4,255,000	985,550	5,240,550
2026	4,405,000	841,125	5,246,125
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
	\$ 59,425,000	\$ 19,610,525	\$ 79,035,525

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

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

Advance Refunding

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, 2016 and 2015, the outstanding balances of the bonds defeased were \$41,620,000 and \$43,635,000 respectively.

NOTE F – POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan description

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. At December 31, 2015 there were 51 active employees and no retired employees in the plan.

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.

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

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

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

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

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 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.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

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

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

Employees who retire at or after age 65 (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.

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE G - PENSION PLAN (CONTINUED)

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:

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, the WRS recognized \$475,113 in contributions from the Utility.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE G - PENSION PLAN (CONTINUED)

Contribution rates as of December 31, 2016 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, 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 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	\$ 57,356	\$ 713,502
Net differences between projected and actual earnings on pension plan investments	1,388,122	- 0 -
Changes 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	237,557	- 0 -
Total	\$ 1,925,919	\$ 713,595

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE G - PENSION PLAN (CONTINUED)

The \$237,557 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, 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 Outflows of Resources	Deferred Inflows of Resources
2016	\$ 438,567	\$ 172,691
2017	438,567	172,691
2018	438,567	172,691
2019	365,071	172,691
2020	7,590	22,831
Total	<u>\$ 1,688,362</u>	<u>\$ 713,595</u>

At December 31, 2015, the Utility reported an asset of \$585,000 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension asset was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Utility's proportion was 0.53764610%, which was a decrease of 0.00237627% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Utility recognized pension expense of \$250,402.

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 84,800
Net differences between projected and actual earnings on pension plan investments	283,300
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,400
Employer contributions subsequent to the measurement date	218,538
Total	<u>\$ 595,038</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE G - PENSION PLAN (CONTINUED)

The \$218,538 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, 2016. 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 of Resources
2015	\$ 85,837
2016	85,837
2017	85,837
2018	85,837
2019	33,152
Total	<u>\$ 376,500</u>

Actuarial Assumption

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

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

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

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

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE G - PENSION PLAN (CONTINUED)

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:

	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>				
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
<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%

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 3.57%. 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
Notes to the Financial Statements
December 31, 2016 and 2015

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)	\$ 2,378,027	\$ 339,039	\$ (1,253,447)

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, 2016 and 2015 the Utility reported no payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016 and 2015.

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 \$5,000,000. The Utility's self-insured retention limit is \$200,000. The City and Utility also carry

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE H - RISK MANAGEMENT (CONTINUED)

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 \$510,224 at December 31, 2016 and \$571,990 at December 31, 2015 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 2015 and 2016 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31	Due Within One Year
2015	\$ 345,628	\$ 619,425	\$ 393,063	\$ 571,990	\$ 371,990
2016	571,990	267,030	328,796	510,224	310,224

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 2016 and 2015 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 \$1,519,638 on December 31, 2016 and \$2,102,683 on December 31, 2015. Claims liabilities of \$478,174 at December 31, 2016 and \$555,617 at December 31, 2015 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.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE H - RISK MANAGEMENT (CONTINUED)

Changes in the City's health and dental internal service fund's claim liability amount for 2015 and 2016 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31	Due Within One Year
2015	\$760,085	\$ 15,229,013	\$ 15,433,481	\$ 555,617	\$ 555,617
2016	555,617	15,011,454	15,088,897	478,174	478,174

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 \$982,400 at December 31, 2016 and \$791,121 at December 31, 2015 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 2015 and 2016 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31	Due Within One Year
2015	\$ 771,121	\$ 876,286	\$ 856,286	\$ 791,121	\$ 559,800
2016	791,121	1,220,849	1,029,570	982,400	751,079

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.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Notes to the Financial Statements
December 31, 2016 and 2015

NOTE I - CUMMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES

The Utility has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change as of December 31, 2015 is summarized below:

Net Pension Asset	\$ 943,200
Deferred Outflows of Resources	<u>238,254</u>
Total Cumulative Effect of Change in Accounting Principle	<u>\$ 1,181,454</u>

NOTE J - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued two new standards addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The Utility will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB No. 75 is effective one year later. The Utility is currently evaluating the impact these standards will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
December 31, 2016

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)
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.

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Schedule of Employer Contributions
 Other Post-Employment Benefit Plan
 December 31, 2016

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. Information for prior years is not available.

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	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)	\$ 3,152,743	(18.56)%	102.74%
12/31/16	0.53750286%	339,039	3,732,012	9.08%	98.20%

* 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	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%

* 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

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Comparative Schedule of Operating Expenses by Function
Years Ended December 31, 2016 and 2015

Operating Expense Function:	2016	2015	Increase (Decrease)
Pumping expense			
Electric power purchased	\$ 724,700	\$ 756,644	\$ (31,944)
Labor and expense	82,503	59,171	23,332
Supplies and expense	46,104	39,472	6,632
Maintenance of structures	144,210	110,551	33,659
Maintenance of equipment	252,022	200,664	51,358
Operation supervision	99,021	88,168	10,853
Purchased water	3,669	3,492	177
Total pumping expense	<u>1,352,229</u>	<u>1,258,162</u>	<u>94,067</u>
Water treatment expense			
Operation supervision	85,030	81,804	3,226
Labor and expense	619,853	791,228	(171,375)
Chemicals	273,289	275,268	(1,979)
Maintenance of structures	31,887	19,197	12,690
Maintenance of equipment	202,997	209,171	(6,174)
Total water treatment expense	<u>1,213,056</u>	<u>1,376,668</u>	<u>(163,612)</u>
Transmission and distribution expense			
Supervision and engineering	44,682	35,454	9,228
Labor and expense	421,295	553,942	(132,647)
Maintenance of mains	973,953	1,267,405	(293,452)
Total transmission and distribution expense	<u>1,439,930</u>	<u>1,856,801</u>	<u>(416,871)</u>
Maintenance expense			
Tanks and reservoirs	10,818	15,092	(4,274)
Services	406,927	385,519	21,408
Meters (1)	35,831	42,551	(6,720)
Hydrants	411,030	186,613	224,417
Buildings	123,429	105,663	17,766
Total maintenance expense	<u>988,035</u>	<u>735,438</u>	<u>252,597</u>
Meter expense (1)	93,275	79,170	14,105
Customers' installation expense	87,456	92,064	(4,608)
Customer records and collecting expense (1)	384,069	239,631	144,438
Meter reading expense (1)	10,202	11,253	(1,051)
Depreciation - plant properties (1)	4,936,857	4,894,959	41,898
Administrative and general expense			
Employee benefits (1)	1,415,577	1,107,922	307,655
Amortization of non-utility plant	131,453	131,453	-
Property tax equivalent (1)	(73,542)	(71,723)	(1,819)
Public Service Commission remainder assessment	20,768	16,457	4,311
Insurance	194,825	106,456	88,369
Uncollectible accounts	2,594	8,738	(6,144)
Administrative salaries	564,103	426,644	137,459
Office supplies and expense	62,165	50,815	11,350
Professional and special services	330,185	198,080	132,105
Miscellaneous general expense	147,736	74,789	72,947
Total administrative and general expense	<u>2,795,864</u>	<u>2,049,631</u>	<u>746,233</u>
Total Operating Expenses	<u>\$ 13,300,973</u>	<u>\$ 12,593,777</u>	<u>\$ 707,196</u>

(1) These expense accounts have been reduced by a total of \$1,053,032 in 2016 and \$1,003,496 in 2015 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, 2016

Operating Expense Function:	Total	Labor Salaries and Fringe Benefits	Professional Services
Pumping expense			
Electric power purchased	\$ 724,700	\$ ---	\$ ---
Labor and expense	82,503	82,503	---
Supplies and expense	46,104	5,707	---
Maintenance of structures	144,210	68,365	---
Maintenance of equipment	252,022	72,632	---
Operation supervision	99,021	99,021	---
Purchased water	3,669	---	---
Total pumping expense	1,352,229	328,228	---
Water treatment expense			
Operation supervision	85,030	85,030	---
Labor and expense	619,853	346,307	---
Chemicals	273,289	---	---
Maintenance of structures	31,887	16,660	---
Maintenance of equipment	202,997	151,983	---
Total water treatment expense	1,213,056	599,980	---
Transmission and distribution expense			
Supervision and engineering	44,682	44,682	---
Labor and expense	421,295	260,536	---
Maintenance of mains	973,953	327,177	---
Total transmission and distribution expense	1,439,930	632,395	---
Maintenance expense			
Tanks and reservoirs	10,818	6,413	---
Services	406,927	224,090	---
Meters (1)	35,831	21,605	---
Hydrants	411,030	80,343	---
Buildings	123,429	26,138	---
Total maintenance expense	988,035	358,589	---
Meter expense (1)	93,275	78,808	---
Customers' installation expense	87,456	68,285	---
Customer records and collecting expense (1)	384,069	213,721	---
Meter reading expense (1)	10,202	5,517	---
Depreciation - plant properties (1)	4,936,857	---	---
Administrative and general expense			
Employee benefits (1)	1,415,577	1,415,577	---
Amortization of non-utility plant	131,453	---	---
Property tax equivalent (1)	(73,542)	---	---
Public Service Commission remainder assessment	20,768	---	---
Insurance	194,825	---	---
Uncollectible accounts	2,594	---	---
Administrative salaries	564,103	564,103	---
Office supplies and expense	62,165	---	---
Professional and special services	330,185	---	330,185
Miscellaneous general expense	147,736	---	---
Total administrative and general expense	2,795,864	1,979,680	330,185
Total Operating Expenses	\$ 13,300,973	\$ 4,265,203	\$ 330,185

(1) See previous page for explanation.

Materials, Supplies, Equipment & Other Costs	Power for Pumping	Depreciation	Insurance and Taxes
\$ ---	\$ 724,700	\$ ---	\$ ---
---	---	---	---
40,397	---	---	---
75,845	---	---	---
179,390	---	---	---
---	---	---	---
3,669	---	---	---
299,301	724,700	---	---
---	---	---	---
273,546	---	---	---
273,289	---	---	---
15,227	---	---	---
51,014	---	---	---
613,076	---	---	---
---	---	---	---
160,759	---	---	---
646,776	---	---	---
807,535	---	---	---
4,405	---	---	---
182,837	---	---	---
14,226	---	---	---
330,687	---	---	---
97,291	---	---	---
629,446	---	---	---
14,467	---	---	---
19,171	---	---	---
170,348	---	---	---
4,685	---	---	---
---	---	4,936,857	---
---	---	---	---
131,453	---	---	---
---	---	---	(73,542)
---	---	---	20,768
---	---	---	194,825
2,594	---	---	---
---	---	---	---
62,165	---	---	---
---	---	---	---
147,736	---	---	---
343,948	---	-	142,051
\$ 2,901,977	\$ 724,700	\$ 4,936,857	\$ 142,051

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
 Capital Assets
 Year Ended December 31, 2016

Capital Assets Description:	Balance 1/1/16	2016 Additions	2016 Disposals	Balance 12/31/16
General Green Bay Plant				
Land	\$ 264,174	\$ 792	\$ -	\$ 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	2,513,041	12,325	-	2,525,366
Water treatment structures	2,835	-	-	2,835
Supply mains	4,922,017	-	-	4,922,017
Distribution mains	68,174,100	2,189,553	(149,502)	70,214,151
Services	13,608,828	1,510,133	(36,807)	15,082,154
Meters	7,840,814	336,530	(143,938)	8,033,406
Hydrants	7,513,426	312,304	(48,744)	7,776,986
Water treatment equipment:				
Chlorination	185,467	-	-	185,467
Telemetry equip - SCADA	176,881	13,855	-	190,736
Electric pumping equipment	1,328,422	37,647	(5,500)	1,360,569
Power production equipment	237,309	-	-	237,309
Power operated equipment	604,324	-	-	604,324
Tools, shop, and garage equipment	1,129,706	135,679	(70,821)	1,194,564
Stores equipment	40,650	-	-	40,650
Transportation equipment	2,023,030	242,976	-	2,266,006
Communication equipment	56,785	1,250	-	58,035
Office furniture & equipment	239,623	14,063	(110,466)	143,220
Office computers	3,074,372	348,586	-	3,422,958
	<u>122,685,778</u>	<u>5,155,693</u>	<u>(565,778)</u>	<u>127,275,693</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	43,095,218	18,979	-	43,114,197
Distribution mains	646,048	-	-	646,048
Electric pumping equipment	3,783,567	-	-	3,783,567
Water treatment equipment:				
Filtration	17,808,896	505,153	(152,562)	18,161,487
Chlorination	348,917	7,484	(14,959)	341,442
Telemetry equip - SCADA	967,083	262,040	-	1,229,123
Tools and work equipment	52,965	-	-	52,965
Laboratory equipment	32,799	-	-	32,799
Communication equipment	305,751	15,905	-	321,656
Office furniture & equipment	11,783	-	-	11,783
Office computers	18,812	-	-	18,812
Power production equipment	1,609,818	2,496	-	1,612,314
	<u>88,801,845</u>	<u>812,057</u>	<u>(167,521)</u>	<u>89,446,381</u>
Total	\$ 211,487,623	\$ 5,967,750	(733,299)	\$ 216,722,074

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
Accumulated Depreciation
Year Ended December 31, 2016

Capital Assets Description:	Depreciation Rate	Accumulated Depreciation 1/1/16	2016 Depreciation
General Green Bay Plant			
Land	---	\$ -	\$ -
Pumping plant structures	3.2%	2,241,935	113,470
Reservoirs and standpipes	1.9%	2,072,600	85,205
Wells	2.9%	521,395	20,867
Stores, shop, garage and office building	2.9%	1,420,070	73,057
Water treatment structures	3.2%	2,835	-
Supply mains	1.8%	1,864,874	88,596
Distribution mains	1.3%	11,117,207	899,524
Services	2.9%	6,384,056	416,019
Meters	5.5%	1,914,836	436,541
Hydrants	2.2%	1,994,677	168,195
Water treatment equipment - chlorination	6.0%	185,467	-
Telemetry equipment - SCADA	9.2%	176,881	13,855
Electric pumping equipment	4.4%	1,150,854	59,158
Power production equipment	4.4%	5,221	10,441
Power operated equipment	7.5%	474,876	45,324
Tools, shop, and garage equipment	5.8%	960,270	67,403
Stores equipment	5.8%	40,650	-
Transportation equipment	13.3%	1,785,833	285,221
Communication equipment	15.0%	56,785	1,250
Office furniture & equipment	26.7%	168,987	11,786
Office computers	5.8%	3,074,372	348,586
		37,614,681	3,144,498
Lake Michigan Supply System			
Land	---	-	-
Pumping plant structures	3.2%	1,684,188	89,761
Reservoirs and standpipes	1.9%	79,881	1,851
Water treatment structures	3.2%	8,662,762	493,491
Lake intakes	1.7%	866,719	26,166
Supply mains	1.8%	9,725,580	775,885
Transmission mains	1.3%	296,875	8,399
Electric pumping equipment	4.4%	1,393,122	166,477
Water treatment equipment			
Filtration	3.3%	7,973,863	593,512
Chlorination	6.0%	216,415	31,839
Telemetry equipment - SCADA	9.2%	743,254	104,081
Tools and work equipment	5.8%	48,601	3,072
Laboratory equipment	5.8%	32,799	-
Communication equipment	15.0%	134,489	46,229
Office furniture & equipment	5.8%	11,783	-
Office computers	26.7%	18,812	-
Power production equipment	4.4%	1,217,962	70,887
		33,107,105	2,411,650
Total		\$ 70,721,786	\$ 5,556,148

2016 Salvage Proceeds	2016 Retirements	Accumulated Depreciation 12/31/16	Asset Cost 12/31/16	Net Book Value 12/31/16
\$ -	\$ -	\$ -	\$ 264,966	\$ 264,966
-	-	2,355,405	3,545,931	1,190,526
-	-	2,157,805	4,484,500	2,326,695
-	-	542,262	719,543	177,281
-	-	1,493,127	2,525,366	1,032,239
-	-	2,835	2,835	-
-	-	1,953,470	4,922,017	2,968,547
-	(149,502)	11,867,229	70,214,151	58,346,922
5,982	(36,807)	6,769,250	15,082,154	8,312,904
4,769	(143,938)	2,212,208	8,033,406	5,821,198
683	(48,744)	2,114,811	7,776,986	5,662,175
-	-	185,467	185,467	-
-	-	190,736	190,736	-
-	(5,500)	1,204,512	1,360,569	156,057
-	-	15,662	237,309	221,647
-	-	520,200	604,324	84,124
22,581	(70,821)	979,433	1,194,564	215,131
-	-	40,650	40,650	-
-	-	2,071,054	2,266,006	194,952
-	-	58,035	58,035	-
-	(110,466)	70,307	143,220	72,913
-	-	3,422,958	3,422,958	-
34,015	(565,778)	40,227,416	127,275,693	87,048,277
-	-	-	259,723	259,723
-	-	1,773,949	2,805,052	1,031,103
-	-	81,732	97,448	15,716
-	-	9,156,253	15,418,758	6,262,505
-	-	892,885	1,539,207	646,322
-	-	10,501,465	43,114,197	32,612,732
-	-	305,274	646,048	340,774
-	-	1,559,599	3,783,567	2,223,968
-	(152,562)	8,414,813	18,161,487	9,746,674
-	(14,959)	233,295	341,442	108,147
-	-	847,335	1,229,123	381,788
-	-	51,673	52,965	1,292
-	-	32,799	32,799	-
-	-	180,718	321,656	140,938
-	-	11,783	11,783	-
-	-	18,812	18,812	-
-	-	1,288,849	1,612,314	323,465
-	(167,521)	35,351,234	89,446,381	54,095,147
\$ 34,015	\$ (733,299)	\$ 75,578,650	\$ 216,722,074	\$ 141,143,424

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
2017	\$ 43,890,000	\$ 2,270,000	5.00%	\$ 1,861,425	\$ 4,131,425
2018	41,620,000	2,385,000	5.00%	1,747,925	4,132,925
2019	39,235,000	2,500,000	5.00%	1,628,675	4,128,675
2020	36,735,000	2,630,000	5.00%	1,503,675	4,133,675
2021	34,105,000	2,760,000	5.00%	1,372,175	4,132,175
2022	31,345,000	2,895,000	5.00%	1,234,175	4,129,175
2023	28,450,000	3,045,000	5.00%	1,089,425	4,134,425
2024	25,405,000	3,200,000	5.00%	937,175	4,137,175
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, 2020, 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
2017	\$ 12,630,000	\$ 740,000	2.00%	\$ 370,275	\$ 1,110,275
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, 2024, at par plus accrued interest.

STATISTICAL SECTION

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.	59-66
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.	67
Revenue Capacity These schedules present information to help the reader assess the Water Utility's most significant revenue source, water sales.	68-77
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.	78-79
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.	80-98

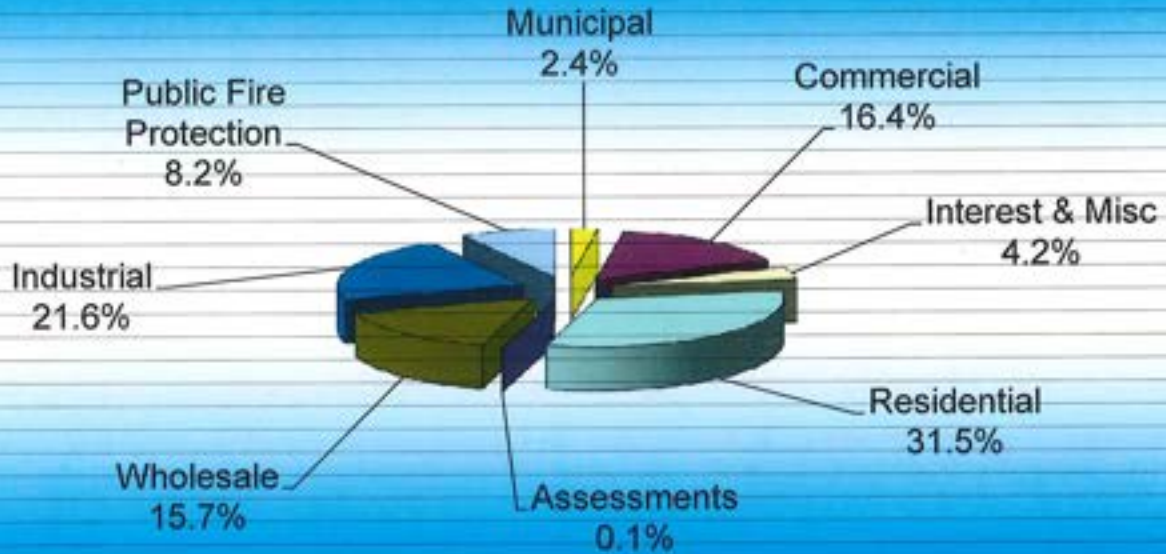
Sources:

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

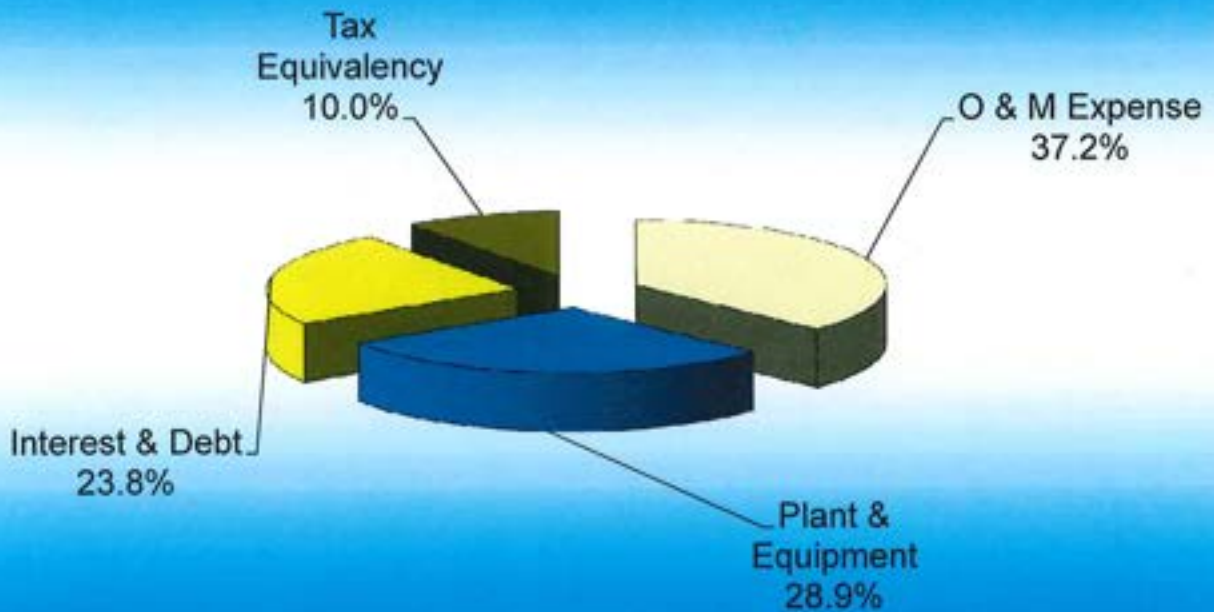
**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

CASH FLOW BREAKDOWN
FOR THE YEAR ENDED DECEMBER 31, 2016

2016 DOLLARS RECEIVED



2016 DOLLARS PAID OUT



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

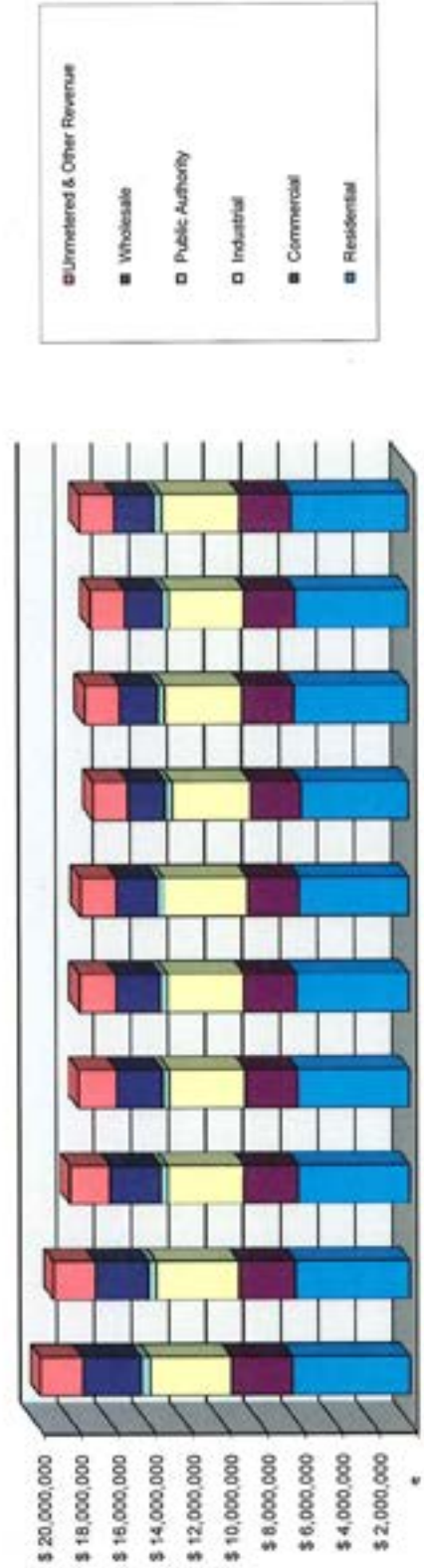
CHANGES IN NET POSITION - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating Revenues										
Metered sales - Residential	\$ 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	\$ 6,263,955
Metered sales - Commercial	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	2,800,245
Metered sales - Industrial	4,323,113	4,373,034	4,057,829	4,050,376	4,071,939	4,458,945	4,162,919	4,130,579	4,009,314	4,139,096
Public authority sales	477,730	438,716	382,658	371,861	383,324	339,217	341,035	369,699	369,535	386,316
Metered sales - Wholesale	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	2,174,373
Private fire protection	133,439	131,784	129,493	124,329	125,895	124,427	121,067	117,477	111,346	111,448
Public fire protection	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	1,323,087
Customer late payment charges	140,112	140,257	150,780	144,360	147,978	153,069	156,303	155,079	154,065	147,551
Sewer and storm water collection revenue	83,405	84,573	75,870	76,718	76,246	73,024	89,905	84,975	73,998	63,086
Other operating revenues	262,389	211,171	224,078	204,832	195,659	187,644	180,401	165,934	169,123	161,613
Total Operating Revenues	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	17,560,770
Operating Expenses										
Pumping expense	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	1,023,757
Water treatment expense	1,213,056	1,376,868	1,299,728	1,267,385	1,194,508	1,251,999	1,166,107	1,176,482	1,278,732	1,348,203
Transmission and distribution expense	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	1,400,159
Maintenance expense	988,035	735,438	889,554	1,096,146	1,268,601	587,862	633,553	937,465	621,990	553,843
Meter expense	93,275	79,170	82,579	51,051	54,949	61,266	54,778	53,729	80,376	68,329
Customers' installation expense	87,466	92,064	146,836	175,258	157,842	118,392	154,532	172,229	165,265	165,470
Customer records and collecting expense	384,069	239,631	237,924	201,434	206,801	176,157	182,243	190,151	186,604	163,458
Meter reading expense	10,202	11,253	20,462	27,972	31,313	33,842	34,837	40,379	45,616	54,314
Depreciation	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	4,003,933
Administrative and general expense	2,795,864	2,049,631	2,108,699	1,865,466	2,215,037	2,024,238	2,090,925	2,361,355	2,405,544	2,061,000
Total Operating Expenses	13,300,973	12,593,777	12,838,179	12,053,578	12,132,276	11,056,049	11,730,171	11,666,777	11,579,512	10,843,466
Operating Income	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	6,717,304
Nonoperating Revenues (Expenses)										
Interest income	181,549	177,081	239,425	287,274	294,032	309,596	326,733	373,727	621,373	733,847
Miscellaneous income	36,502	46,911	45,539	15,813	15,444	23,349	15,402	11,634	16,570	9,973
Interest expense	(2,320,992)	(2,424,537)	(2,838,129)	(2,884,083)	(3,091,531)	(3,198,572)	(3,298,272)	(3,364,597)	(3,408,058)	(3,433,902)
Tax equivalent	(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)	(1,516,364)
Amortization of debt premium	227,442	227,442	152,016	136,930	136,930	136,930	136,930	136,930	136,930	136,930
Amortization of debt discount and other assets	(180,722)	(259,760)	(263,756)	(261,387)	(261,387)	(285,684)	(295,684)	(295,684)	(295,684)	(285,684)
Total Nonoperating Revenues (Expenses)	(4,268,506)	(4,437,614)	(4,925,823)	(5,106,918)	(5,033,777)	(5,017,532)	(4,935,335)	(4,816,546)	(4,560,209)	(4,365,200)
Excess before contributions	2,244,949	2,035,678	409,019	540,582	474,197	1,497,577	231,107	834,574	876,408	2,352,104
Capital contributions	434,274	15,742	252,240	46,872	50,145	155,887	22,975	46,663	271,027	97,500
Cumulative effect of change in accounting principle	-	1,181,454	-	-	(448,970)	-	-	-	-	-
Change in Net Position	\$ 2,679,223	\$ 3,232,874	\$ 661,259	\$ 587,454	\$ 75,372	\$ 1,653,464	\$ 254,082	\$ 881,237	\$ 1,147,435	\$ 2,449,604

WATER UTILITY CITY OF GREEN BAY, WISCONSIN

OPERATING REVENUES BY SOURCE - LAST TEN YEARS

Operating Revenue:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Metered Sales:										
Residential	\$ 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	\$ 6,253,955
Commercial	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	2,800,245
Industrial	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	4,139,096
Public Authority	477,730	438,716	382,658	371,861	383,324	339,217	341,035	369,699	369,535	386,316
Wholesale	3,150,957	2,851,616	2,717,066	2,460,738	2,417,579	2,211,718	2,009,115	2,069,956	2,007,151	2,174,373
Total Metered Sales	17,545,693	16,850,387	16,040,380	15,678,293	15,732,776	15,673,753	15,025,569	15,471,414	15,182,257	15,753,965
Private Fire Protection	133,439	131,784	129,493	124,329	125,895	124,427	121,067	117,477	111,346	111,448
Public Fire Protection	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	1,323,087
Customer Late Payment Charges	140,112	140,257	150,780	144,360	147,978	153,069	156,303	155,079	154,065	147,551
Sewer Collection Revenue	83,405	84,573	75,870	76,718	76,246	73,024	89,905	84,975	73,996	63,086
Other Operating Revenues	262,389	211,171	224,078	204,632	195,659	187,644	180,401	165,934	169,123	161,613
Total Operating Revenue	\$ 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	\$ 17,560,770

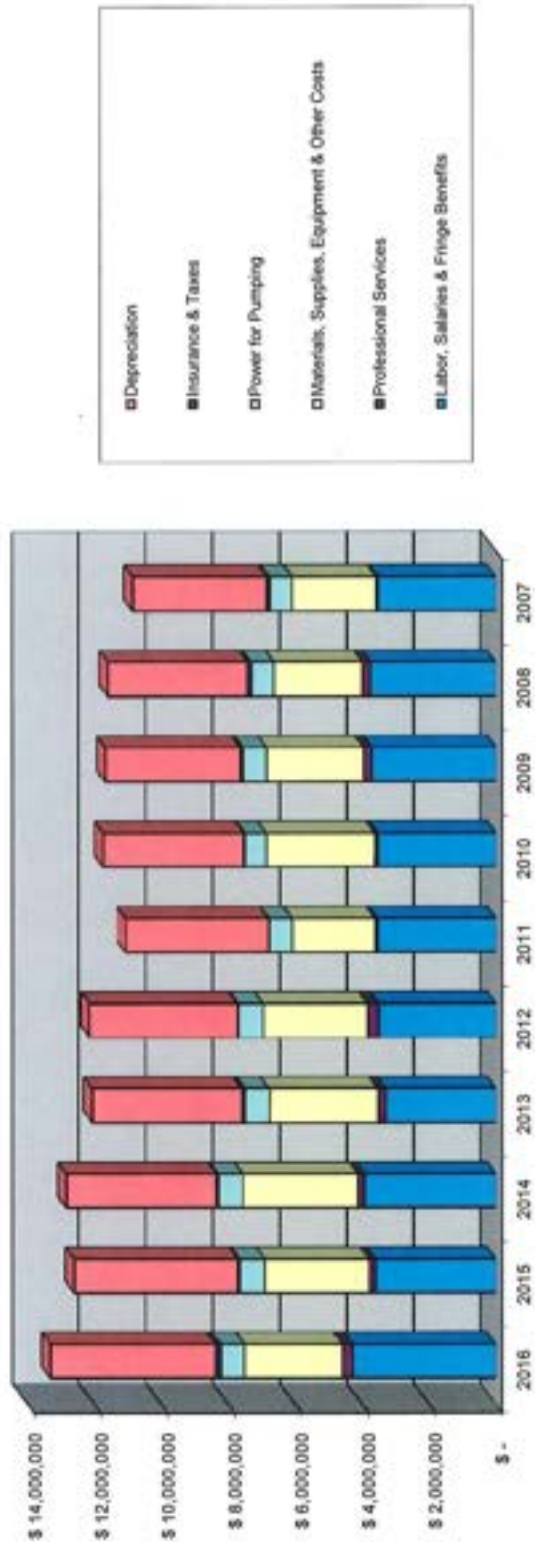


**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

OPERATING EXPENSES BY OBJECT - LAST TEN YEARS

Operating Expense Object:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Labor, Salaries and Fringe Benefits	\$ 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	\$ 3,514,176
Professional Services	330,185	198,080	193,794	238,453	342,539	77,703	106,874	250,564	250,433	72,207
Materials, Supplies, Equipment and Other Costs (1)	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	2,492,994
Power for Pumping	724,700	756,644	727,674	717,700	734,040	692,057	623,122	689,570	684,698	669,539
Insurance and Taxes	142,051	51,190	66,305	105,409	36,037	22,895	48,558	88,463	108,654	90,617
Operating Expenses before Depreciation	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	6,839,533
Depreciation	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	4,003,933
Total Operating Expenses	\$ 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	\$ 10,843,466

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



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

NONOPERATING REVENUES AND EXPENSES - LAST TEN YEARS

	<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>	<u>2007</u>
Interest income	\$181,549	\$177,081	\$239,425	\$287,274	\$294,032	\$309,596	\$326,733	\$373,727	\$621,373	\$733,847
Miscellaneous income	36,502	46,911	45,539	15,813	15,444	23,349	15,402	11,634	16,570	9,973
Interest expense	(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)	(3,433,902)
Tax equivalent	(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)	(1,516,364)
Amortization of debt premium	227,442	227,442	152,016	136,930	136,930	136,930	136,930	136,930	136,930	136,930
Amortization of debt discount and other assets	(180,722)	(259,780)	(263,756)	(261,387)	(261,387)	(295,684)	(295,684)	(295,684)	(295,684)	(295,684)
Total Nonoperating Revenues and (Expenses)	(\$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)	(\$4,365,200)

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

CAPITAL CONTRIBUTIONS BY SOURCE - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Special assessments billed on water mains installed	\$ 62,236	\$ -	\$ 91,911	\$ 28,638	\$ 6,713	\$ 178	\$ -	\$ 14,359	\$ 78,918	\$ 73,836
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	23,664
Total special assessments billed	69,292	15,742	162,759	46,872	44,954	43,941	13,300	46,663	131,436	97,500
Federal grant - Homeland Security	-	-	-	-	-	-	-	-	139,591	-
Developers' contributions of new subdivision mains & laterals	364,982	-	89,481	-	5,191	111,946	9,675	-	-	-
Total capital contributions billed	\$ 434,274	\$ 15,742	\$ 252,240	\$ 46,872	\$ 50,145	\$ 155,887	\$ 22,975	\$ 46,663	\$ 271,027	\$ 97,500
Total capital contributions collected	\$ 434,274	\$ 15,742	\$ 252,240	\$ 46,872	\$ 50,145	\$ 155,887	\$ 22,975	\$ 46,663	\$ 271,027	\$ 97,500

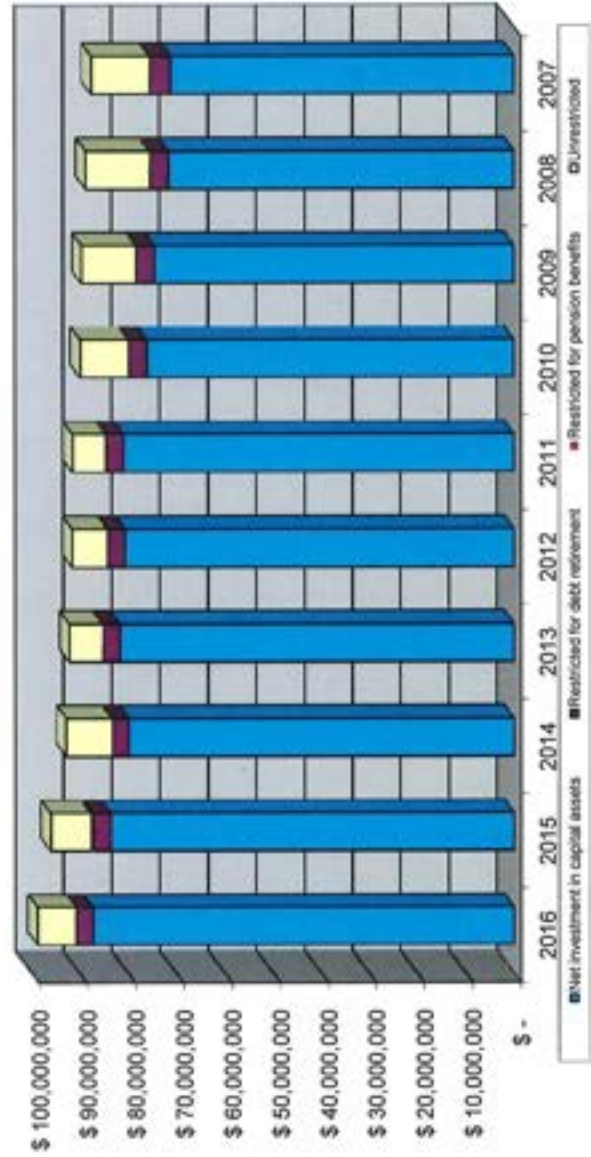
Note: Total special assessments billed consists mainly of special assessments installments placed on the City's tax roll. The City reimburses the Water Utility within 30 days of being invoiced by the Utility and then records the assessments on the City's financial statements as a receivable.

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

NET POSITION BY COMPONENT - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$ 87,255,977	\$ 83,599,544	\$ 79,864,867	\$ 81,704,282	\$ 80,606,564	\$ 80,871,378	\$ 76,060,280	\$ 74,428,893	\$ 71,571,508	\$ 71,033,824
Restricted for debt retirement	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	4,480,726
Restricted for pension benefits	-	585,000	-	-	-	-	-	-	-	-
Restricted for lead service replacement	5,998	-	-	-	-	-	-	-	-	-
Unrestricted	7,980,947	8,355,600	9,526,447	6,894,112	7,318,099	6,894,738	9,972,795	11,277,931	13,204,385	12,056,706
Total Net Position	\$ 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	\$ 87,571,256

Net Position by Component



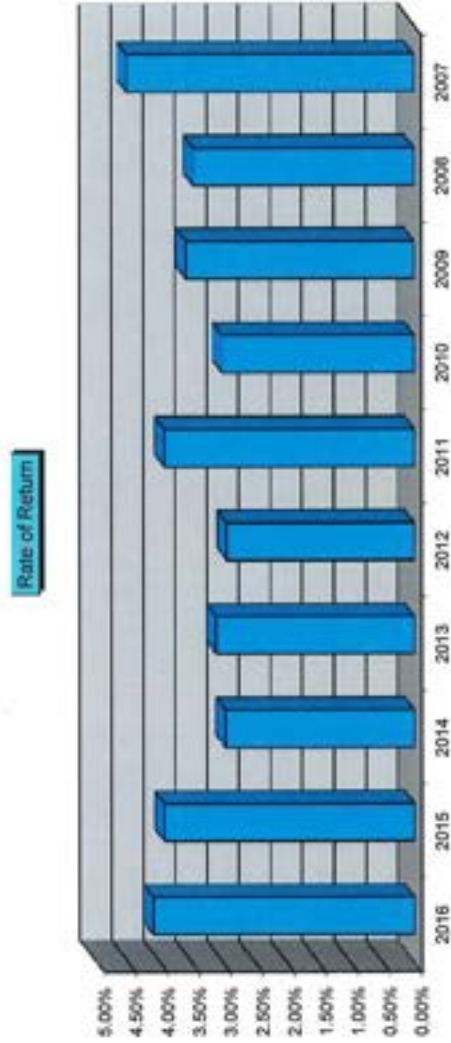
**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Utility plant in service - average	\$ 189,321,489	\$ 184,349,217	\$ 181,083,519	\$ 178,939,268	\$ 176,604,649	\$ 172,480,167	\$ 165,939,347	\$ 161,323,949	\$ 159,231,610	\$ 157,144,296
Less: Accum deprec - average	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	33,314,032
Plus: Materials & supplies - average	474,328	485,932	470,320	430,643	407,089	427,543	414,375	403,631	436,835	445,031
Less: Regulatory liability - average (2)	1,510,069	1,711,411	1,912,753	2,114,096	2,315,438	2,516,781	2,718,123	2,919,466	3,120,808	3,322,151
Average Net Rate Base	\$ 122,003,979	\$ 120,854,268	\$ 121,028,131	\$ 122,421,833	\$ 123,519,066	\$ 122,642,178	\$ 119,295,491	\$ 119,233,408	\$ 119,542,239	\$ 120,953,144
Operating Income (1)	\$ 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	\$ 5,474,220
Actual Rate of Return	4.11%	3.94%	2.96%	3.11%	2.94%	3.93%	3.02%	3.59%	3.48%	4.53%
PSCW Authorized Rate of Return	2.84%	2.84%	2.27%	2.77%	2.52%	2.52%	3.50%	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.

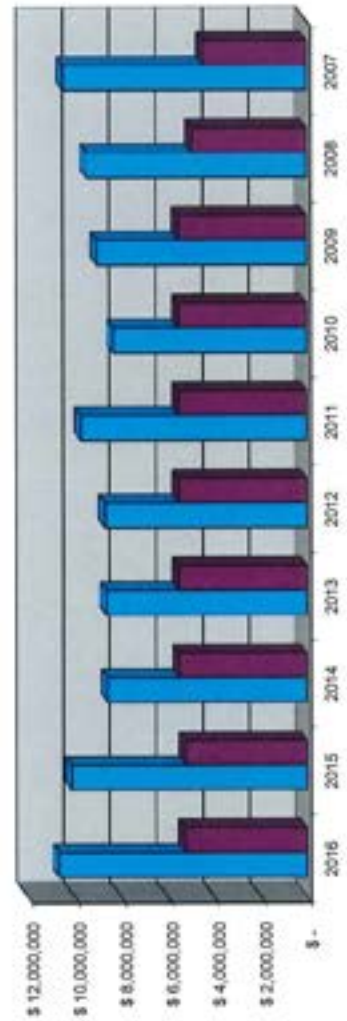


**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

REVENUE BOND COVERAGE AND DEBT RATIOS - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Income (Change in Net Position)	\$ 2,679,223	\$ 2,051,420	\$ 661,259	\$ 587,454	\$ 524,342	\$ 1,653,464	\$ 254,082	\$ 881,237	\$ 1,147,435	\$ 2,449,604
Add Back:										
Depreciation	5,556,148	5,467,420	4,805,319	4,762,185	4,796,086	4,559,253	4,471,135	4,470,331	4,594,424	4,298,299
Amortization	84,733	163,791	243,193	255,910	255,910	290,207	290,207	290,207	290,207	290,207
Interest Expense	2,320,992	2,424,537	2,838,129	2,984,093	3,091,531	3,198,572	3,298,272	3,364,597	3,408,068	3,433,902
Total Available for Debt Service	\$ 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	\$ 10,472,012
Debt Service Requirement:										
Principal	\$ 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	\$ 1,000,000
Interest	2,320,992	2,424,537	2,838,129	2,984,093	3,091,531	3,198,572	3,298,272	3,364,597	3,408,068	3,433,902
Total Debt Service Requirement	\$ 5,225,992	\$ 5,214,537	\$ 5,478,129	\$ 5,514,093	\$ 5,511,531	\$ 5,513,572	\$ 5,513,272	\$ 5,519,597	\$ 4,938,068	\$ 4,433,902
Coverage	2.04	1.94	1.56	1.56	1.57	1.76	1.51	1.63	1.91	2.36
Debt Ratio:										
Total Liabilities	\$ 63,641,807	\$ 66,060,315	\$ 68,092,234	\$ 70,211,552	\$ 73,023,076	\$ 77,676,120	\$ 79,688,362	\$ 81,624,508	\$ 83,729,210	\$ 84,658,448
Total Assets	\$ 161,173,139	\$ 161,529,710	\$ 160,923,793	\$ 162,381,852	\$ 164,605,922	\$ 163,725,610	\$ 169,542,372	\$ 171,224,436	\$ 172,447,901	\$ 172,238,704
Debt Ratio Percentage	39.49%	40.90%	42.31%	43.24%	44.36%	47.44%	47.00%	47.67%	48.55%	49.16%
Revenue bonds outstanding at year-end ⁽¹⁾	\$ 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	\$ 77,184,692
Outstanding debt per capita	\$ 543.59	\$ 571.83	\$ 600.03	\$ 626.58	\$ 649.96	\$ 667.67	\$ 689.63	\$ 713.21	\$ 729.33	\$ 742.02
Outstanding debt per customer	\$ 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	\$ 2,139.03

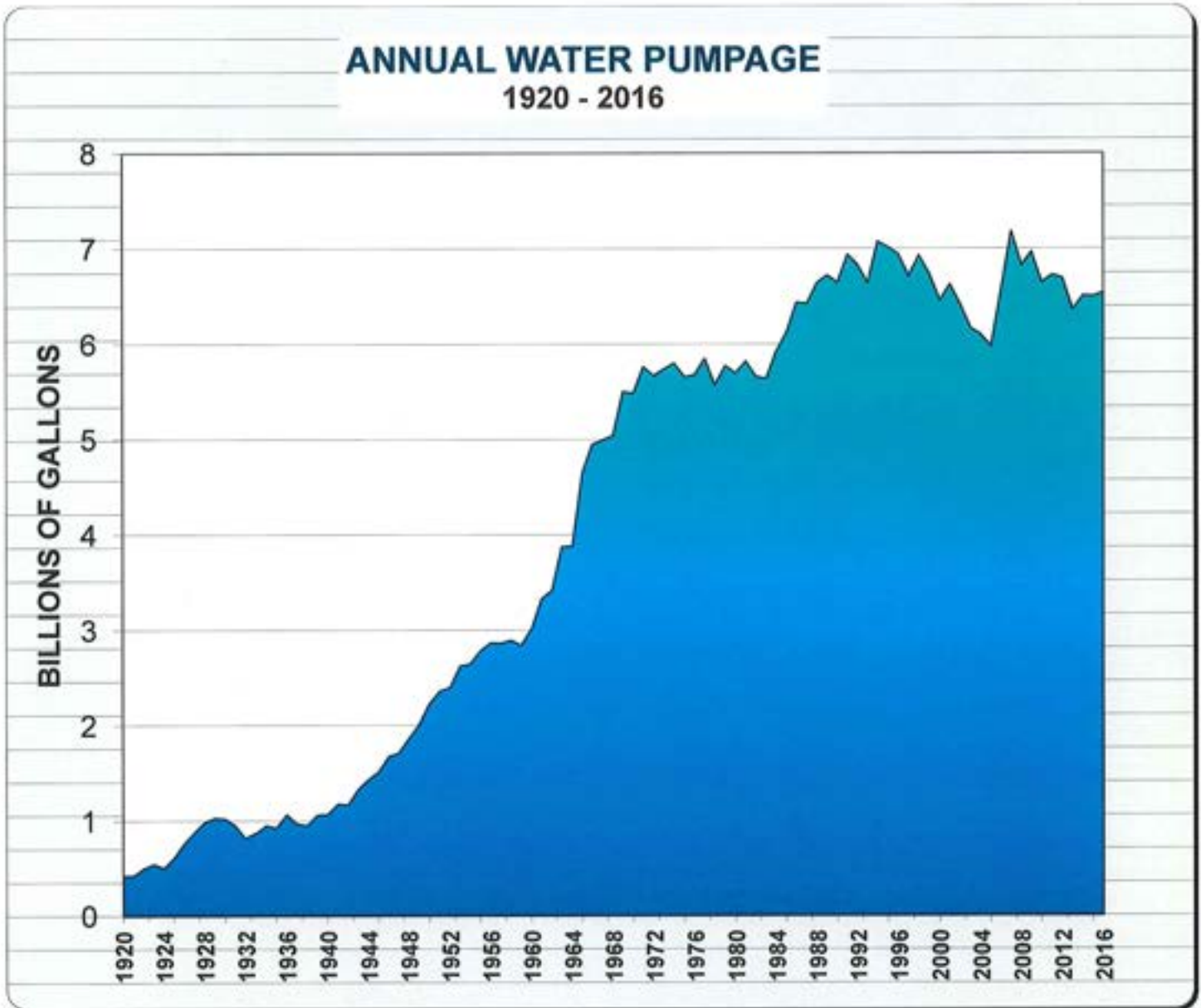
(1) - net of related premiums, discounts and adjustments



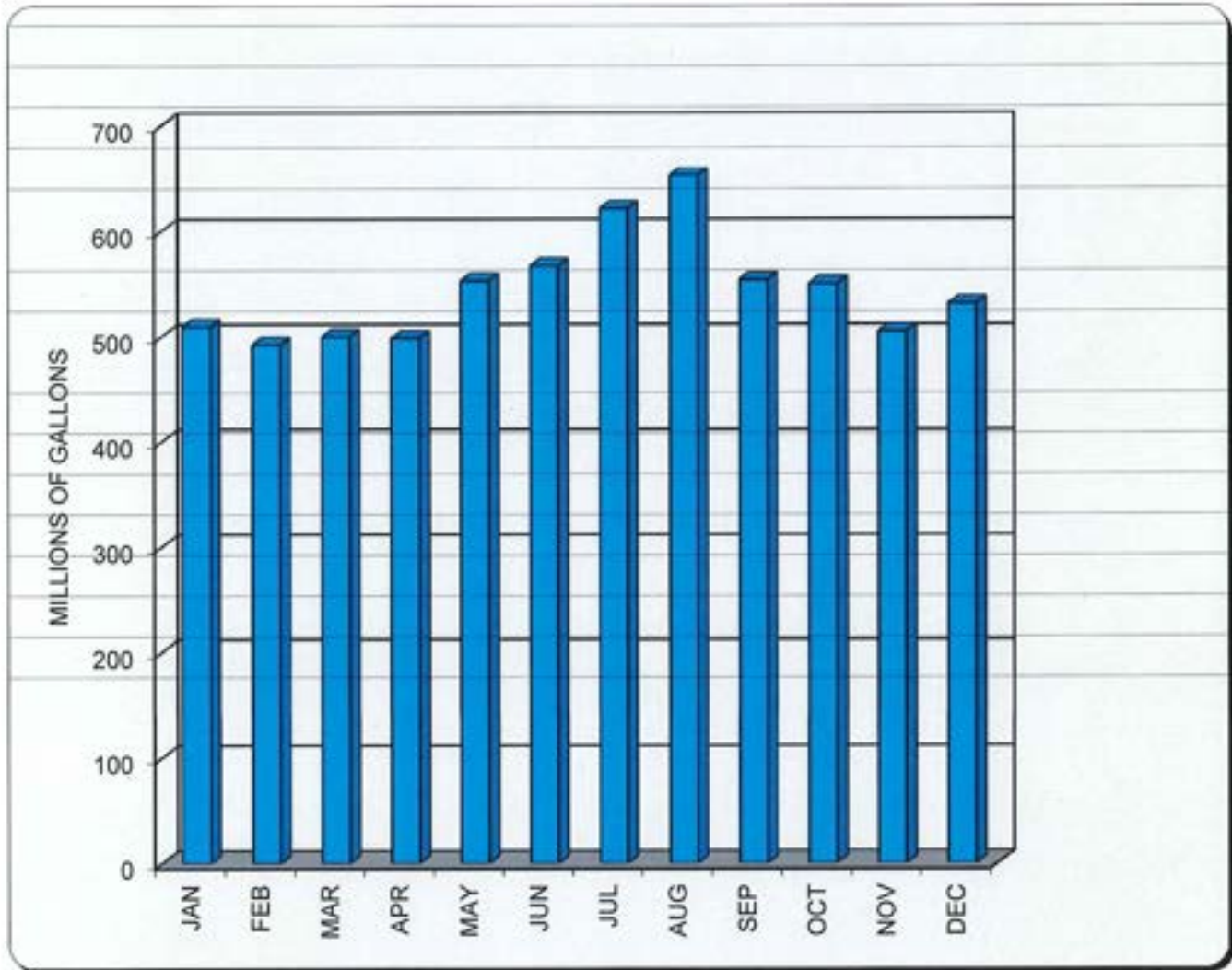
**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN**

ANNUAL WATER PUMPAGE

2012	6,690,099,000 gallons
2013	6,361,641,000 gallons
2014	6,504,339,000 gallons
2015	6,498,045,000 gallons
2016	6,537,120,000 gallons



**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
MONTHLY WATER PUMPAGE
2016**



2016 Pumpage - Lake Michigan-----	6,535,499,000 Gallons
- Wells-----	1,118,000 Gallons
- Water Purchased from Town of Scott-----	503,000 Gallons

2016 Average Daily Pumpage-----	17,861,000 Gallons
2016 Highest Daily Pumpage, August 10, 2016-----	27,370,000 Gallons
2016 Lowest Daily Pumpage, March 27, 2016-----	12,719,000 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**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Gallons produced	6,537,120	6,498,045	6,504,339	6,361,641	6,690,099	6,722,466	6,647,326	6,966,338	6,827,228	7,181,598
Gallons sold	(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)	(6,652,553)
Gallons used for production and lost due to system leaks	(159,351)	(192,243)	(362,872)	(91,959)	(98,385)	(70,215)	(86,857)	(109,170)	(99,330)	(99,832)
Gallons produced and unaccounted for	499,495	333,127	186,989	173,871	198,715	251,294	287,190	373,498	414,680	429,213
Percent unaccounted for	7.64%	5.13%	2.87%	2.73%	2.97%	3.74%	4.32%	5.36%	6.07%	5.96%
Maximum day pumpage	27,370	27,772	24,911	25,913	28,398	26,056	25,135	27,678	25,919	30,281
Date of maximum pumpage	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	8/2/07
Minimum day pumpage	12,719	13,395	12,206	12,996	13,300	12,219	13,518	14,519	13,831	13,887
Date of minimum pumpage	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	12/25/07
Total KWH used for pumping	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	11,648,504

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

WATER RATES - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Monthly Meter Charge:										
5/8" & 3/4"	\$ 5.25	\$ 5.25	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
1"	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	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
2"	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	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00
4"	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	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00
8"	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	11/5/15		3/6/13						
Water billing rate per 1,000 gallons:										
First 25,000 gallons per month	\$ 3.03	\$ 3.03	\$ 2.91	\$ 2.75	\$ 2.61	\$ 2.61	\$ 2.61	\$ 2.51	\$ 2.51	\$ 2.51
Next 350,000 gallons per month	2.91	2.91	2.65	2.46	2.31	2.31	2.31	2.23	2.23	2.23
Usage over 375,000 gallons per month	2.21	2.21	2.07	1.90	1.75	1.75	1.75	1.68	1.68	1.68
Effective date of rate change	11/5/15	11/5/15	7/15/14	3/6/13			11/1/10			1/1/07
Monthly Public Fire Protection Charge:										
5/8" & 3/4"	\$ 2.97	\$ 2.97	\$ 2.97	\$ 2.75	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.40	\$ 2.40	\$ 2.40
1"	7.40	7.40	7.40	6.90	6.20	6.20	6.20	6.00	6.00	6.00
1 1/2"	14.90	14.90	14.90	13.80	12.40	12.40	12.40	12.00	12.00	12.00
2"	23.80	23.80	23.80	22.10	19.80	19.80	19.80	19.20	19.20	19.20
3"	44.50	44.50	44.50	41.30	37.00	37.00	37.00	36.00	36.00	36.00
4"	74.00	74.00	74.00	68.80	62.00	62.00	62.00	60.00	60.00	60.00
6"	148.00	148.00	148.00	137.60	124.00	124.00	124.00	120.00	120.00	120.00
8"	237.00	237.00	237.00	220.10	198.00	198.00	198.00	192.00	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 - 2016

Classification	Gallons	\$ Revenue	Average Number of Customers Billed	Average Daily Consumption Per Customer
Residential-Owner Occupied	971,044,714	\$ 4,343,598	22,379	119 Gallons
Residential-1 & 2 Unit Apartment	447,625,004	1,960,644	9,648	127 Gallons
Restaurant	43,474,186	144,570	127	935 Gallons
Commercial	966,127,968	3,145,081	3,379	781 Gallons
Industrial	1,877,118,043	4,323,113	172	29,818 Gallons
Municipal	157,943,506	477,730	222	1,944 Gallons
Wholesale	1,414,940,227	3,150,957	4	---
Private Fire Protection	---	133,439	456	---
Public Fire Protection	---	1,647,390	---	---
Customer Late Payment Penalties	---	140,112	---	---
Sewer Collection Revenue	---	83,405	---	---
Other Operating Revenue	---	262,389	---	---
Totals	<u>5,878,273,648</u>	<u>\$ 19,812,428</u>	<u>36,387</u>	



WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
USAGE SCHEDULE OF THE CURRENT TWELVE LARGEST CONSUMERS
For the Years Ended December 31, 2016 and 2015

Name of Customer	Gallons Used		Increase (Decrease)
	2016	2015	
Village of Ashwaubenon	1,257,795,660	1,218,214,492	39,581,168
Georgia Pacific	437,457,014	480,542,704	(43,085,690)
Procter & Gamble Paper Products	391,337,301	536,928,836	(145,591,535)
Packerland Packing	311,816,688	309,716,147	2,100,541
American Foods	239,755,415	224,389,521	15,365,894
Bay Valley Foods	195,065,796	169,935,726	25,130,070
Green Bay Packaging	167,658,164	153,416,850	14,241,314
Village of Hobart	96,168,116	96,363,449	(195,333)
Bellin Hospital	54,283,669	44,423,114	9,860,555
Aurora Bay Care Medical	46,799,196	42,158,679	4,640,517
Town of Scott	41,673,324	46,042,392	(4,369,068)
St. Vincent Hospital	<u>35,981,725</u>	<u>33,574,930</u>	<u>2,406,795</u>
Totals	<u>3,275,792,068</u>	<u>3,355,706,840</u>	<u>(79,914,772)</u>
Percentage of Metered Water	55.73%	56.18%	(0.46%)

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

Name of Customer	2016		2015		2014		2013		2012	
	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue
Village of Ashwaubenon	\$ 2,804,817	14.16%	\$ 2,562,371	13.44%	\$ 2,420,081	13.32%	\$ 2,177,423	12.30%	\$ 2,157,758	12.23%
Georgia Pacific (formerly Fort James)	1,004,411	5.07%	1,040,061	5.45%	967,245	5.32%	1,002,521	5.66%	1,051,940	5.96%
Procter & Gamble Paper	892,735	4.51%	1,144,229	6.00%	1,086,662	5.98%	1,055,999	5.97%	1,189,974	6.75%
Packerland Packing	707,612	3.57%	665,163	3.49%	615,100	3.38%	612,415	3.46%	661,736	3.18%
American Foods	559,195	2.82%	495,649	2.60%	447,006	2.46%	427,416	2.41%	411,317	2.33%
Bay Valley Foods (formerly Dean Pickle)	436,784	2.20%	360,751	1.89%	290,177	1.60%	225,637	1.27%	232,763	1.32%
Green Bay Packaging	393,515	1.99%	342,048	1.79%	297,661	1.64%	276,827	1.56%	258,445	1.47%
Village of Hobart	214,450	1.08%	202,109	1.06%	204,814	1.13%	192,467	1.09%	183,400	1.04%
Bellin Hospital	142,146	0.72%	112,657	0.59%	105,162	0.58%	97,775	0.55%	93,218	0.53%
Aurora Bay Care Medical	128,794	0.65%	110,622	0.58%	123,184	0.68%				
Wisc Public Service Corp			97,450	0.51%	128,392	0.71%	147,874	0.84%	129,744	0.74%
St. Vincent Hospital	96,617	0.49%					98,234	0.55%	101,732	0.58%
Town of Scott	90,876	0.46%	87,136	0.46%	92,191	0.51%	90,849	0.51%	76,420	0.43%
Schreiber Foods										
Univ of Wisc - Green Bay										
Totals	\$ 7,471,952	37.71%	\$ 7,220,246	37.87%	\$ 6,777,675	37.30%	\$ 6,405,437	36.19%	\$ 6,448,447	36.56%

Name of Customer	2011		2010		2009		2008		2007	
	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue	Amount	% of Oper Revenue
Village of Ashwaubenon	\$ 2,029,400	11.55%	\$ 1,920,189	11.36%	\$ 1,977,753	11.42%	\$ 1,909,352	11.22%	\$ 2,096,522	11.94%
Georgia Pacific (formerly Fort James)	928,516	5.28%	904,538	5.35%	891,309	5.15%	896,271	5.27%	1,035,311	5.90%
Procter & Gamble Paper	1,455,966	8.29%	1,357,708	8.04%	1,434,883	8.29%	1,292,494	7.60%	1,119,166	6.37%
Packerland Packing	611,492	3.48%	564,653	3.34%	511,536	2.95%	522,324	3.07%	592,705	3.38%
American Foods	418,636	2.38%	432,738	2.56%	428,672	2.48%	414,695	2.44%	413,666	2.36%
Bay Valley Foods (formerly Dean Pickle)	206,064	1.17%	195,624	1.16%	210,343	1.21%	183,875	1.08%	222,859	1.27%
Green Bay Packaging	444,193	2.53%	299,879	1.77%	244,125	1.41%	265,800	1.56%	269,042	1.65%
Village of Hobart	100,249	0.57%								
Bellin Hospital	94,317	0.54%	100,583	0.60%	99,734	0.58%	92,405	0.54%	89,710	0.51%
Aurora Bay Care Medical										
Wisc Public Service Corp	163,595	0.93%	180,234	1.07%	167,056	0.96%	185,703	1.09%	209,680	1.19%
St. Vincent Hospital	90,705	0.52%	85,168	0.50%	89,837	0.52%	87,545	0.51%	86,920	0.49%
Town of Scott	82,069	0.47%	88,926	0.53%	92,203	0.53%	97,799	0.57%	77,851	0.44%
Schreiber Foods							78,455	0.48%		
Univ of Wisc - Green Bay			66,422	0.39%	81,873	0.47%			91,457	0.52%
Totals	\$ 6,625,202	37.70%	\$ 6,196,662	36.67%	\$ 6,229,324	35.97%	\$ 6,026,718	35.42%	\$ 6,324,909	36.02%

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

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

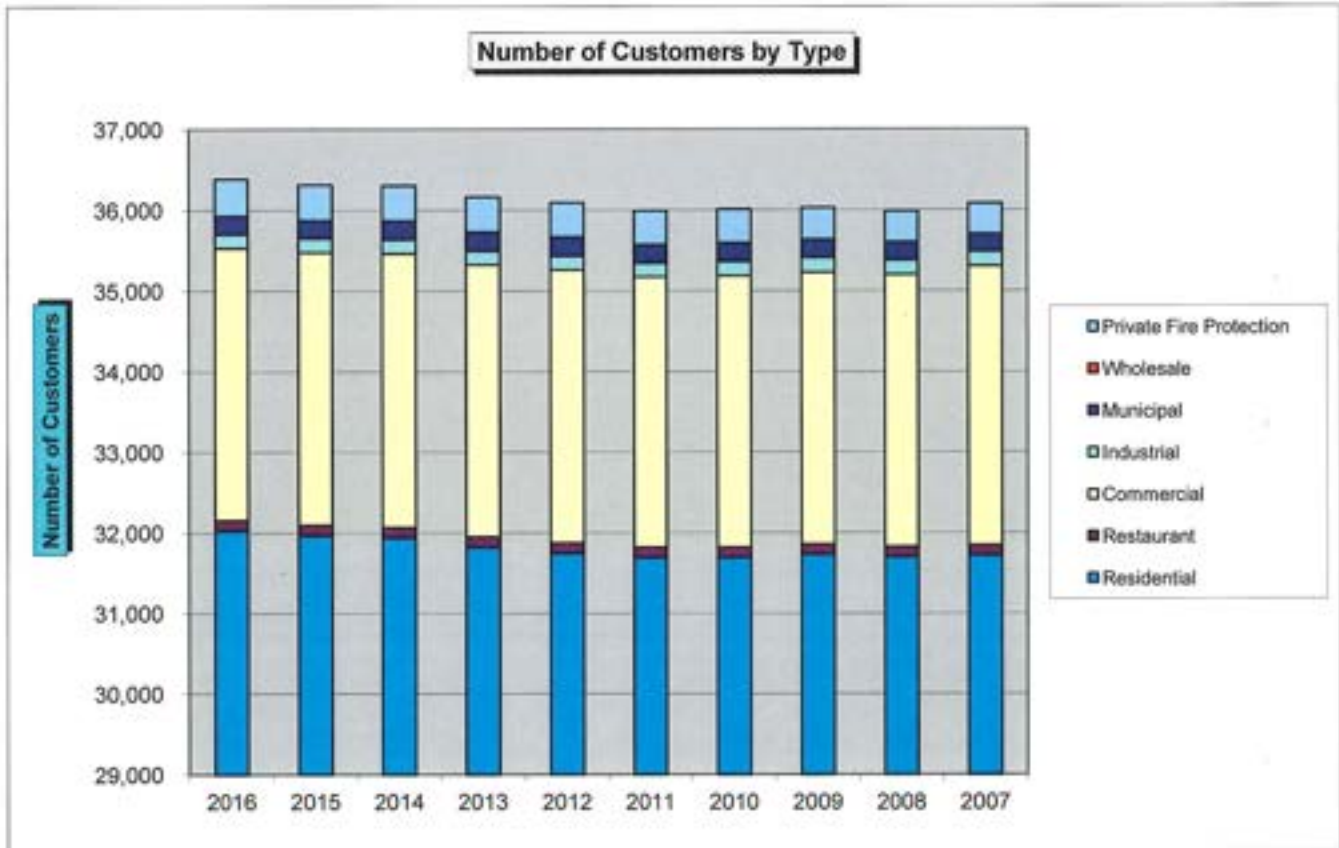
Name of Customer	2016			
	Amount	% of Oper Revenue	Gallons Used	% of Water Metered
Village of Ashwaubenon	\$ 2,804,817	14.16%	1,257,795,660	21.40%
Georgia Pacific (formerly Fort James)	1,004,411	5.07%	437,457,014	7.44%
Procter & Gamble Paper Products	892,735	4.51%	391,337,301	6.66%
Packerland Packing	707,612	3.57%	311,816,688	5.30%
American Foods	559,195	2.82%	239,755,415	4.08%
Bay Valley Foods (formerly Dean Pickle)	436,784	2.20%	195,065,796	3.32%
Green Bay Packaging	393,515	1.99%	167,658,164	2.85%
Village of Hobart	214,450	1.08%	96,168,116	1.64%
Bellin Hospital	142,146	0.72%	54,283,669	0.92%
Aurora Bay Care Medical	128,794	0.65%	46,799,196	0.80%
Town of Scott	90,876	0.46%	41,673,324	0.71%
St. Vincent Hospital	96,617	0.49%	35,981,725	0.61%
Totals	\$ 7,471,952	37.71%	3,275,792,068	55.73%

Name of Customer	2007			
	Amount	% of Oper Revenue	Gallons Used	% of Water Metered
Village of Ashwaubenon	\$ 2,096,522	11.94%	1,233,810,397	18.55%
Procter & Gamble Paper Products	1,119,186	6.37%	652,801,292	9.81%
Georgia Pacific (formerly Fort James)	1,035,311	5.90%	598,101,443	8.99%
Packerland Packing	592,705	3.38%	340,750,846	5.12%
American Foods	413,666	2.36%	231,444,784	3.48%
Green Bay Packaging	289,042	1.65%	159,869,486	2.40%
Bay Valley Foods (formerly Dean Pickle)	222,859	1.27%	129,110,036	1.94%
Wisconsin Public Service Corp	209,680	1.19%	112,244,626	1.69%
Town of Scott	77,851	0.44%	46,484,460	0.70%
University of Wisc - Green Bay	91,457	0.52%	44,268,353	0.67%
Bellin Hospital	89,710	0.51%	41,398,516	0.62%
St. Vincent Hospital	86,920	0.49%	41,389,271	0.62%
Totals	\$ 6,324,909	36.02%	3,631,673,510	54.59%

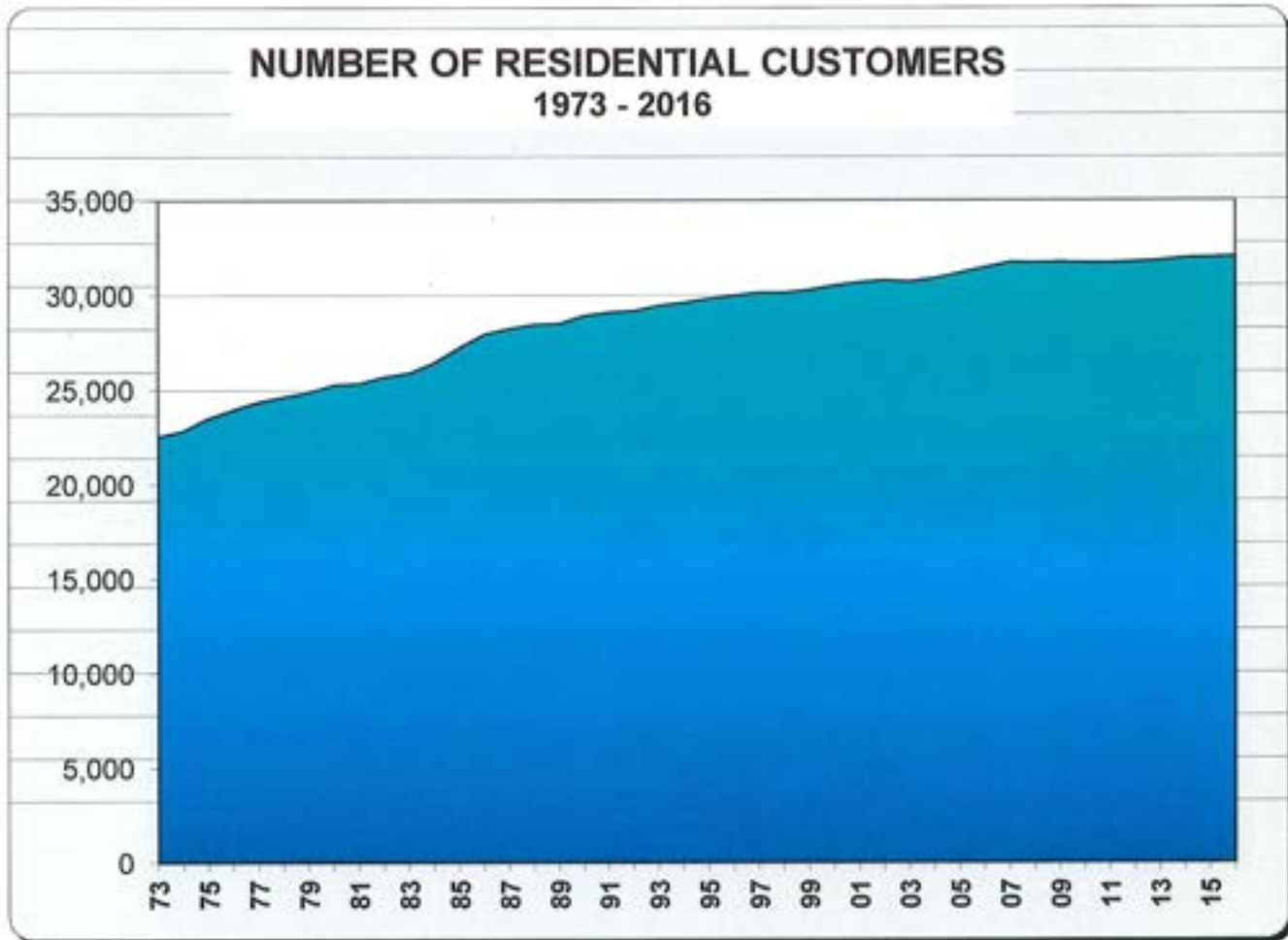
WATER UTILITY CITY OF GREEN BAY, WISCONSIN

NUMBER OF CUSTOMERS BY TYPE - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Residential	32,027	31,968	31,939	31,818	31,746	31,691	31,692	31,732	31,698	31,721
Restaurant	127	125	126	130	126	126	126	127	128	127
Commercial	3,379	3,384	3,401	3,375	3,388	3,353	3,368	3,370	3,375	3,459
Industrial	172	174	171	173	174	176	180	181	180	178
Municipal	222	220	231	232	232	223	229	223	222	219
Wholesale	4	3	3	3	3	3	2	2	2	2
Private Fire Protection	456	444	436	433	426	422	414	396	384	378
Totals	36,387	36,318	36,307	36,164	36,095	35,994	36,011	36,031	35,989	36,084



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



RESIDENTIAL CUSTOMERS

	Five Year Record				
	2016	2015	2014	2013	2012
Average Number of Customers	32,027	31,968	31,939	31,818	31,746
Average Annual Usage Per Customer (Gallons)	44,296	45,334	46,335	49,982	50,522
Average Annual Billings Per Customer	\$ 196.84	\$ 191.83	\$ 186.63	\$ 188.08	\$ 190.69
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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Population - City of Green Bay	105,079	105,051	104,710	104,300	104,275	104,250	104,057	103,500	103,950	104,020
Unemployment Rate (1) Green Bay Metropolitan Area	3.8%	4.2%	5.1%	6.2%	6.5%	7.1%	7.7%	8.3%	4.8%	4.7%
State of Wisconsin	4.1%	4.6%	5.5%	6.7%	6.9%	7.5%	8.5%	8.7%	4.9%	4.8%
Building Permits - City of Green Bay Number of New Residential Projects	112	69	67	79	48	41	42	87	58	82
Value of New Residential Projects (\$000's)	\$31,321	\$21,771	\$29,961	\$17,732	\$10,227	\$7,193	\$27,340	\$11,180	\$10,208	\$22,960
Number of Total Building Permits	2,877	2,753	2,236	2,206	2,318	2,386	2,420	2,759	890	1,029
Value of Total Building Projects (\$000's)	\$ 219,869	\$ 162,138	\$ 120,215	\$ 69,038	\$ 221,223	\$ 80,886	\$ 130,276	\$ 71,327	\$ 94,704	\$ 66,020
Personal Income - Green Bay Metro Area Total (million \$)	(2)	\$ 14,454	\$ 14,079	\$ 13,538	\$ 13,338	\$ 12,726	\$ 12,095	\$ 11,644	\$ 11,833	\$ 11,260
Per Capita	(2)	\$ 45,665	\$ 44,761	\$ 43,312	\$ 42,879	\$ 41,215	\$ 39,433	\$ 38,217	\$ 39,121	\$ 37,366

(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**

Name of Employer	2016		Type of Business
	Number of Employees	Percent of Total Metro Area Employment	
Humana	3,283	1.90%	Health insurance
Bellin Health *	2,729	1.58%	Acute care hospital
Oneida Tribe of Indians of Wisconsin	2,700	1.57%	Tribal enterprises and government
Schneider National, Inc. *	2,633	1.53%	Truck load carrier
Georgia Pacific Corporation *	2,100	1.22%	Paper & tissue products
UnitedHealthcare * (formerly American Medical Security)	2,050	1.19%	Health and life insurance
Aurora Healthcare *	2,009	1.17%	Full service medical care
St. Vincent Hospital *	1,605	0.93%	Acute care hospital
American Foods Group *	1,467	0.85%	Meat distributor
Prevea Health *	1,417	0.82%	Full service medical care
Total of Ten Largest Employers	21,993	12.76%	

Name of Employer	2007		Type of Business
	Number of Employees	Percent of Total Metro Area Employment	
Schneider National, Inc. *	3,573	2.11%	Truck load carrier
Humana	3,234	1.91%	Health insurance
Oneida Tribe of Indians of Wisconsin	2,916	1.72%	Tribal enterprises and government
Georgia Pacific Corporation *	2,800	1.65%	Paper & tissue products
Bellin Health *	1,867	1.10%	Acute care hospital
Shopko Stores, Inc. *	1,781	1.05%	Discount retail mass-merchandise
St. Vincent Hospital *	1,759	1.04%	Acute care hospital
WPS Resources *	1,611	0.95%	Natural gas and electric utility
Aurora Health Care *	1,585	0.94%	Full service hospital
United Health Group *	1,550	0.91%	Health and life insurance
Total of Ten Largest Employers	22,676	13.38%	

Green Bay metropolitan area's total labor force (2013 = 173,614, 2004 = 168,738)

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 (*).

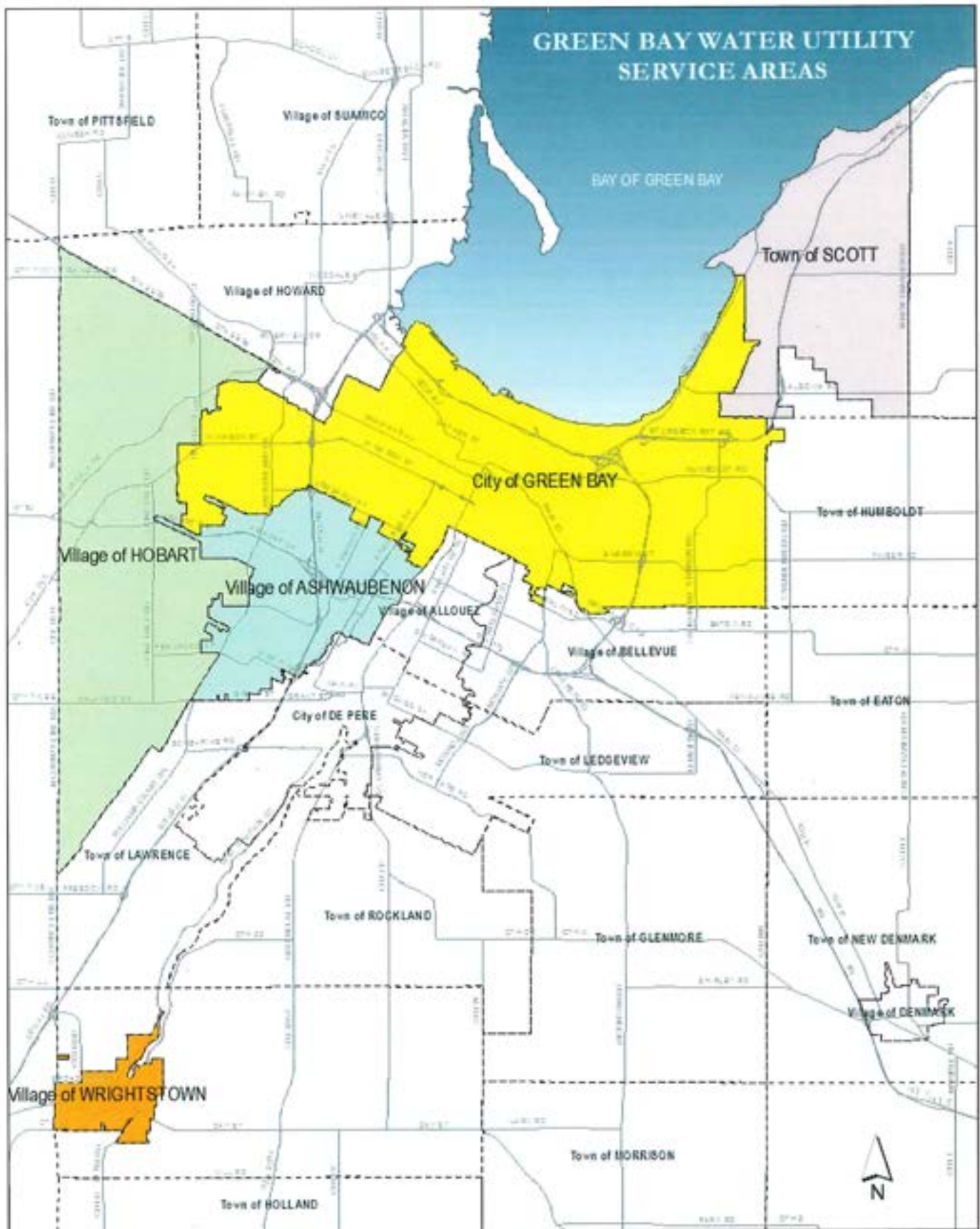
Source: Green Bay Area Chamber of Commerce

Wisconsin Department of Workforce Development

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

**CLASSIFICATION OF METERS
As of December 31, 2016**

Size	Residential & Apartment	Commercial & Restaurant	Industrial	Municipal	Wholesale	Utility Use	In Stock & Deduct	Total
5/8"	16,633	641	15	13	0	0	615	17,917
3/4"	15,238	1,044	36	8	0	0	292	16,618
1"	143	660	29	14	0	0	90	936
1 1/2"	3	648	20	18	0	0	110	799
2"	0	401	40	47	0	0	121	609
3"	0	54	9	20	0	0	37	120
4"	0	19	8	12	0	0	18	57
6"	0	2	10	2	3	0	14	31
8"	0	1	4	1	2	8	6	22
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	32,017	3,470	171	135	8	11	1,303	37,115

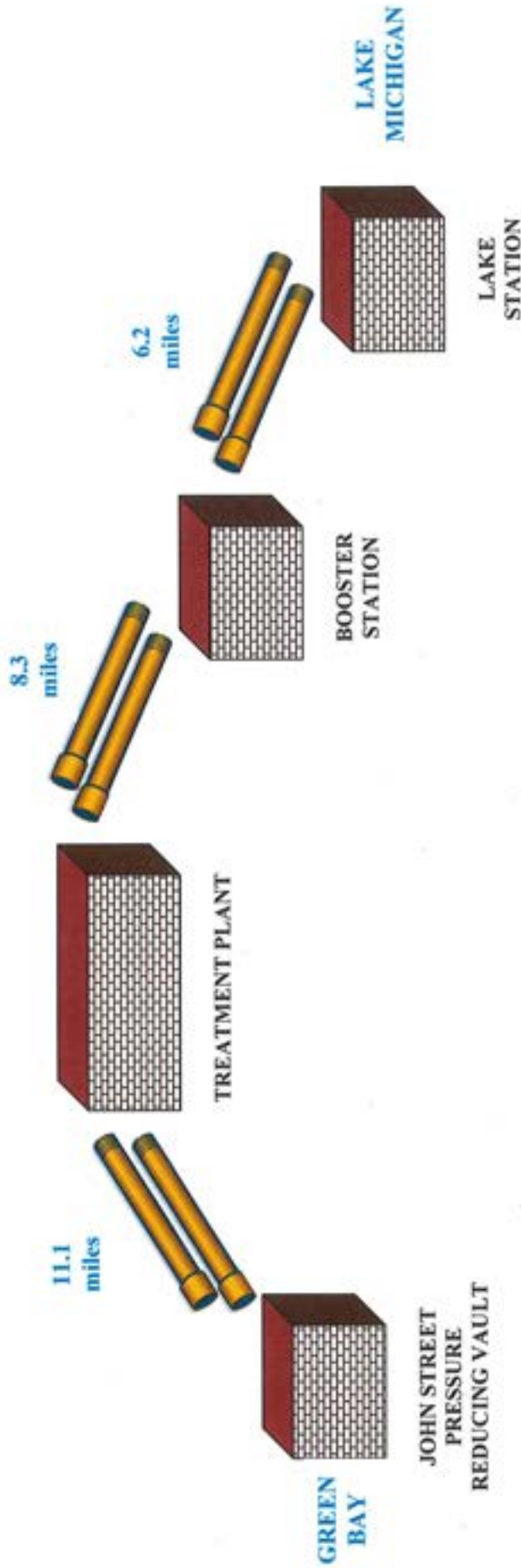


**City of Green Bay
Water Utility**

- Village of HOBART
- City of GREEN BAY
- Town of SCOTT
- Village of WRIGHTSTOWN
- Village of ASHWAUBENON

WATER UTILITY CITY OF GREEN BAY, WISCONSIN

TRANSMISSION SYSTEM FLOW DIAGRAM



Current Capacity (Million Gallons/Day)	Two 36" Mains		Filter Plant				42" & 54" Mains	Booster Pumps	42" & 54" Mains	Lake Pumps	Two 42" Intakes
	Settling	Filters	Slow Mix	Rapid Mix	Ozonation	42" & 54" Mains	*	70	70	60	60
50	42	42	42	42	42	70	*	70	60	60	60

* - 35 million gallon per day capacity booster pumps are used only if 54" main is out of service

**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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Green Bay Plant										
Land	\$ 264,966	\$ 264,174	\$ 264,174	\$ 264,174	\$ 264,174	\$ 264,174	\$ 264,174	\$ 257,758	\$ 257,758	\$ 257,758
Pumping plant structures	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	3,285,927
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	2,513,041	2,463,183	2,285,905	2,299,154	2,280,556	2,269,481	2,201,104	2,169,319	2,163,597
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	4,470,193	4,425,118	4,425,118	4,428,572	4,428,572	4,428,572	4,374,972	4,374,972
Distribution mains	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	58,293,995
Services	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	10,607,868
Meters	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	4,645,423
Hydrants	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	5,591,949
Treatment equipment	185,467	185,467	184,534	182,059	178,652	178,652	178,652	178,652	178,652	169,246
Telemetering equipment	190,736	176,881	176,881	163,531	163,531	163,531	47,150	47,150	47,150	47,150
Electric pumping equipment	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	1,224,004
Power production equipment	237,309	237,309	-	-	-	-	-	-	-	-
Power operated equipment	604,324	604,324	582,075	548,058	548,058	548,058	548,058	526,596	526,596	526,596
Tools, shop & garage equipment	1,194,564	1,129,706	1,076,945	1,038,682	956,286	894,527	886,166	754,596	744,205	737,596
Stores equipment	40,650	40,650	40,650	40,650	37,988	37,988	37,988	37,988	37,988	37,988
Transportation equipment	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	1,425,209
Communication equipment	58,035	56,785	56,785	56,785	56,785	56,785	67,664	67,664	62,626	60,432
Office furniture & computers	3,566,178	3,313,995	2,916,918	2,720,056	2,465,277	2,629,794	2,618,809	2,518,252	2,456,453	2,174,733
	127,275,693	122,695,778	118,037,562	116,874,056	114,395,501	112,958,417	108,505,235	105,407,108	103,479,756	100,831,323
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	2,788,357	2,716,857	2,716,857	2,175,165	2,154,280	2,164,280
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	15,402,598	15,402,598	15,400,813	15,335,860	15,034,561	14,990,648	14,985,625	15,024,766
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	43,114,197	43,095,218	42,795,003	42,795,003	42,795,003	42,593,662	41,055,061	40,952,055	40,817,926	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	3,783,567	3,783,567	3,783,567	3,783,567	3,780,981	3,780,981	3,768,240	971,158	957,358	957,358
Treatment equipment	18,502,929	18,157,813	18,155,719	17,739,858	17,590,852	17,578,437	17,538,105	17,517,522	17,508,145	17,598,008
Telemetering equipment	1,229,123	987,083	1,351,119	1,351,119	1,342,327	1,339,612	1,339,612	1,292,937	1,199,436	1,199,436
Tools, shop & garage equipment	52,965	52,965	52,965	52,965	52,965	52,965	33,797	33,797	33,797	33,797
Laboratory equipment	32,799	32,799	32,799	32,799	32,799	32,799	32,799	32,799	32,799	32,799
Communication equipment	321,656	305,751	106,514	106,514	106,514	106,514	106,514	100,959	1,356	1,356
Office furniture & computers	30,595	30,595	30,595	30,595	30,595	29,787	29,787	29,787	20,853	17,281
Power production equipment	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	1,372,509
	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	81,741,942
Total	\$ 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	\$ 182,573,265

**WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
SUPPLY MAINS IN SERVICE
TYPE AND SIZE IN SERVICE DECEMBER 31, 2016**

Type and Size of Main	Feet In Service Dec. 31, 2015	Added In 2016	Retired In 2016	Adjusted In 2016	Feet In Service Dec. 31, 2016
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				24,920
24" Ductile Iron	17,375				17,375
30" Prestressed Concrete	2,302			5	2,307
30" Ductile Iron	3,850				3,850
30" Steel	18				18
36" Prestressed Concrete	133,317	48	(40)		133,325
36" Ductile Iron	7,325				7,325
36" Steel	123				123
42" Prestressed Concrete	78,209				78,209
42" Steel	1,294				1,294
54" Steel	75,587				75,587
Totals	358,496	48	(40)	5	358,509

The amounts in the "Adjusted in 2016" 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	Lawe Street Crossing	1,571 ft.	36" Steel
		<u>7,078 ft.</u>	

69.2 Miles of Supply Mains in Service as of December 31, 2016

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
DISTRIBUTION AND TRANSMISSION MAINS IN SERVICE
TYPE AND SIZE IN SERVICE DECEMBER 31, 2016

DISTRIBUTION MAINS IN SERVICE DECEMBER 31, 2016

Type and Size of Main	Feet In Service Dec. 31, 2015	Added in 2016	Retired in 2016	Adjusted in 2016	Feet In Service Dec. 31, 2016
3/4" Galvanized	370		(35)		335
3/4" Lead	109		(109)		0
3/4" Copper	475		(5)		470
1" Galvanized	1,238				1,238
1" Lead	71		(71)		0
1" Copper	1,313				1,313
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	229	16			245
2" Galvanized	1,404		(153)		1,251
2" Cast Iron	9,029		(119)		8,910
2" Ductile Iron	514				514
2" Copper	3,436				3,436
2" Brass	15				15
2" Polyethylene	199	99			298
2 1/2" Galvanized	724				724
3" Cast Iron	129				129
3" Ductile Iron	106				106
4" Cast Iron	5,905		(4)		5,901
4" Ductile Iron	10,795		(41)		10,754
4" PVC	128				128
6" Phipp's Hydraulic	5,324				5,324
6" Cast Iron	488,828		(11,803)		477,025
6" Ductile Iron	98,350		(684)		98,666
6" PVC	7,450	509		22	7,981
8" Phipp's Hydraulic	1,251				1,251
8" Cast Iron	103,390			22	103,412
8" Ductile Iron	646,824		(192)		646,632
8" PVC	145,275	11,449		28	156,752
10" Cast Iron	89,770		(1,072)		88,698
10" Ductile Iron	23,881		(390)		23,491
10" PVC	521	73			594
12" Cast Iron	61,710		(5)		61,705
12" Ductile Iron	356,060		(45)		356,015
12" PVC	86,940	3,212	(33)		90,119
16" Cast Iron	27,669		(15)		27,654
16" Ductile Iron	113,853		(32)		113,821
16" Steel	12				12
16" PVC	14,208				14,208
18" Cast Iron	1,846			3	1,849
18" Ductile Iron	437				437
18" Polyethylene	783				783
20" Ductile Iron	227				227
24" Ductile Iron	566				566
Totals	2,318,034	15,358	(14,808)	75	2,318,659

The amounts in the "Adjusted in 2016" 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	Inwin Avenue Crossing	717 ft.	12" Cast Iron
		15 ft.	10" Cast Iron
		<u>4,990 ft.</u>	

Total Distribution Mains in Service December 31, 2016 2,318,659 ft.

Total River Crossing Transmission Mains in Service December 31, 2016 4,990 ft.

440.1 Miles of Distribution and Transmission Mains in Service as of December 31, 2016

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

**WATER SERVICES (LATERALS) IN SERVICE
TYPE AND SIZE IN SERVICE DECEMBER 31, 2016**

TYPE AND SIZE OF PIPE	IN SERVICE DEC. 31, 2015	ADDED IN 2016	RETIRED IN 2016	ADJUSTED IN 2016	IN SERVICE DEC. 31, 2016
3/4" Galvanized	130		(1)		129
3/4" Lead	2,251		(347)		1,904
3/4" Tubeloy (lead & copper alloy)	2				2
3/4" Copper	15,869		(120)	2	15,751
3/4" Polyethylene	9				9
1" Galvanized	9		(2)		7
1" Lead	1		(1)		0
1" Copper	12,722	71	(5)	24	12,812
1" Polyethylene	2,275	365	(1)	5	2,644
1 1/4" Galvanized	2				2
1 1/2" Galvanized	1				1
1 1/2" Copper	691		(3)		688
1 1/2" Polyethylene	52	2			54
2" Galvanized	5		(1)		4
2" Copper	616		(2)		614
2" Polyethylene	87	3	(3)	3	90
2" Cast Iron	13				13
2" Ductile Iron	1				1
3" Cast Iron	18		(1)		17
3" Ductile Iron	48				48
4" Cast Iron	30		(2)		28
4" Ductile Iron	154		(2)		152
4" PVC	38	2		1	41
4" Copper	1				1
6" Cast Iron	39				39
6" Ductile Iron	194		(2)	3	195
6" PVC	72	8			80
8" Cast Iron	8				8
8" Ductile Iron	130				130
8" PVC	69	5			74
10" Cast Iron	2				2
10" Ductile Iron	30				30
10" PVC	10	1			11
12" Cast Iron	1				1
12" Ductile Iron	16				16
12" PVC	4	2			6
16" Ductile Iron	1				1
24" Ductile Iron	1				1
Total Services	<u>35,602</u>	<u>459</u>	<u>(493)</u>	<u>38</u>	<u>35,606</u>

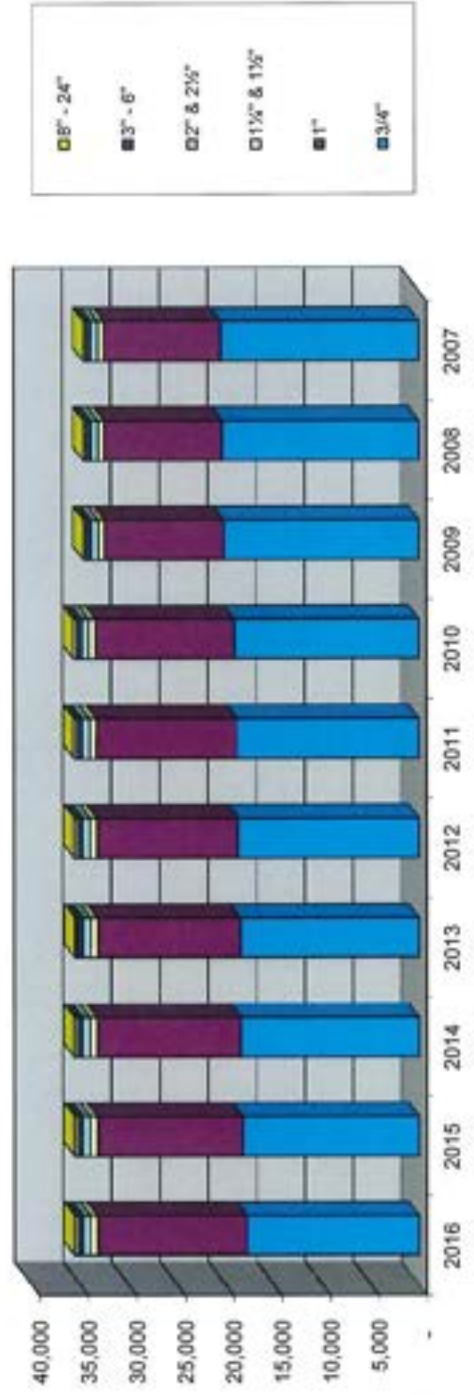
The amounts in the "Adjusted in 2016" column are due to adjusting the historical counts to actual counts as determined by the Water Utility's computerized geographic information system (GIS).

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

WATER SERVICES (LATERALS) IN SERVICE - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
3/4"	17,795	18,281	18,454	18,479	18,697	18,817	19,109	20,190	20,322	20,474
1"	15,463	15,007	14,839	14,748	14,591	14,510	14,286	12,313	12,207	12,078
1 1/4"	2	2	2	1	2	2	1	1	1	1
1 1/2"	743	744	743	743	742	746	751	647	647	648
2"	722	722	724	714	711	710	698	715	714	711
2 1/2"	-	-	-	-	-	-	-	3	3	3
3"	65	66	66	67	71	72	73	67	70	73
4"	222	223	223	221	217	216	216	206	202	200
6"	314	305	303	296	297	297	293	266	258	253
8"	212	207	205	204	203	198	195	168	167	157
10"	43	42	42	41	41	41	40	39	39	39
12"	23	21	21	21	21	23	22	22	22	22
16"	1	1	1	1	1	1	1	1	1	1
24"	1	1	1	1	1	1	-	-	-	-
Totals	35,606	35,602	35,624	35,537	35,595	35,634	35,685	34,638	34,653	34,660

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
COST DATA SUMMARY FOR 2016**

LAKE MICHIGAN PUMPING STATION

Cost Category:	Cost	Cost Per Million Gallons Pumped
Labor	\$ 114,333	\$ 17.49
Power	639,433	97.84
Chlorine	8,325	1.27
Total	<u>\$ 762,091</u>	<u>\$ 116.61</u>

FILTER PLANT

Cost Category:	Cost	Cost Per Million Gallons Treated
Labor	\$ 409,356	\$ 62.64
Power	105,654	16.17
Sodium Bisulfite	4,017	0.61
Carbon Dioxide	5,618	0.86
Hyper Ion 1050A Coagulant	117,333	17.95
Liquid Oxygen	49,216	7.53
Sodium Hypochlorite	44,622	6.83
Fluoride	29,076	4.45
Total	<u>\$ 764,893</u>	<u>\$ 117.04</u>

OTHER

Power Cost, City Wells, Boosters & Pressure Control Stations	<u>\$ 67,875</u>
Power Cost, 42" Booster - Kewaunee	<u>\$ 7,876</u>
Average Cost Per Million Gallons Delivered, 2015	<u>\$ 245.19</u>
Average Cost Per Million Gallons Delivered, 2014	<u>\$ 248.09</u>

WATER UTILITY
CITY OF GREEN BAY, WISCONSIN
COST OF NEW & RELAID DISTRIBUTION MAINS INSTALLED IN 2016

Project Location	Feet Installed	Size of Main	Total Cost	Cost Per Foot
<u>NEW SUBDIVISION DISTRIBUTION MAINS</u>				
Erie Road - 700' north to 2,000' north of Golf Drive	1,277	12"	\$179,362	\$140.46
<u>RELAID DISTRIBUTION MAINS</u>				
Caroline Street - Oak to Buchanan	1,216 77	8" 6"	208,756	161.45
Delores Street - Biemeret to Liberty	762 33	8" 6"	99,762	125.49
Elm Street - Baird to Elizabeth	12 1,537 79	16" 8" 6"	250,992	154.17
James Street - Broadway to Ashland	1,162 99	8" 6"	173,249	137.39
Louise Street - George to east end of Louise	434 142	8" 6"	85,041	147.64
Norwood Avenue - Eighth to Victory	3,123 57	8" 6"	451,366	141.94
Rockdale Street - Briquelet to St. Agnes	2,649	8"	324,154	122.37
Schwartz Street - East Mason to Edison	513 14	8" 6"	64,628	122.63

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

OPERATING AND CAPITAL INDICATORS - LAST TEN YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Miles of water mains:										
Supply mains	67.9	67.9	68.1	68.2	68.0	69.2	69.2	62.9	62.9	62.9
River crossing mains	2.3	2.3	2.3	2.3	2.3	2.3	2.7	2.0	2.0	2.0
Distribution mains	439.1	439.0	439.8	440.5	441.1	441.4	440.4	453.9	454.1	454.1
Total	509.3	509.2	510.2	511.0	511.4	512.9	512.3	518.8	519.0	519.0

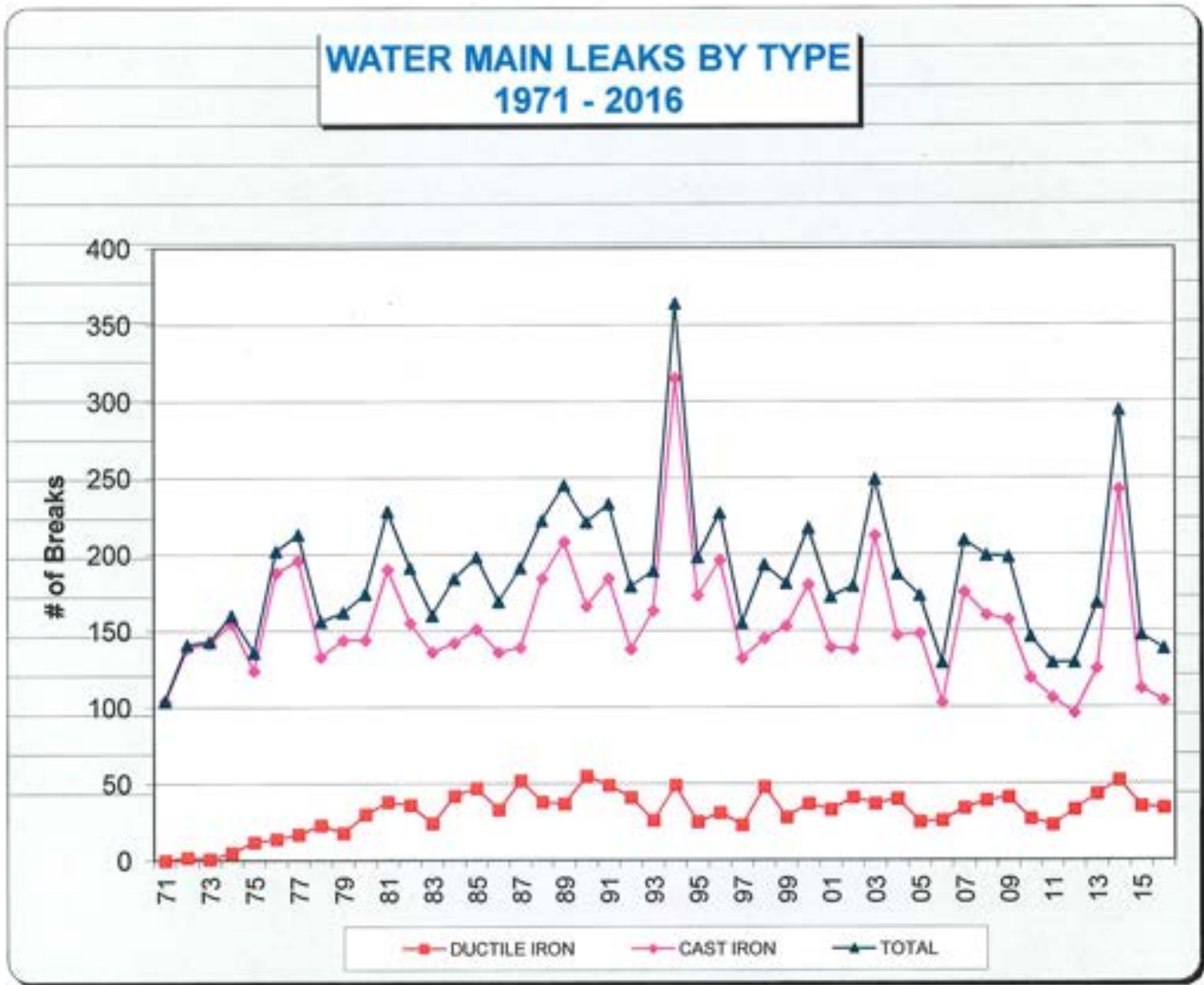
Number of full-time Water Utility employees

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	25	26	24	24	23	23	23	23	23	24
Metering & Customer Service	7	6	7	7	8	8	8	9	9	10
Billing & Office	10	10	10	10	10	10	10	10	10	10
Administration	4	2	2	2	3	3	3	3	3	3
Total	58	56	55	55	56	56	56	57	57	59

Average daily pumpage (gallons)	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	19,675,611
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	91.3%	91.6%	91.5%	93.5%	89.2%	88.5%	89.5%	85.4%	87.1%	82.8%
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	46,392,480	46,392,480	46,392,480
Percentage of pump capacity used	32.8%	32.7%	32.7%	32.0%	33.5%	33.8%	33.4%	41.1%	40.3%	42.4%
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	64.2%	64.4%	64.3%	65.8%	62.7%	62.2%	62.9%	60.1%	61.3%	59.2%

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

**WATER MAIN LEAKS BY TYPE
1971 - 2016**



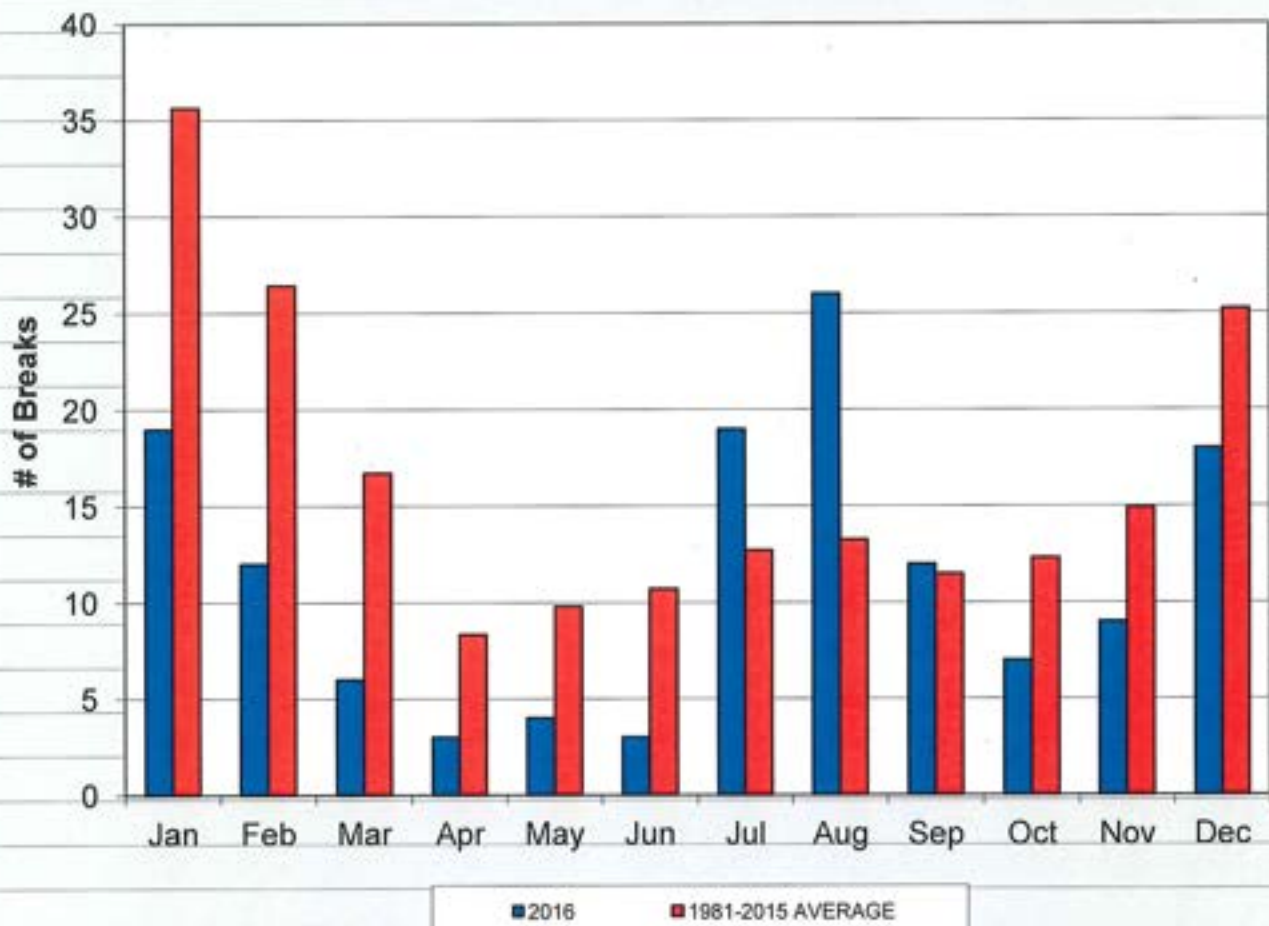
ANNUAL WATER MAIN LEAKS

2012	129
2013	168
2014	294
2015	147
2016	138

The above graph represents leaks occurring on ductile iron water main and cast iron water main. Cast iron water main was installed from the early 1900's to 1964. Virtually, all of the ductile iron leaks occur on "unprotected" ductile iron pipe installed from 1965 to 1972. Since 1973, all ductile iron water mains have been "protected" during the installation process by wrapping them in polyethelene tubing. There have been no leaks on any of the polyvinyl chloride (PVC) pipe installed.

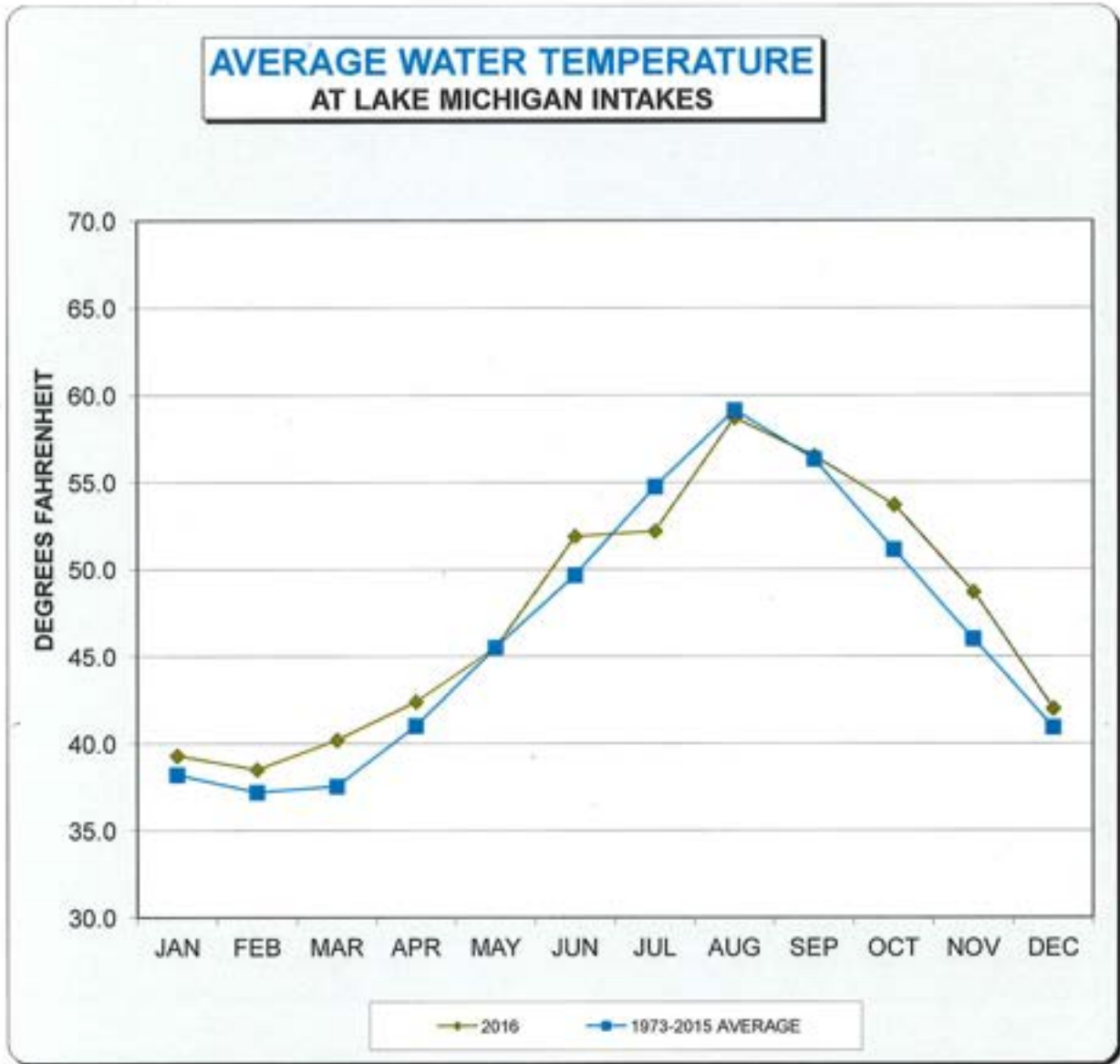
WATER UTILITY
CITY OF GREEN BAY, WISCONSIN

WATER MAIN LEAKS
BY MONTH



WATER UTILITY
CITY OF GREEN BAY, WISCONSIN

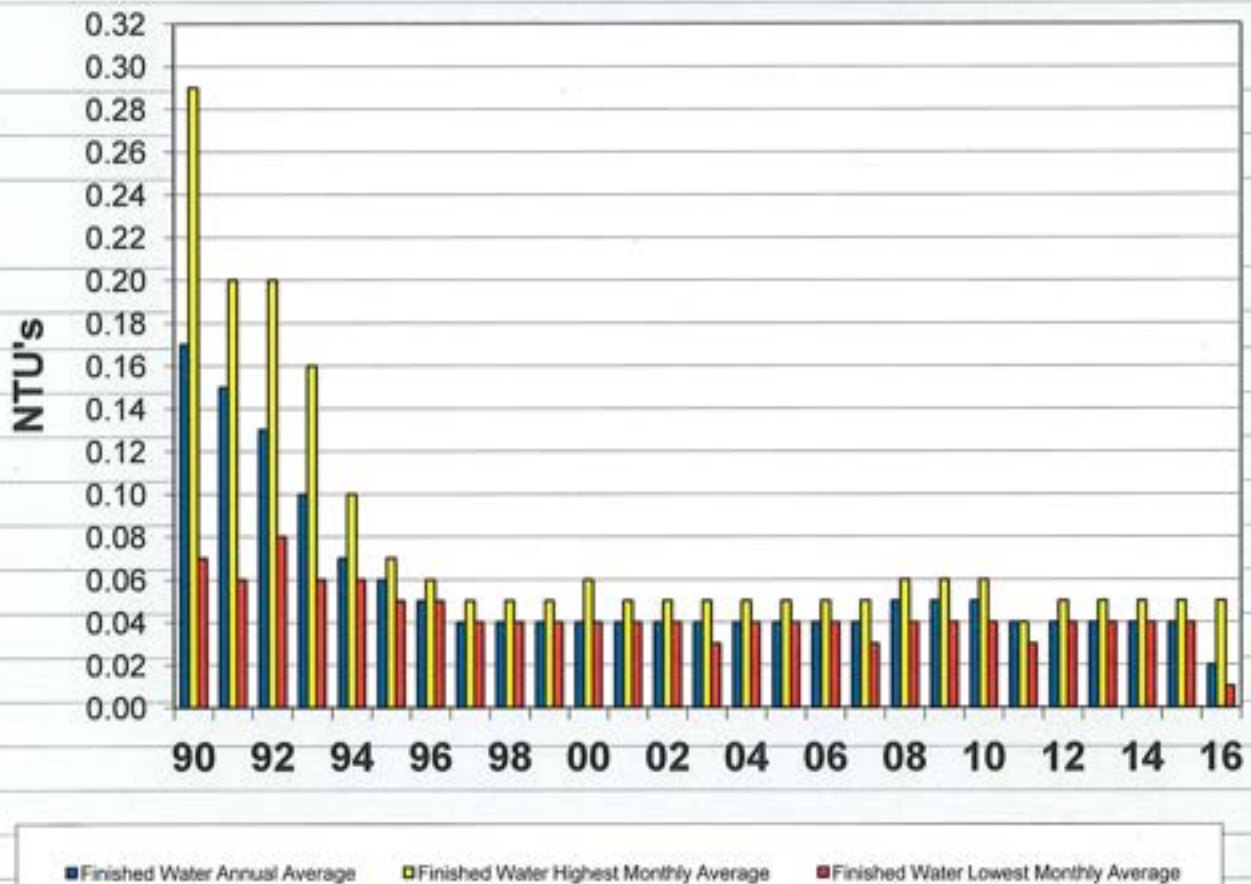
AVERAGE WATER TEMPERATURE



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

	Monthly Finished Water Turbidity		
	Highest	Lowest	Average
2012	0.05	0.04	0.04
2013	0.05	0.04	0.04
2014	0.05	0.04	0.04
2015	0.05	0.04	0.04
2016	0.05	0.01	0.02

**Finished Water Turbidity (NTU's)
1990 thru 2016**



Turbidity is the cloudy appearance in water caused by suspended particles. A turbidity measurement (NTU) indicates the clarity of the water. The lower the NTU value, the clearer the water, thus indicating filtered water quality optimization/improvement as presented above.

**WATER UTILITY
CITY OF GREEN BAY**

Schedule of Insurance Coverage
December 31, 2016

<u>Name of Company and Agent</u>	<u>Insurance Type</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Annual Premium</u>	<u>Amount of Insurance Limits and Remarks</u>
Hanover Insurance, Co.	Employee Dishonesty Theft, Disappearance, Destruction, Forgery, Computer Fraud, Wire Transfer	BD1-1038163	5/1/16 to 5/1/17	\$ 858	\$ 1,000,000 \$5,000 Deductible
AFM	Building & Contents	EP807	1/1/16 to 12/31/16	\$ 53,218	\$ 1,100,000,000 \$25,000 Deductible
AFM	Contractor's Equipment	EP807	1/1/16 to 12/31/16	Included Above	\$ 1,128,582 \$10,000 Deductible
AFM	Business Interruption	EP807	1/1/16 to 12/31/16	Included Above	\$ 1,100,000,000 \$25,000 Deductible
AFM	Accounts Receivable	EP807	1/1/16 to 12/31/16	Included Above	\$ 250,000 \$25,000 Deductible
AFM	Monies & Securities	EP807	1/1/16 to 12/31/16	Included Above	\$ 430,000 \$25,000 Deductible
AFM	Boiler & Machinery	EP807	1/1/16 to 12/31/16	Included Above	\$ 1,100,000,000 \$25,000 Deductible
Liberty Surplus Insurance Company	Storage Tank Liability	TXENYB111537616	7/27/16 to 7/27/17	\$ 3,353	\$ 1,000,000 \$25,000 Deductible
Cities & Villages Mutual Insurance Company (CVMIC)	Auto Physical Damage	CAP-10-012	1/1/16 to 12/31/16	\$ 5,338	\$10,000,000/Occurrence Comprehensive/Collision Covered Auto - reported to CVMIC \$2,500 Deductible
Self-Insured (1)	Workers' Compensation	- N/A -	1/1/16 to 12/31/16	\$ 27,442	Statutory (TPA) Cities & Villages Mutual Ins. Co.
Safety National Casualty Corp.	Excess Workers' Compensation Employer's Liability	SP4049735	1/1/16 to 12/31/16	Included Above	Statutory \$500,000 Retention

(continued)

**WATER UTILITY
CITY OF GREEN BAY**

Schedule of Insurance Coverage (continued)
December 31, 2016

<u>Name of Company and Agent</u>	<u>Insurance Type</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Annual Premium</u>	<u>Amount of Insurance Limits and Remarks</u>
Cities & Villages Mutual Ins. Co.	General Liability	PEL-105	1/1/16 to 12/31/16	\$ 38,085	\$5,000,000 Excess over \$200,000/\$800,000 Self-Insured Retention Subject to Audit & Retro Adjustment
Cities & Villages Mutual Ins. Co.	Auto Liability	PEL-105	1/1/16 to 12/31/16	Included Above	Included Above Owned, Hired & Non-Owned Autos
Ironshore Specialty Ins. Co.	Public Entity Liability	2590600	1/1/16 to 12/31/16	Included Above	\$100,000 Self-Insured Retention \$1,000,000 Aggregate
Allied World Specialty Ins. Co.	Excess Public Entity Liability	0306-2286	1/1/16 to 12/31/16	Included Above	\$8,000,000 Each Occurrence/Annual Aggregate Self-Insured Retention: \$2,000,000 Each Occurrence

(1) Workers' Compensation cost consists of Administration fees, excess workers' compensation coverage and paid claims. Insurance Services, Inc. (TPA) administers the workers' compensation program for the City of Green Bay and the Green Bay Water Utility.



**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

Refectories, 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



COMPLIANCE SECTION

**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, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Water Utility of the City of Green Bay, Wisconsin's financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 10 dated June 8, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Water Utility of the City of Green Bay, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
June 8, 2017