

City of Wisconsin Rapids, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



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CONSULTING

City of Wisconsin Rapids, Wisconsin

DECEMBER 31, 2019

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Independent auditors' report

To the City Council
City of Wisconsin Rapids, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wisconsin Rapids, Wisconsin (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1.C., during 2019, the City adopted new accounting guidance, Statement No. 84, Fiduciary Activities. As a result, the City established a custodial fund for taxes and specials collected for other governments. In prior years, these amounts were reported in the general fund. Our opinions are 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 schedules relating to pensions and other postemployment benefits on pages 54 through 56 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Prior-Year Comparative Information

We have previously audited the City's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated August 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements (the supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Wausau, Wisconsin
November 16, 2020

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF NET POSITION
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	Governmental Activities	Business-type Activities	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 22,832,105	\$ 15,953,290	\$ 38,785,395	\$ 44,793,614
Receivables				
Taxes	9,039,675	-	9,039,675	21,621,078
Delinquent taxes	28,439	-	28,439	23,106
Accounts, net	776,977	4,269,072	5,046,049	4,866,574
Special assessments	955,754	-	955,754	749,374
Loans	2,575,651	500,000	3,075,651	3,175,836
Other	-	1,971,204	1,971,204	646,468
Internal balances	2,304,482	(2,304,482)	-	-
Due from other governments	1,213,763	21,373	1,235,136	92,634
Inventories and prepaid items	155,314	1,959,072	2,114,386	2,094,638
Investment in American Transmission Company	-	7,833,282	7,833,282	7,314,262
Assets held for future use	-	104,755	104,755	104,755
Preliminary survey and investigation	-	2,808	2,808	2,808
Conservation and other programs	-	4,969	4,969	18,970
Restricted assets				
Cash and investments	-	4,781,457	4,781,457	2,433,695
Net pension asset	-	-	-	3,863,931
Capital assets, nondepreciable	14,894,277	2,887,305	17,781,582	15,031,164
Capital assets, depreciable, net	52,107,787	120,046,264	172,154,051	159,198,033
Total assets	106,884,224	158,030,369	264,914,593	266,030,940
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	-	632,594	632,594	701,343
Pension related amounts	9,988,810	2,675,128	12,663,938	7,061,469
Other postemployment related amounts	677,073	155,474	832,547	608,038
Total deferred outflows of resources	10,665,883	3,463,196	14,129,079	8,370,850
LIABILITIES				
Accounts payable	3,157,325	2,133,352	5,290,677	3,382,988
Accrued and other current liabilities	756,929	259,282	1,016,211	835,614
Due to other governments	284	-	284	17,324,623
Accrued interest payable	107,403	139,011	246,414	241,287
Special deposits	15,794	1,936,320	1,952,114	915,811
Unearned revenues	-	1,108	1,108	111
Claims payable	5,245	-	5,245	7,954
Long-term obligations				
Due within one year - long-term debt	2,893,809	2,610,111	5,503,920	5,083,506
Due in more than one year - long-term debt	17,560,565	25,374,233	42,934,798	39,922,746
Net pension liability	3,700,450	990,946	4,691,396	-
Due within one year - Other postemployment benefits	600,000	134,835	734,835	500,166
Other postemployment benefits	8,980,130	2,341,780	11,321,910	11,717,416
Total liabilities	37,777,934	35,920,978	73,698,912	79,932,222
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	13,247,152	-	13,247,152	12,906,055
Pension related amounts	5,128,474	1,373,356	6,501,830	7,636,653
Other postemployment related amounts	445,644	116,456	562,100	11,157
Total deferred inflows of resources	18,821,270	1,489,812	20,311,082	20,553,865
NET POSITION				
Net investment in capital assets	45,702,184	95,164,112	140,866,296	132,616,181
Restricted	2,772,648	4,246,640	7,019,288	10,586,786
Unrestricted	12,476,071	24,672,023	37,148,094	30,712,736
Total net position	\$ 60,950,903	\$ 124,082,775	\$ 185,033,678	\$ 173,915,703

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

City of Wisconsin Rapids, Wisconsin

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,558,014	\$ 1,542,865	\$ -	\$ -
Public safety	10,648,231	1,229,347	149,888	-
Public works	9,002,663	1,037,433	2,350,461	742,012
Health and human services	515,982	213,198	202	-
Culture and recreation	3,621,178	97,878	570,975	3,231,148
Conservation and development	785,353	39,256	150,725	-
Interest and fiscal charges	499,764	-	-	-
Total governmental activities	<u>28,631,185</u>	<u>4,159,977</u>	<u>3,222,251</u>	<u>3,973,160</u>
BUSINESS-TYPE ACTIVITIES				
Electric utility	24,719,412	25,792,394	-	1,192,851
Water utility	3,709,006	4,981,893	-	18,767
Sewer Utility	4,567,232	6,993,399	-	21,373
Airport	662,529	336,788	-	2,111,341
Total business-type activities	<u>33,658,179</u>	<u>38,104,474</u>	<u>-</u>	<u>3,344,332</u>
Total	<u>\$ 62,289,364</u>	<u>\$ 42,264,451</u>	<u>\$ 3,222,251</u>	<u>\$ 7,317,492</u>

General revenues
 Taxes
 Property taxes
 Tax increments
 Other taxes
 Federal and state grants and other contributions
 not restricted to specific functions
 Interest and investment earnings
 Miscellaneous
 Gain on sale of asset
 Transfers
 Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

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

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Totals	
		2019	2018
\$ (2,015,149)	\$ -	\$ (2,015,149)	\$ (1,783,107)
(9,268,996)	-	(9,268,996)	(8,932,015)
(4,872,757)	-	(4,872,757)	(5,459,751)
(302,582)	-	(302,582)	(372,836)
278,823	-	278,823	(3,963,499)
(595,372)	-	(595,372)	(581,516)
(499,764)	-	(499,764)	(442,844)
<u>(17,275,797)</u>	<u>-</u>	<u>(17,275,797)</u>	<u>(21,535,568)</u>
-	2,265,833	2,265,833	1,977,661
-	1,291,654	1,291,654	1,439,630
-	2,447,540	2,447,540	2,806,968
<u>-</u>	<u>1,785,600</u>	<u>1,785,600</u>	<u>5,585,298</u>
<u>-</u>	<u>7,790,627</u>	<u>7,790,627</u>	<u>11,809,557</u>
<u>(17,275,797)</u>	<u>7,790,627</u>	<u>(9,485,170)</u>	<u>(9,726,011)</u>
12,326,263	-	12,326,263	12,228,183
445,866	-	445,866	471,923
554,675	-	554,675	488,715
4,508,354	-	4,508,354	4,379,116
566,596	1,084,583	1,651,179	1,347,763
929,595	26,247	955,842	371,640
115,169	45,797	160,966	254,778
1,898,122	(1,898,122)	-	-
<u>21,344,640</u>	<u>(741,495)</u>	<u>20,603,145</u>	<u>19,542,118</u>
4,068,843	7,049,132	11,117,975	9,816,107
<u>56,882,060</u>	<u>117,033,643</u>	<u>173,915,703</u>	<u>164,099,596</u>
<u>\$ 60,950,903</u>	<u>\$ 124,082,775</u>	<u>\$ 185,033,678</u>	<u>\$ 173,915,703</u>

City of Wisconsin Rapids, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	General	Aquatics & Riverfront Construction	Other Governmental Funds	Totals	
				2019	2018
ASSETS					
Cash and investments	\$ 14,721,224	\$ 1,350,947	\$ 6,759,934	\$ 22,832,105	\$ 27,286,441
Receivables					
Taxes	6,656,491	-	2,383,184	9,039,675	21,621,078
Delinquent taxes	28,439	-	-	28,439	23,106
Accounts, net	417,675	-	359,302	776,977	777,298
Special assessments	950,958	-	4,796	955,754	749,374
Loans	-	-	2,575,651	2,575,651	2,675,836
Due from other funds	2,064,712	-	366,306	2,431,018	2,506,014
Advance to other funds	143,357	-	-	143,357	-
Due from other governments	490,964	625,729	97,070	1,213,763	92,634
Inventories and prepaid items	155,314	-	-	155,314	193,636
Total assets	\$ 25,629,134	\$ 1,976,676	\$ 12,546,243	\$ 40,152,053	\$ 55,925,417
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 357,759	\$ 2,337,012	\$ 462,554	\$ 3,157,325	\$ 1,219,536
Accrued and other current liabilities	773,304	176	57,121	830,601	536,026
Due to other funds	106,185	797	19,554	126,536	338,545
Advance from other funds	-	-	143,357	143,357	-
Due to other governments	284	-	-	284	17,324,623
Special deposits	12,724	-	3,070	15,794	133,249
Claims payable	5,245	-	-	5,245	7,954
Total liabilities	1,255,501	2,337,985	685,656	4,279,142	19,559,933
Deferred inflows of resources					
Property taxes levied for subsequent year	9,761,452	-	3,485,700	13,247,152	12,906,055
Loans receivable	-	-	2,575,651	2,575,651	2,675,836
Special assessments	866,748	-	4,796	871,544	655,840
Total deferred inflows of resources	10,628,200	-	6,066,147	16,694,347	16,237,731
Fund balances					
Nonspendable	399,157	-	-	399,157	302,765
Restricted	-	99,864	433,110	532,974	2,141,959
Committed	510,912	-	5,273,587	5,784,499	6,131,236
Assigned	3,010,964	-	-	3,010,964	1,914,933
Unassigned	9,824,400	(461,173)	87,743	9,450,970	9,636,860
Total fund balances	13,745,433	(361,309)	5,794,440	19,178,564	20,127,753
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,629,134	\$ 1,976,676	\$ 12,546,243	\$ 40,152,053	\$ 55,925,417

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

City of Wisconsin Rapids, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	2019	2018
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 19,178,564	\$ 20,127,753
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	67,002,064	56,581,824
Long-term assets are not considered available; therefore, are not reported in the funds:		
Net pension asset	-	3,043,453
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	871,544	655,840
Loans receivable	2,575,651	2,675,836
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	9,988,810	5,573,912
Deferred inflows related to pensions	(5,128,474)	(6,015,065)
Deferred outflows related to other postemployment benefits	677,073	403,513
Deferred inflows related to other postemployment benefits	(445,644)	(8,900)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(18,773,576)	(14,744,961)
Premium on debt	(392,998)	(185,613)
Compensated absences	(1,214,128)	(1,360,005)
Net pension liability	(3,700,450)	-
Other postemployment benefits	(9,580,130)	(9,769,854)
Accrued interest on long-term obligations	(107,403)	(95,673)
Net position of governmental activities as reported on the statement of net position (see page 4)	\$ 60,950,903	\$ 56,882,060

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Aquatics & Riverfront Construction	Other Governmental Funds	Totals	
				2019	2018
REVENUES					
Taxes	\$ 9,444,239	\$ -	\$ 3,882,565	\$ 13,326,804	\$ 13,188,821
Special assessments	359,272	-	5,088	364,360	338,989
Intergovernmental	7,000,094	625,729	778,576	8,404,399	7,476,253
Licenses and permits	319,912	-	331,264	651,176	596,353
Fines and forfeits	398,801	-	-	398,801	293,636
Public charges for services	377,617	-	1,981,314	2,358,931	2,241,250
Intergovernmental charges for services	61,202	-	797,308	858,510	369,820
Miscellaneous	774,079	2,654,302	1,414,169	4,842,550	1,993,741
Total revenues	18,735,216	3,280,031	9,190,284	31,205,531	26,498,863
EXPENDITURES					
Current					
General government	2,166,980	-	871,243	3,038,223	2,588,452
Public safety	7,903,509	-	1,341,385	9,244,894	9,529,481
Public works	5,032,795	-	1,542,029	6,574,824	7,042,059
Health and human services	351,921	-	150,917	502,838	369,560
Culture and recreation	3,219,516	-	24,885	3,244,401	2,751,123
Conservation and development	223,494	-	588,775	812,269	872,250
Debt service					
Principal	-	-	1,656,385	1,656,385	1,619,510
Interest and fiscal charges	-	122,167	385,412	507,579	475,749
Capital outlay	198,091	9,604,419	4,696,017	14,498,527	6,201,865
Total expenditures	19,096,306	9,726,586	11,257,048	40,079,940	31,450,049
Excess of revenues over (under) expenditures	(361,090)	(6,446,555)	(2,066,764)	(8,874,409)	(4,951,186)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	3,818,828	1,866,172	5,685,000	2,135,000
Premium on debt issued	-	226,930	-	226,930	-
Proceeds from sale of capital assets	-	-	115,168	115,168	12,537
Transfers in	1,898,122	-	824,301	2,722,423	4,102,695
Transfers out	(45,000)	(172,212)	(607,089)	(824,301)	(1,879,071)
Total other financing sources (uses)	1,853,122	3,873,546	2,198,552	7,925,220	4,371,161
Net change in fund balances	1,492,032	(2,573,009)	131,788	(949,189)	(580,025)
Fund balances - January 1	12,253,401	2,211,700	5,662,652	20,127,753	20,707,778
Fund balances - December 31	\$ 13,745,433	\$ (361,309)	\$ 5,794,440	\$ 19,178,564	\$ 20,127,753

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (949,189)	\$ (580,025)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	13,202,403	3,650,155
Depreciation expense reported in the statement of activities	(2,732,163)	(2,719,722)
Net book value of disposals	(50,000)	-
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	115,519	516
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(5,685,000)	(2,135,000)
Premium on debt issued	(226,930)	-
Principal repaid	1,656,385	1,609,888
Capital leases paid	-	9,622
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(11,730)	18,637
Amortization of premiums, discounts and loss on advance refunding	19,545	14,268
Compensated absences	145,877	(33,500)
Net pension asset (liability)	(6,743,903)	3,865,199
Deferred outflows of resources related to pensions	4,414,898	(809,743)
Deferred inflows of resources related to pensions	886,591	(3,404,607)
Other postemployment benefits	189,724	(568,630)
Deferred outflows of resources related to other postemployment benefits	273,560	169,533
Deferred inflows of resources related to other postemployment benefits	(436,744)	(8,900)
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	<u>\$ 4,068,843</u>	<u>\$ (922,309)</u>

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

City of Wisconsin Rapids, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 9,456,370	\$ 9,456,370	\$ 9,444,239	\$ (12,131)
Special assessments	219,300	219,300	359,272	139,972
Intergovernmental	6,477,229	6,486,911	7,000,094	513,183
Licenses and permits	242,894	242,894	319,912	77,018
Fines and forfeits	258,750	258,750	398,801	140,051
Public charges for services	345,801	345,801	377,617	31,816
Intergovernmental charges for services	62,043	62,043	61,202	(841)
Miscellaneous	368,425	368,425	774,079	405,654
Total revenues	17,430,812	17,440,494	18,735,216	1,294,722
EXPENDITURES				
Current				
General government	3,583,694	3,028,527	2,166,980	861,547
Public safety	8,087,122	8,133,178	7,903,509	229,669
Public works	5,484,115	5,487,594	5,032,795	454,799
Health and human services	366,095	360,042	351,921	8,121
Culture and recreation	2,996,000	3,166,708	3,219,516	(52,808)
Conservation and development	241,132	244,961	223,494	21,467
Capital outlay	105,062	438,357	198,091	240,266
Total expenditures	20,863,220	20,859,367	19,096,306	1,763,061
Excess of revenues under expenditures	(3,432,408)	(3,418,873)	(361,090)	3,057,783
OTHER FINANCING SOURCES (USES)				
Transfers in	1,912,475	1,912,475	1,898,122	(14,353)
Transfers out	(45,000)	(48,853)	(45,000)	3,853
Total other financing sources (uses)	1,867,475	1,863,622	1,853,122	(10,500)
Net change in fund balance	(1,564,933)	(1,555,251)	1,492,032	3,047,283
Fund balance - January 1	12,253,401	12,253,401	12,253,401	-
Fund balance - December 31	\$ 10,688,468	\$ 10,698,150	\$ 13,745,433	\$ 3,047,283

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Totals	
				2019	2018
ASSETS					
Current assets					
Cash and investments	\$ 3,143,467	\$ 4,066,733	\$ 76,667	\$ 7,286,867	\$8,585,345
Receivables					
Customer accounts, net	3,396,536	703,554	168,982	4,269,072	4,089,276
Other	1,971,204	-	-	1,971,204	646,468
Due from other funds	474,599	293,730	-	768,329	783,667
Due from other governments	-	21,373	-	21,373	-
Inventories and prepaid items	1,929,183	-	29,889	1,959,072	1,901,002
Total current assets	10,914,989	5,085,390	275,538	16,275,917	16,005,758
Noncurrent assets					
Restricted cash and investments	426,836	4,354,621	-	4,781,457	2,433,695
Depreciation fund	8,666,423	-	-	8,666,423	8,921,828
Total noncurrent assets	9,093,259	4,354,621	-	13,447,880	11,355,523
Other assets					
Notes receivable	500,000	-	-	500,000	500,000
Investment in American Transmission Company	7,833,282	-	-	7,833,282	7,314,262
Preliminary survey and investigation	2,808	-	-	2,808	2,808
Conservation and other programs	4,969	-	-	4,969	18,970
Assets held for future use	104,755	-	-	104,755	104,755
Net pension asset	-	-	-	-	820,478
Total other assets	8,445,814	-	-	8,445,814	8,761,273
Capital assets					
Nondepreciable	2,194,472	487,413	205,420	2,887,305	9,669,320
Depreciable, net	64,230,783	47,848,835	7,966,646	120,046,264	107,978,053
Total capital assets	66,425,255	48,336,248	8,172,066	122,933,569	117,647,373
Total assets	94,879,317	57,776,259	8,447,604	161,103,180	153,769,927
DEFERRED OUTFLOWS OF RESOURCES					
Loss on advance refunding	632,594	-	-	632,594	701,343
Pension related amounts	2,281,247	357,484	36,397	2,675,128	1,487,557
Other postemployment related amounts	111,844	43,353	277	155,474	204,525
Total deferred outflows of resources	3,025,685	400,837	36,674	3,463,196	2,393,425

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Totals	
				2019	2018
LIABILITIES					
Current liabilities					
Accounts payable	2,050,359	57,894	25,099	2,133,352	2,163,452
Accrued and other current liabilities	238,314	17,795	3,173	259,282	299,588
Due to other funds	2,724,749	347,350	712	3,072,811	2,951,136
Accrued interest	31,030	-	-	31,030	145,614
Compensated absences	263,301	43,927	8,310	315,538	275,263
Special deposits	1,936,320	-	-	1,936,320	782,562
Unearned revenue	-	-	1,108	1,108	111
Current portion of long-term debt	510,000	-	-	510,000	2,163,751
Current portion of other postemployment benefits	94,255	40,580	-	134,835	182,703
Payable from restricted assets					
Current portion of long-term debt	-	1,784,573	-	1,784,573	-
Accrued interest	-	107,981	-	107,981	-
Total current liabilities	7,848,328	2,400,100	38,402	10,286,830	8,964,180
Long-term obligations, less current portion					
General obligation debt	5,085,160	-	-	5,085,160	5,601,693
Revenue bonds	-	20,275,571	-	20,275,571	20,646,949
Compensated absences	-	13,502	-	13,502	28,017
Net pension liability	844,491	133,144	13,311	990,946	-
Other postemployment benefits	1,749,059	590,845	1,876	2,341,780	2,265,025
Total long-term liabilities	7,678,710	21,013,062	15,187	28,706,959	28,541,684
Total liabilities	15,527,038	23,413,162	53,589	38,993,789	37,505,864
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	1,170,384	184,525	18,447	1,373,356	1,621,588
Other postemployment related amounts	90,592	25,316	548	116,456	2,257
Total deferred inflows of resources	1,260,976	209,841	18,995	1,489,812	1,623,845
NET POSITION					
Net investment in capital assets	60,715,942	26,276,104	8,172,066	95,164,112	89,234,980
Restricted	-	4,246,640	-	4,246,640	2,841,211
Unrestricted	20,401,046	4,031,349	239,628	24,672,023	24,957,452
Total net position	\$ 81,116,988	\$ 34,554,093	\$ 8,411,694	\$ 124,082,775	\$ 117,033,643

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018**

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Totals	
				2019	2018
OPERATING REVENUES					
Charges for services	\$ 30,243,990	\$ 6,993,399	\$ 184,014	\$ 37,421,403	\$ 38,551,922
Intergovernmental charges for services	-	-	152,774	152,774	162,727
Other	530,297	-	-	530,297	557,374
Total operating revenues	30,774,287	6,993,399	336,788	38,104,474	39,272,023
OPERATING EXPENSES					
General and administrative	-	-	31,288	31,288	47,258
Operation and maintenance	24,540,902	2,299,412	217,303	27,057,617	28,042,741
Depreciation	3,184,715	1,612,005	413,938	5,210,658	4,736,704
Taxes	408,678	-	-	408,678	384,854
Total operating expenses	28,134,295	3,911,417	662,529	32,708,241	33,211,557
Operating income (loss)	2,639,992	3,081,982	(325,741)	5,396,233	6,060,466
NONOPERATING REVENUES (EXPENSES)					
Interest income	977,721	102,066	4,796	1,084,583	916,243
Gain (loss) on disposal of capital assets	33,585	12,212	-	45,797	212,424
Interest and fiscal charges	(136,798)	(655,815)	-	(792,613)	(765,976)
Amortization of debt discount/premium	6,533	-	-	6,533	6,533
Amortization of loss on refunding	(68,749)	-	-	(68,749)	(68,749)
Other nonoperating revenues (expenses)	(95,109)	25,309	938	(68,862)	(101,916)
Total nonoperating revenues (expenses)	717,183	(516,228)	5,734	206,689	198,559
Income (loss) before contributions and transfers	3,357,175	2,565,754	(320,007)	5,602,922	6,259,025
Capital contributions	1,211,618	21,373	2,111,341	3,344,332	6,703,015
Transfers in	-	-	-	-	50,255
Transfers out	(1,898,122)	-	-	(1,898,122)	(2,273,879)
Change in net position	2,670,671	2,587,127	1,791,334	7,049,132	10,738,416
Net position - January 1	78,446,317	31,966,966	6,620,360	117,033,643	106,295,227
Net position - December 31	<u>\$ 81,116,988</u>	<u>\$ 34,554,093</u>	<u>\$ 8,411,694</u>	<u>\$ 124,082,775</u>	<u>\$ 117,033,643</u>

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Totals	
				2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 31,980,391	\$ 7,046,520	\$ 169,360	\$ 39,196,271	\$ 40,147,064
Cash paid for employee wages and benefits	(2,173,061)	(893,155)	(109,251)	(3,175,467)	(3,389,606)
Cash paid to suppliers	(22,428,605)	(1,331,135)	(76,832)	(23,836,572)	(24,782,264)
Nonoperating revenues (expenses)	(95,109)	25,309	938	(68,862)	(101,916)
Net cash provided (used) by operating activities	<u>7,283,616</u>	<u>4,847,539</u>	<u>(15,785)</u>	<u>12,115,370</u>	<u>11,873,278</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers	(1,898,122)	-	-	(1,898,122)	(2,223,624)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(5,740,405)	(3,080,672)	(130,560)	(8,951,637)	(11,481,166)
Proceeds on sale of capital assets	141,595	32,350	-	173,945	504,870
Proceeds from long-term debt	-	1,265,328	-	1,265,328	5,516,384
Debt issuance costs paid	-	-	-	-	(12,750)
Capital grants received	-	-	-	-	700,000
Contributions from property owners	356,505	-	-	356,505	397,887
Salvage expense and other revenues	18,470	-	-	18,470	222,090
Principal paid on revenue bonds	(495,000)	(1,520,884)	-	(2,015,884)	(1,876,478)
Interest paid on revenue bonds	(130,559)	(659,943)	-	(790,502)	(742,526)
Net cash used by capital and related financing activities	<u>(5,849,394)</u>	<u>(3,963,821)</u>	<u>(130,560)</u>	<u>(9,943,775)</u>	<u>(6,771,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments purchased	(2,926,000)	-	-	(2,926,000)	(542,000)
Investments sold and matured	2,158,099	-	-	2,158,099	1,228,000
Investment in American Transmission Company	(321,850)	-	-	(321,850)	(302,919)
Interest received on investments	735,394	102,066	4,796	842,256	750,887
Net cash provided (used) by investing activities	<u>(354,357)</u>	<u>102,066</u>	<u>4,796</u>	<u>(247,495)</u>	<u>1,133,968</u>
Change in cash and cash equivalents	(818,257)	985,784	(141,549)	25,978	4,011,933
Cash and cash equivalents - January 1	<u>8,113,839</u>	<u>7,435,570</u>	<u>218,216</u>	<u>15,767,625</u>	<u>11,755,692</u>
Cash and cash equivalents - December 31	<u>\$ 7,295,582</u>	<u>\$ 8,421,354</u>	<u>\$ 76,667</u>	<u>\$ 15,793,603</u>	<u>\$ 15,767,625</u>

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

City of Wisconsin Rapids, Wisconsin

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Totals	
				2019	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 2,639,992	\$ 3,081,982	\$ (325,741)	\$ 5,396,233	\$ 6,060,466
Nonoperating revenues	(95,109)	25,309	938	(68,862)	(101,916)
Adjustments to reconcile operating income (loss) to net cash provided by (used) by operating activities					
Depreciation	3,184,715	1,612,005	413,938	5,210,658	4,736,704
Depreciation charged to other utilities and clearing accounts	373,820	-	-	373,820	368,527
Change in WRS asset (liability)	1,545,699	245,264	20,461	1,811,424	(1,043,307)
Change in WRS deferred outflow	(1,011,405)	(154,509)	(21,657)	(1,187,571)	257,046
Change in WRS deferred inflow	(215,480)	(37,068)	4,316	(248,232)	895,022
Change in OPEB liability	37,218	(7,990)	(341)	28,887	142,809
Change in OPEB deferred outflow	67,996	(18,970)	25	49,051	(102,192)
Change in OPEB deferred inflow	88,667	25,015	517	114,199	2,257
Change in operating assets and liabilities					
Customer accounts receivable	(57,897)	46,526	(168,425)	(179,796)	458,661
Other accounts receivable	(424,466)	-	-	(424,466)	50,653
Inventories and prepaid items	(90,130)	-	32,060	(58,070)	(199,674)
Preliminary survey and investigation	-	-	-	-	105,077
Other assets	14,001	-	-	14,001	(10,534)
Due from other funds	8,743	6,595	-	15,338	406,267
Accounts payable	(114,493)	34,322	21,243	(58,928)	(147,408)
Special deposits	1,289,298	-	-	1,289,298	(25,349)
Accrued and other current liabilities	(32,248)	2,358	18	(29,872)	27,252
Compensated absences	24,039	(14,604)	5,891	15,326	(15,425)
Due to other funds	50,656	1,304	(25)	51,935	8,453
Unearned revenue	-	-	997	997	(111)
Net cash provided (used) by operating activities	<u>\$ 7,283,616</u>	<u>\$ 4,847,539</u>	<u>\$ (15,785)</u>	<u>\$ 12,115,370</u>	<u>\$ 11,873,278</u>
Reconciliation of cash and cash equivalents to the statement of net position					
Cash and cash equivalents in current assets	\$ 3,143,467	\$ 4,066,733	\$ 76,667	\$ 7,286,867	\$ 8,585,345
Cash and cash equivalents in depreciation fund	8,666,423	-	-	8,666,423	8,921,828
Cash and cash equivalents in noncurrent assets	426,836	4,354,621	-	4,781,457	2,433,695
Total cash and cash equivalents	12,236,726	8,421,354	76,667	20,734,747	19,940,868
Less: Long-term cash and investments	(4,941,144)	-	-	(4,941,144)	(4,173,243)
Cash and cash equivalents - December 31	<u>\$ 7,295,582</u>	<u>\$ 8,421,354</u>	<u>\$ 76,667</u>	<u>\$ 15,793,603</u>	<u>\$ 15,767,625</u>
Noncash capital and related financing activities					
Increase in investment in					
American Transmission Company	\$ 519,020	\$ -	\$ -	\$ 519,020	\$ 472,138
Capital contributions in accounts receivable	855,113	21,373	-	876,486	-
Capital contributions from state and federal governments	-	-	2,111,341	2,111,341	\$ 5,605,128
Capital assets purchased on account	747,059	-	-	747,059	792,745

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

City of Wisconsin Rapids, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019

	Tax Collection Custodial Fund
ASSETS	
Cash and investments	<u>\$ 5,631,460</u>
LIABILITIES	
Due to other governments	<u>5,631,460</u>
NET POSITION	
Fiduciary net position - held for others	<u>\$ -</u>
Total net position	<u><u>\$ -</u></u>

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

City of Wisconsin Rapids, Wisconsin

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND DECEMBER 31, 2019

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Property tax collections	<u>\$ 16,768,778</u>
DEDUCTIONS	
Payments to taxing jurisdictions	<u>16,768,778</u>
Change in net position	-
Net position - January 1	<u>-</u>
Net position - December 31	<u><u>\$ -</u></u>

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The City is a municipal corporation governed by an elected eight member board. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements.

B. JOINT VENTURE

The City of Wisconsin Rapids is a participant with the City of Nekoosa, Village of Port Edwards, and the Town of Grand Rapids in a joint venture to operate an airport. The municipalities are obligated by agreement to finance operating and capital outlay costs of the service. The joint operation is governed by a four member board composed of one member from each municipality. Complete financial statements for the joint venture can be obtained from the City's office at 444 West Grand Avenue, Wisconsin Rapids, Wisconsin 54495.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

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

The City reports the following major enterprise funds:

Water Works and Lighting Commission (the "Commission")

This fund accounts for the financial activities related to the operation of the City's water and electric utility.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Sewer Utility

This fund accounts for the financial activities related to the operation of the City's sewer utility.

The City also reports the following fiduciary fund:

Custodial Fund

The custodial fund accounts for property taxes and specials collected on behalf of other governments. These amounts were recorded in the general fund in prior years. Due to the implementation of GASB 84, Fiduciary Activities, they are now recorded in a custodial fund.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursable grants, for which available is defined as 180 days. This exception is necessary because the grant funding source reimbursement process routinely extends to this period and the revenue then more appropriately matches to the related expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, electric, and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the 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 (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in three equal installments on or before January 31, April 30, and July 31. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the Wisconsin Rapids School District, Wood County, Mid State Technical College, and the State of Wisconsin.

3. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible amounts of \$444,892 in governmental activities and \$535,453 in business-type activities.

4. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements or internal City requirements.

5. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.)

6. Loans Receivable

The City has received federal and state grant funds for housing rehabilitation loan programs and has passed the funds to various individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

7. Interfund Receivables and Payables

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

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

8. Inventories

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

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

9. Prepaid Items

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

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

10. Investment in American Transmission Company (ATC)

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

The investment earns dividends quarterly, some of which are paid in cash and some of which are required to be reinvested. From time to time, the City has the option to contribute additional funds to maintain its proportionate share of ownership. The investment in American Transmission Company LLC is recorded at cost since it is privately held and has no readily available fair market value. The City's ownership share is valued at \$7,833,282 as of December 31, 2019, and is reported on the Statement of Net Position as an asset.

11. Capital Assets

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

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Buildings and improvements	25 - 50	-
Machinery and equipment	3 - 20	-
Infrastructure	20 - 100	-
Electric plant		
Distribution	-	22 - 45
General	-	4 - 34
Water plant		
Source of supply	-	31 - 56
Pumping	-	23 - 31
Water treatment	-	30 - 31
Transmission and distribution	-	18 - 77
General	-	4 - 34
Common plant		
General	-	4 - 34
Sewer plant		
Buildings and improvements	-	25 - 50
Equipment	-	5 - 20
Infrastructure	-	40 - 100
Airport		
Land improvements	-	15 - 20
Buildings	-	30
Equipment	-	10

12. Assets Held for Future Use

Assets held for future use or sale consists of land held by the City to sell to the State of Wisconsin for a Highway 54 connector and land options on a future substation site. Assets held for future use or sale are valued as cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.

13. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

14. Other Postemployment Benefits

Single-employer Defined Postemployment Benefit Plan

The City provides postemployment health insurance benefits to all eligible employees. The OPEB is a single employer defined benefit plan administered by the City. For purposes of measuring the OPEB liability, related deferred outflows and inflows of resources and OPEB expense, the City has used values provided by its actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

16. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

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.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

18. Fund Equity

Governmental Fund Financial Statements

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

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

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

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

F. SALES TAX

The City collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The City's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

G. USE OF ESTIMATES

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

H. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the County's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

I. RECLASSIFICATIONS

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

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2019.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2019 as follows:

<u>Departments</u>	<u>Excess Expenditures</u>
General fund	
General government	
Property & Liability Insurance	\$ 50,654
Injuries and damages	24,093
Attorney	895
City Property	47,389
Uncollectable accounts	19,377
Public works	
Public Works Director	6,344
Snow and Ice Control	158,776
Sidewalk	19,781
Recycling	67,348
Composting	170,770
Culture and recreation	
Mead Field	6,419
Other Green Areas	5,484
Tree Care	303,546
Special Events / Community Ben	12,654
Outlay	
Christmas Decorations Outlay	646

C. DEFICIT FUND EQUITY

The following funds had deficit fund balance as of December 31, 2019:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Aquatics & Riverfront Construction	\$ 361,309
TIF District No. 8	143,357

The City anticipates funding the above deficits from future revenues of the funds.

D. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2019 and 201 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2019 budget was 1.39%. The actual limit for the City for the 2020 budget was .75%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

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

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

The carrying amount of the City's cash and investments totaled \$49,198,312 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 3,713
Deposits with financial institutions	11,021,797
Great Lakes Utility rate stabilization fund	372,986
Investments	37,799,816
	<u>\$ 49,198,312</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 38,785,395
Restricted cash and investments	4,781,457
Fiduciary fund statement of net position	
Custodial fund	5,631,460
	<u>\$ 49,198,312</u>

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Utilities has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 - Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

The City has the following fair value measurements as of December 31, 2019:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Federal Home Loan Mortgage Corp.	\$ -	\$ 2,129,223	\$ -
Federal Home Loan Bank	-	350,007	-
Federal Farm Credit Bank	-	2,443,679	-
State and municipal bonds	-	435,499	-
Negotiable certificates of deposit	3,225,777	4,938,444	-
Wood Co. telephone stock	-	-	3,900
	<u>\$ 3,225,777</u>	<u>\$ 10,296,852</u>	<u>\$ 3,900</u>

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

Custodial Credit Risk

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

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

As of December 31, 2019, \$3,303,098 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

On December 31, 2019, the City held repurchase agreement investments of \$885,013 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Rating	Federal Home Loan Mortgage Corp.	Federal Home Loan Bank	Federal Farm Credit Bank	State and municipal bonds	Negotiable certificates of deposit	Wisconsin local government investment pool	Totals
AAA	\$ -	\$ -	\$ -	\$ 15,063	\$ 249,295	\$ -	\$ 264,358
AA+	2,129,223	350,007	2,443,679	-	-	-	4,922,909
AA	-	-	-	420,436	-	-	420,436
A+	-	-	-	-	1,382,522	-	1,382,522
A-	-	-	-	-	723,229	-	723,229
A-1	-	-	-	-	337,778	-	337,778
A-2	-	-	-	-	249,701	-	249,701
BBB	-	-	-	-	999,950	-	999,950
BBB+	-	-	-	-	239,677	-	239,677
BBB-	-	-	-	-	255,372	-	255,372
D	-	-	-	-	254,129	-	254,129
Not Rated	-	-	-	-	3,472,568	23,123,253	26,595,821
Totals	\$ 2,129,223	\$ 350,007	\$ 2,443,679	\$ 435,499	\$ 8,164,221	\$ 23,123,253	\$ 36,645,882

Concentration of Credit Risk

The investment policy of the City states that no more than 50% of total investments may be invested in a single security type or with a single financial institution for extended periods of time. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal Farm Credit Bank	Bonds	\$ 2,443,679	6.5%
Federal Home Loan Mortgage Corp	Bonds	2,129,223	5.6%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and 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.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal Home Loan Mortgage Corp.	\$ 2,129,223	\$ 976,938	\$ 651,386	\$ 500,899	\$ -
Federal Home Loan Bank	350,007	-	-	350,007	-
Federal Farm Credit Bank	2,443,679	1,728,430	-	715,249	-
State and municipal bonds	435,499	-	75,500	15,063	344,936
Negotiable certificates of deposit	8,164,221	2,296,064	2,768,928	2,874,229	225,000
Wisconsin local government investment pool	23,123,253	23,123,253	-	-	-
Totals	\$36,645,882	\$28,124,685	\$ 3,495,814	\$ 4,455,447	\$ 569,936

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$ 2,129,223

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$23,123,253 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

B. RECEIVABLES

Receivables as of year-end for the City's governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Gov't Funds	Waterworks and Lighting Commission	Sewer Utility	Airport	Total
Receivables						
Ambulance	\$ -	\$ 588,960	\$ -	\$ -	\$ -	\$ 588,960
Municipal Court	354,858	-	-	-	-	354,858
Accounts	205,040	73,011	3,931,989	703,554	168,982	5,082,576
Gross receivables	559,898	661,971	3,931,989	703,554	168,982	6,026,394
Less: Allowance for uncollectibles	(142,223)	(302,669)	(535,453)	-	-	(980,345)
Net total receivables	\$417,675	\$359,302	\$3,396,536	\$703,554	\$168,982	\$5,046,049

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

C. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$4,781,457 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Water Works and Lighting Commission		
Electric utility		
Debt service	\$ 426,836	Future principal and interest payment
Sewer Utility		
DNR Replacement	3,056,925	Resources accumulated for capital improvements to meet the terms of the outstanding sewer utility revenue bonds
Bond redemption	1,297,696	Resources accumulated for future principal and interest payments to meet the terms of the outstanding sewer utility revenue bonds
Total Sewer Utility	<u>4,354,621</u>	
Total restricted assets	<u>\$ 4,781,457</u>	

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 3,894,744	\$ -	\$ 50,000	\$ 3,844,744
Construction in progress	1,467,100	11,093,822	1,511,389	11,049,533
Total capital assets, nondepreciable	<u>5,361,844</u>	<u>11,093,822</u>	<u>1,561,389</u>	<u>14,894,277</u>
Capital assets, depreciable:				
Land improvements	385,096	-	-	385,096
Buildings and improvements	15,894,174	229,856	-	16,124,030
Machinery and equipment	12,843,033	1,794,163	904,315	13,732,881
Infrastructure	80,388,046	1,595,951	-	81,983,997
Subtotals	<u>109,510,349</u>	<u>3,619,970</u>	<u>904,315</u>	<u>112,226,004</u>
Less accumulated depreciation for:				
Land improvements	261,442	8,298	-	269,740
Buildings and improvements	7,419,422	440,466	-	7,859,888
Machinery and equipment	9,063,241	809,938	904,315	8,968,864
Infrastructure	41,546,264	1,473,461	-	43,019,725
Subtotals	<u>58,290,369</u>	<u>2,732,163</u>	<u>904,315</u>	<u>60,118,217</u>
Total capital assets, depreciable, net	<u>51,219,980</u>	<u>887,807</u>	<u>-</u>	<u>52,107,787</u>
Governmental activities capital assets, net	<u>\$ 56,581,824</u>	<u>\$ 11,981,629</u>	<u>\$ 1,561,389</u>	67,002,064
Less: Capital related debt				18,357,618
Less: Debt premium				392,998
Less: Capital related payables including retainage				<u>2,549,264</u>
Net investment in capital assets				<u>\$ 45,702,184</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 1,200,055	\$ -	\$ 91,397	\$ 1,108,658
Construction in progress	8,469,265	8,946,942	15,637,560	1,778,647
Total capital assets, nondepreciable	<u>9,669,320</u>	<u>8,946,942</u>	<u>15,728,957</u>	<u>2,887,305</u>
Capital assets, depreciable:				
Electric utility	63,797,146	4,305,961	1,240,629	66,862,478
Water utility	44,821,004	974,055	148,805	45,646,254
Sewer utility	60,022,933	8,922,537	487,960	68,457,510
Airport	8,340,658	3,505,358	1,324,213	10,521,803
Subtotals	<u>176,981,741</u>	<u>17,707,911</u>	<u>3,201,607</u>	<u>191,488,045</u>
Less accumulated depreciation for:				
Electric utility	28,843,421	2,936,106	1,640,826	30,138,701
Water utility	17,230,344	1,041,093	132,189	18,139,248
Sewer utility	19,464,491	1,612,005	467,821	20,608,675
Airport	3,465,432	413,938	1,324,213	2,555,157
Subtotals	<u>69,003,688</u>	<u>6,003,142</u>	<u>3,565,049</u>	<u>71,441,781</u>
Total capital assets, depreciable, net	<u>107,978,053</u>	<u>11,704,769</u>	<u>(363,442)</u>	<u>120,046,264</u>
Business-type activities capital assets, net	<u>\$ 117,647,373</u>	<u>\$20,651,711</u>	<u>\$15,365,515</u>	122,933,569
Less: Capital related debt				27,595,144
Less: Debt premium				60,160
Add: Deferred charge on refunding				632,594
Less: Capital related payables including retainage				746,747
Net investment in capital assets				<u>\$ 95,164,112</u>

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

Governmental activities	
General government	\$ 198,627
Public safety	327,801
Public works	1,947,031
Culture and recreation	258,704
Total depreciation expense - governmental activities	<u>\$ 2,732,163</u>
Business-type activities	
Waterworks and Lighting Commission	
Depreciation expense	\$ 3,184,715
Depreciation expense charged to sewer	91,700
Depreciation expense charged to clearing accounts	282,120
Salvage and other adjustments	418,664
Total Waterworks and Lighting Commission	<u>3,977,199</u>
Sewer	1,612,005
Airport	413,938
Total increase in accumulated depreciation - business-type activities	<u>\$ 6,003,142</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

E. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2019 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Operating accounts between funds		
General	\$ 2,064,712	\$ 106,185
Special Revenue		
Centralia Center	-	5,406
Capital Projects		
Public works construction	298,815	1,585
Aquatic & Riverfront Construction	-	797
Storm water management	67,491	12,563
Enterprise Funds		
Sewer Utility	293,730	347,350
Airport	-	712
Waterworks and Lighting Commission	474,599	2,724,749
Subtotal	<u>3,199,347</u>	<u>3,199,347</u>
Advances		
General fund	143,357	-
TIF District No. 8	-	143,357
Subtotal	<u>143,357</u>	<u>143,357</u>
Totals	<u>\$ 3,342,704</u>	<u>\$ 3,342,704</u>

The TIF District No. 8 will repay the advance from the General Fund as tax increments are available.

Interfund transfers for the year ended December 31, 2019 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,898,122	\$ 45,000
Special Revenue		
Centralia Center	-	159,706
Grants and donations	10,000	-
Capital Projects		
Public works construction	112,073	-
Municipal Building Fund	35,000	-
TIF District No. 6	-	366,511
TIF District No. 7	-	80,872
Aquatics and riverfront construction	-	172,212
Debt Service	667,228	-
Enterprise		
Waterworks and Lighting Commission	-	1,898,122
	<u>\$ 2,722,423</u>	<u>\$ 2,722,423</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Interfund transfers were made for the following purposes:

Tax equivalent payment made by WWLC to General Fund	\$1,898,122
Transfer from Centralia Center to Debt Service for debt retirement	47,633
Transfer from Centralia Center to Public Works Construction Fund for Centralia Center parking lot project	112,073
Transfer from TIF District No. 6 to Debt Service for debt retirement	366,511
Transfer from TIF District No. 7 to Debt Service for debt retirement	80,872
Transfer from Aquatics Facility & Riverbank Fund to Debt Service Fund for bond premium	172,212
Transfer from General Fund to Municipal Building Improvement for McMillan Library generator project	35,000
Transfer from General Fund to Grants and Donations Fund for PD overtime project	10,000
	<u>\$2,722,423</u>

F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 9,920,000	\$ 5,685,000	\$ 1,060,000	\$ 14,545,000	\$ 1,325,000
Notes	4,610,000	-	545,000	4,065,000	555,000
Notes from direct borrowing					
State trust fund loans	214,961	-	51,385	163,576	52,913
Total general obligation debt	14,744,961	5,685,000	1,656,385	18,773,576	1,932,913
Debt premium	185,613	226,930	19,545	392,998	-
Compensated absences	1,360,005	192,863	265,068	1,287,800	960,896
Governmental activities Long-term obligations	<u>\$ 16,290,579</u>	<u>\$ 6,104,793</u>	<u>\$ 1,940,998</u>	<u>\$ 20,454,374</u>	<u>\$ 2,893,809</u>
Business-type activities:					
General obligation debt					
Bonds	\$ 6,030,000	\$ -	\$ 495,000	\$ 5,535,000	\$ 510,000
Notes from direct borrowing					
Environmental improvement fund loan	22,315,700	1,265,328	1,520,884	22,060,144	1,784,573
Debt premium	66,693	-	6,533	60,160	-
Compensated absences	303,280	35,918	10,158	329,040	315,538
Business-type activities Long-term obligations	<u>\$ 28,715,673</u>	<u>\$ 1,301,246</u>	<u>\$ 2,032,575</u>	<u>\$ 27,984,344</u>	<u>\$ 2,610,111</u>

Total interest paid during the year on long-term debt totaled \$1,174,423.

The City's outstanding notes from direct borrowings related to governmental activities of \$163,576 are subject to a statutory provision that in an event of late or non-payment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

The City's outstanding notes from direct borrowings related to business type activities of \$22,060,144 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
General obligation notes	5/27/11	5/1/21	2.0 - 3.0%	\$ 1,300,000	\$ 250,000
General obligation bonds	5/27/11	5/1/22	2.0 - 3.625%	1,225,000	375,000
General obligation bonds	5/27/11	5/1/26	2.0 - 4.125%	2,715,000	1,225,000
General obligation bonds	5/10/12	6/1/23	1.0 - 3.0%	3,930,000	1,855,000
State trust fund loan	8/30/12	3/15/21	3.00%	500,000	163,576
General obligation notes	11/13/12	3/1/22	0.3 - 1.5%	1,010,000	310,000
General obligation bonds	11/13/12	3/1/25	0.3 - 1.8%	2,310,000	1,215,000
General obligation notes	6/10/15	6/1/25	0.5 - 2.3%	995,000	620,000
General obligation bonds	9/22/15	4/1/29	2.0 - 3.0%	7,475,000	5,535,000
General obligation notes	7/14/16	6/1/26	0.8 - 1.85%	1,120,000	850,000
General obligation bonds	6/8/17	6/1/37	3.0 - 3.25%	4,515,000	4,190,000
General obligation notes	7/11/18	6/1/28	1.90 - 2.85%	2,135,000	2,035,000
General obligation bonds	7/17/19	6/1/37	2.5% - 3.0%	5,685,000	5,685,000
Total outstanding general obligation debt					<u>\$24,308,576</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2019 are detailed below:

Year Ended	Governmental Activities				Totals	
	Bonds and Notes		Notes from direct borrowing			
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2020	\$ 1,880,000	\$ 537,837	\$ 52,913	\$ 4,921	\$ 1,932,913	\$ 542,758
2021	1,770,000	435,051	54,514	3,320	1,824,514	438,371
2022	1,780,000	391,256	56,149	1,684	1,836,149	392,940
2023	1,810,000	344,474	-	-	1,810,000	344,474
2024	1,610,000	298,497	-	-	1,610,000	298,497
2025-2029	6,085,000	902,659	-	-	6,085,000	902,659
2030-2034	2,230,000	385,128	-	-	2,230,000	385,128
2035-2037	1,445,000	68,197	-	-	1,445,000	68,197
	<u>\$18,610,000</u>	<u>\$3,363,099</u>	<u>\$ 163,576</u>	<u>\$ 9,925</u>	<u>\$18,773,576</u>	<u>\$3,373,024</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Year Ended December 31,	Business-type Activities		Total
	Bond and Notes		
	Principal	Interest	
2020	\$ 510,000	\$ 119,019	\$ 629,019
2021	510,000	108,819	618,819
2022	520,000	98,519	618,519
2023	535,000	87,969	622,969
2024	545,000	77,169	622,169
2025-2029	2,915,000	194,659	3,109,659
	<u>\$5,535,000</u>	<u>\$ 686,154</u>	<u>\$ 6,221,154</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2019 was \$31,328,464 as follows:

Equalized valuation of the City	\$ 1,112,740,800
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	55,637,040
Total outstanding general obligation debt applicable to debt limitation	24,308,576
Legal margin for new debt	<u>\$ 31,328,464</u>

Environmental Improvement Fund Loan

Environmental Improvement Fund Loan outstanding on December 31, 2019 was comprised of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
Environmental Improvement Fund Loan	12/23/08	5/1/28	3.398%	\$ 26,615,595	\$ 15,360,555
Environmental Improvement Fund Loan	5/23/18	5/1/38	1.87%	6,781,712	6,699,589
Total Environmental Improvement Fund Loan					<u>\$ 22,060,144</u>

Annual principal and interest maturities of the outstanding environmental improvement fund loan of \$22,060,144 on December 31, 2019 are detailed below:

Year Ended December 31,	Business-type Activities		Total
	Notes from direct borrowings		
	Principal	Interest	
2020	\$ 1,784,573	\$ 619,508	\$ 2,404,081
2021	1,840,675	562,169	2,402,844
2022	1,898,600	503,304	2,401,904
2023	1,958,406	442,525	2,400,931
2024	2,020,156	379,771	2,399,927
2025-2029	9,090,113	917,795	10,007,908
2030-2034	1,854,892	238,791	2,093,683
2035-2038	1,612,729	61,014	1,673,743
	<u>\$ 22,060,144</u>	<u>\$ 3,724,877</u>	<u>\$ 25,785,021</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Utility Revenues Pledged

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the system. The bonds are payable solely from sewer customer net revenues and are payable through 2038. The total principal and interest remaining to be paid on the bonds is \$25,785,021. Principal and interest paid for the current year and total customer net revenues were \$2,180,827 and \$4,796,053, respectively.

G. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2019, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,649,985.

H. PENSION PLAN

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
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)
2017	2.0	4
2018	2.4	17

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, executives and elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remained 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 year ending December 31, 2019, the WRS recognized \$1,365,896 in contributions from the City.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

At December 31, 2019, the City reported a liability of \$4,691,396 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.13186648%, which was an increase of 0.00172915% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$3,156,689.

At December 31, 2019, the City 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	\$ 3,653,888	\$ 6,458,757
Net differences between projected and actual earnings on pension plan investments	6,851,463	-
Changes in assumptions	790,797	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,894	43,073
Employer contributions subsequent to the measurement date	1,365,896	-
Total	<u>\$ 12,663,938</u>	<u>\$ 6,501,830</u>

\$1,365,896 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. 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,	Expense
2020	\$ 1,736,533
2021	426,557
2022	761,166
2023	1,871,956
Total	<u>\$ 4,796,212</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

5. Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.50%

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 members 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
City's proportionate share of the net pension liability (asset)	\$ 18,644,099	\$ 4,691,396	\$ (5,683,520)

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

6. Payables to the Pension Plan

At December 31, 2019, the City reported a payable of \$205,157 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

I. OTHER POSTEMPLOYMENT BENEFITS

The City reports OPEB related balances at December 31, 2019 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 661,124	\$ 97,712	\$ 193,203	\$ 66,425
Single-employer defined OPEB plan	11,395,621	734,835	368,897	838,945
Total	\$ 12,056,745	\$ 832,547	\$ 562,100	\$ 905,370

1. Single-employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the City. Eligible retired employees have access to group medical coverage through the City's group plan. City paid medical benefits are paid for as indicated below. All employees of the City are eligible for the Plan if they meet the following age and service requirements below. Employees hired after December 31, 2012 or December 31, 2014 (varies by employment group) are not eligible for this benefit. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue separate financial statements.

Benefits Provided

The City provides medical (including prescription drugs), dental, and life insurance coverage for retired employees through the City's group plan. Benefits vary depending employment group. Employees must retire from the City to be eligible for this other postemployment benefit.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	49
Active employees	212
	<u>261</u>

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. City paid benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017 rolled forward to the measurement date of December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Actuarial Assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5%
Salary increases:	.04% to 4.8% depending on years of service and job classification plus 3% inflation
Discount rate:	4.0%
Healthcare cost trend rates:	6.60% for year 1 increasing to 7.0% for year 2, and decreasing by 0.50% down to 6.50%, then by 0.10% per year down to 5.0% and level thereafter

Mortality rates are the same as those used in the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on the “Wisconsin Retirement System 2014 - 2014 Experience Study” conducted in 2015.

Discount Rate. The discount rate used to measure the total OPEB liability was 4.0%. The discount rate is based on the Bond Buyer GO 20-year AA Bond Index as of the week of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	\$ 11,425,739
Changes for the year:	
Service cost	485,414
Interest	399,643
Contributions - employer	-
Changes of assumptions or other input	(415,009)
Benefit payments	(500,166)
Net changes	(30,118)
Balance at December 31, 2019	<u>\$ 11,395,621</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

	1% Decrease to Discount Rate (3.0%)	Current Discount Rate (4.0%)	1% Increase to Discount Rate (5.0%)
Total OPEB liability	\$ 12,239,759	\$ 11,395,621	\$ 10,608,598

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.6% in Year 1, then 6.0% decreasing to 4.0%) or 1-percentage-point higher (7.6% in Year 1, then 8.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.6% in Year 1, then 6.0% decreasing to 4.0%)	Healthcare Cost 1% Decrease (6.6% in Year 1, then 7.0% decreasing to 5.0%)	1% Decrease (7.6% in Year 1, then 8.0% decreasing to 6.0%)
Total OPEB liability	\$ 10,226,161	\$ 11,395,621	\$ 12,770,871

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$838,945. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions or other input	-	368,897
Net difference between projected and actual earnings on OPEB plan investments	-	-
City contributions subsequent to the measurement date	734,835	-
Total	<u>\$ 734,835</u>	<u>\$ 368,897</u>

\$735,835 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019, and reported in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Expense
2020	\$ (46,112)
2021	(46,112)
2022	(46,112)
2023	(46,112)
2024	(46,112)
Thereafter	(138,337)
Total	<u>\$ (368,897)</u>

Payable to the OPEB Plan

At December 31, 2019, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

2. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost-sharing multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are listed below:

Life Insurance Employee Contribution Rates For the Year Ended December 31, 2018*		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

During the reporting period, the LRLIF recognized \$3,406 in contributions from the employer.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the City reported a liability of \$661,124 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.25621600%, which was a decrease of 0.00697900% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Commission recognized OPEB expense of \$66,425.

At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,538
Net differences between projected and actual earnings on OPEB plan investments	15,800	-
Changes in assumptions	63,081	143,305
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,831	16,360
Total	\$ 97,712	\$ 193,203

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Expense
2020	\$ (12,266)
2021	(12,266)
2022	(12,266)
2023	(14,485)
2024	(16,771)
Thereafter	(27,437)
	\$ (95,491)

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.22%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single discount rate. A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the City's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City's proportionate share of the net OPEB liability (asset)	\$ 940,492	\$ 661,124	\$ 445,564

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

Payable to the OPEB Plan

At December 31, 2019, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

J. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2019, nonspendable fund balance was as follows:

General Fund		
Nonspendable		
Inventories and prepaid items	\$	155,314
County held special assessments		100,486
Advance to TIF District No. 8		143,357
		<hr/>
Total nonspendable fund balance	\$	<u>399,157</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance was as follows:

Special Revenue Funds		
Restricted for		
Housing rehabilitation loan program	\$	274,477
HCRI loan program		29,923
Total Special Revenue Fund restricted fund balance		<u>304,400</u>
Debt Service Fund		
Restricted for		
Retirement of long-term debt		231,100
		<hr/>
Capital Projects Funds		
Restricted for		
Aquatics and Riverfront capital projects		99,864
Public Works Construction capital projects		128,710
		<hr/>
Total restricted fund balance	\$	<u>764,074</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2019, governmental fund balance was committed as follows:

General Fund

Committed for

Future unreported medical and dental claims	\$ 453,323
Machinery and equipment maintenance and replacement	57,589
Total General Fund committed fund balance	<u>510,912</u>

Special Revenue Funds

Committed for

Centralia center operations and maintenance	499,908
Emergency medical services	372,481
Storm water management projects	444,213
Undistributed room tax collections - tourism promotion	280,914
Retiree health insurance - City portion of insurance premiums	433,705
Grants and donations projects	441,911
River cities community access operations and maintenance	457,122
Mass transit fund operations	106,843
Total Special Revenue Funds committed fund balance	<u>3,037,097</u>

Capital Projects Funds

Committed for

Public works construction activities	905,965
TIF District No. 6 economic development and debt service	146,555
TIF District No. 7 economic development and debt service	41,685
Municipal building improvement and construction	188,449
Equipment replacement	953,836
Total Capital Projects Funds committed fund balance	<u>2,236,490</u>

Total committed fund balance	<u><u>\$ 5,784,499</u></u>
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Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

General Fund

Assigned for 2020 projects	\$ 500,000
Assigned for street maintenance	490,964
Assigned for economic development (TIF District No. 8 interim financing)	650,000
Assigned for subsequent years budget	<u>1,370,000</u>

Total	<u><u>\$ 3,010,964</u></u>
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City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 25% - 30% of the annual General Fund budgeted expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2019 General Fund expenditures	\$	20,859,367
Minimum fund balance %		(x) 25% - 30%
Minimum fund balance amount		<u>\$5,214,842 to \$6,257,810</u>

The City's unassigned General Fund balance of \$9,824,400 is above the minimum fund balance amount.

Net Position

The City reports restricted net position at December 31, 2019 as follows:

Governmental activities		
Restricted for		
Debt service	\$	123,697
Development loans		2,880,051
Total governmental activities restricted net position		<u>3,003,748</u>
Business-type activities		
Restricted for		
Sewer capital improvements		3,056,925
Sewer debt service		1,189,715
Total business-type activities restricted net position		<u>4,246,640</u>
Total restricted net position	\$	<u>7,250,388</u>

NOTE 4: OTHER INFORMATION

A. TAX INCREMENTAL FINANCING DISTRICTS

The City has established separate capital projects funds for Tax Incremental District (TID) No. 6, No. 7, and No. 8 which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's Districts are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2019, the City can recover \$2,835,932 from future excess tax increment revenues of the following:

	Recoverable
	Costs
TID No. 6	\$ 2,227,926
TID No. 7	464,649
TID No. 8	143,357
	<u>\$ 2,835,932</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Termination Year
TID No. 6	2027
TID No. 7	2032
TID No. 8	2040

B. WHOLESALE POWER SUPPLY CONTRACTS

On January 6, 2000, the Commission entered into a contract for the establishment and operation of Great Lakes Utilities (GLU), a municipal electric company formed pursuant to Section 66.073 of the Wisconsin Statutes. It is a separate electric company of 17 Wisconsin municipal electric utilities to purchase and sell power and energy from and to its members and others. The GLU Board of Directors voted on September 30, 2003, to accept assignments of power supply contracts from five of its members including Wisconsin Rapids Water Works and Lighting Commission effective February 1, 2004. The current contract with GLU was signed on August 29, 2007 for a 25 year term.

C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. A description of the City's risk management programs is presented below:

Dental Self-Insurance Fund

City employees are eligible for dental benefits from a dental self-insurance fund. Funding is provided by charges to City departments. The program is supplemented by stop loss protection, which limits the City's annual liability. Fund expenses consist of payments to a third-party administrator for dental claims, stop loss insurance premiums and administrative fees. On December 31, 2019, the program had a committed fund balance of \$184,667 for future unreported dental claims.

The claims liability of \$5,245 reported in the general fund at December 31, 2019 is 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 fund's claims liability amount are as follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2018	\$ -	\$ 227,895	\$ 219,941	\$ 7,954
2019	7,954	220,777	223,486	5,245

The City has purchased commercial insurance policies for various risks of loss. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the City. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

D. CONTINGENCIES

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

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

E. SUBSEQUENT EVENTS

In May 2020, the City issued \$2,035,000 in taxable Note Anticipation Notes and \$3,610,000 in General Obligation Corporate Bonds for various capital projects.

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness, revenue short-falls in user fees and taxes, increased delinquent accounts receivable and shortages of personnel. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

During the period from January 1, 2020 through [Report Date], both domestic and international equity markets have experienced significant fluctuations. Any losses are not reflected in the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end and are still developing.

F. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

G. COMMITMENTS

The City has active construction projects as of December 31, 2019. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Estimated future costs to complete the construction projects is approximately \$3,630,281.

City of Wisconsin Rapids, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.12563247%	\$ (3,085,878)	\$ 14,261,723	21.64%	102.74%
12/31/15	0.12561623%	2,041,239	14,370,306	14.20%	98.20%
12/31/16	0.12744633%	1,050,462	14,878,296	7.06%	99.12%
12/31/17	0.13013733%	(3,863,931)	15,303,790	25.25%	102.93%
12/31/18	0.13186648%	4,691,396	15,304,894	30.65%	96.45%

SCHEDULE OF 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 Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 1,218,145	\$ 1,218,145	\$ -	\$ 14,370,306	8.48%
12/31/16	1,229,654	1,229,654	-	14,878,296	8.26%
12/31/17	1,365,212	1,365,212	-	15,303,790	8.92%
12/31/18	1,353,160	1,353,160	-	15,304,894	8.84%
12/31/19	1,365,896	1,365,896	-	15,564,776	8.78%

See notes to required supplementary information.

City of Wisconsin Rapids, Wisconsin

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS *

	2019	2018
Total OPEB liability		
Service cost	\$ 485,414	\$ 485,414
Interest	399,643	383,857
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Change of assumptions or other input	(415,009)	-
Benefit payments	(500,166)	(336,313)
Net change in total OPEB liability	(30,118)	532,958
Total OPEB Liability - beginning	11,425,739	10,892,781
Total OPEB Liability - ending	<u>\$ 11,395,621</u>	<u>\$ 11,425,739</u>
Covered-employee payroll	\$ 14,000,516	\$ 14,000,516
City's total OPEB liability as a percentage of covered-employee payroll	81.39%	81.61%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

City of Wisconsin Rapids, Wisconsin

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered-employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.26319500%	\$ 791,843	\$ 15,303,790	5.17%	44.81%
12/31/18	0.25621600%	661,124	15,304,894	4.32%	48.69%

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee Payroll</u>	<u>Contributions as a Percentage of Covered-employee Payroll</u>
12/31/18	\$ 3,560	\$ 3,560	\$ -	\$ 15,304,894	0.02%
12/31/19	3,406	3,406	-	15,564,776	0.02%

See notes to required supplementary information.

City of Wisconsin Rapids, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

A. WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

B. OTHER POSTEMPLOYMENT BENEFITS

Single-employer Defined Benefit Postemployment Benefit Plan

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. The actuarial assumption used to develop Total OPEB Liability that changed in the roll forward from the valuation date to the measurement date was the discount rate.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Local Retiree Life Insurance Fund

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

City of Wisconsin Rapids, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Special Revenue			
	Centralia Center	Housing Rehabilitation	Emergency Medical Services	Storm Water Management
ASSETS				
Cash and investments	\$ 546,081	\$ 282,267	\$ 229,339	\$ 394,559
Receivables				
Taxes	70,961	-	196,656	874
Accounts, net	3,468	-	286,291	-
Special assessments	-	-	-	4,796
Loans	-	2,535,911	-	-
Due from other funds	-	-	-	67,491
Due from other governments	-	-	-	-
Total assets	<u>\$ 620,510</u>	<u>\$ 2,818,178</u>	<u>\$ 712,286</u>	<u>\$ 467,720</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 7,902	\$ 7,790	\$ 9,458	\$ 3,750
Accrued and other current liabilities	2,139	-	40,874	1,524
Due to other funds	5,406	-	-	12,563
Advance from other funds	-	-	-	-
Special deposits	746	-	-	-
Total liabilities	<u>16,193</u>	<u>7,790</u>	<u>50,332</u>	<u>17,837</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	104,409	-	289,473	874
Loans receivable	-	2,535,911	-	-
Special assessments	-	-	-	4,796
Total deferred inflows of resources	<u>104,409</u>	<u>2,535,911</u>	<u>289,473</u>	<u>5,670</u>
Fund balances				
Restricted	-	274,477	-	-
Committed	499,908	-	372,481	444,213
Unassigned	-	-	-	-
Total fund balances	<u>499,908</u>	<u>274,477</u>	<u>372,481</u>	<u>444,213</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 620,510</u>	<u>\$ 2,818,178</u>	<u>\$ 712,286</u>	<u>\$ 467,720</u>

<u>Room Tax</u>	<u>Retiree Health Insurance</u>	<u>HCRI Program</u>	<u>Grants and Donations</u>	<u>River Cities Community Access</u>	<u>Mass Transit</u>	<u>Aquatic Facility</u>	<u>Debt Service</u>
\$ 293,039	\$ 493,644	\$ 29,923	\$ 441,911	\$ 402,536	\$ 76,298	\$ 41,391	\$ 770,860
-	123,438	-	-	-	34,402	88,295	1,146,825
-	-	-	-	69,543	-	-	-
-	-	39,740	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	97,070	-	-
<u>\$ 293,039</u>	<u>\$ 617,082</u>	<u>\$ 69,663</u>	<u>\$ 441,911</u>	<u>\$ 472,079</u>	<u>\$ 207,770</u>	<u>\$ 129,686</u>	<u>\$ 1,917,685</u>
\$ 11,625	\$ -	\$ -	\$ -	\$ 7,460	\$ 50,219	\$ -	\$ -
-	-	-	-	7,497	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
500	1,824	-	-	-	-	-	-
<u>12,125</u>	<u>1,824</u>	<u>-</u>	<u>-</u>	<u>14,957</u>	<u>50,219</u>	<u>-</u>	<u>-</u>
-	181,553	-	-	-	50,708	129,686	1,686,585
-	-	39,740	-	-	-	-	-
-	-	-	-	-	-	-	-
-	181,553	39,740	-	-	50,708	129,686	1,686,585
-	-	29,923	-	-	-	-	-
280,914	433,705	-	441,911	457,122	106,843	-	-
-	-	-	-	-	-	-	231,100
<u>280,914</u>	<u>433,705</u>	<u>29,923</u>	<u>441,911</u>	<u>457,122</u>	<u>106,843</u>	<u>-</u>	<u>231,100</u>
<u>\$ 293,039</u>	<u>\$ 617,082</u>	<u>\$ 69,663</u>	<u>\$ 441,911</u>	<u>\$ 472,079</u>	<u>\$ 207,770</u>	<u>\$ 129,686</u>	<u>\$ 1,917,685</u>

City of Wisconsin Rapids, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Capital Projects		
	Public Works Construction	TIF District No. 6	TIF District No. 7
ASSETS			
Cash and investments	\$ 1,128,029	\$ 243,971	\$ 45,866
Receivables			
Taxes	316,542	234,746	20,835
Accounts, net	-	-	-
Special assessments	-	-	-
Loans	-	-	-
Due from other funds	298,815	-	-
Due from other governments	-	-	-
Total assets	<u>\$ 1,743,386</u>	<u>\$ 478,717</u>	<u>\$ 66,701</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 236,655	\$ -	\$ -
Accrued and other current liabilities	5,087	-	-
Due to other funds	1,585	-	-
Advance from other funds	-	-	-
Special deposits	-	-	-
Total liabilities	<u>243,327</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	465,384	332,162	25,016
Loans receivable	-	-	-
Special assessments	-	-	-
Total deferred inflows of resources	<u>465,384</u>	<u>332,162</u>	<u>25,016</u>
Fund balances			
Restricted	128,710	-	-
Committed	905,965	146,555	41,685
Unassigned	-	-	-
Total fund balances	<u>1,034,675</u>	<u>146,555</u>	<u>41,685</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,743,386</u>	<u>\$ 478,717</u>	<u>\$ 66,701</u>

TIF District No. 8	Municipal Building Improvement	Equipment Replacement	Total
\$ 75,746	\$ 222,369	\$ 1,042,105	\$ 6,759,934
-	-	149,610	2,383,184
-	-	-	359,302
-	-	-	4,796
-	-	-	2,575,651
-	-	-	366,306
-	-	-	97,070
<u>\$ 75,746</u>	<u>\$ 222,369</u>	<u>\$ 1,191,715</u>	<u>\$ 12,546,243</u>

\$ 75,746	\$ 33,920	\$ 18,029	\$ 462,554
-	-	-	57,121
-	-	-	19,554
143,357	-	-	143,357
-	-	-	3,070
<u>219,103</u>	<u>33,920</u>	<u>18,029</u>	<u>685,656</u>

-	-	219,850	3,485,700
-	-	-	2,575,651
-	-	-	4,796
-	-	219,850	6,066,147

-	-	-	433,110
-	188,449	953,836	5,273,587
(143,357)	-	-	87,743
<u>(143,357)</u>	<u>188,449</u>	<u>953,836</u>	<u>5,794,440</u>

<u>\$ 75,746</u>	<u>\$ 222,369</u>	<u>\$ 1,191,715</u>	<u>\$ 12,546,243</u>
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City of Wisconsin Rapids, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue			
	Centralia Center	Housing Rehabilitation	Emergency Medical Services	Storm Water Management
REVENUES				
Taxes	\$ 105,119	\$ -	\$ 441,466	\$ -
Special assessments	-	-	-	5,088
Intergovernmental	-	-	7,419	28,286
Licenses and permits	-	-	-	-
Public charges for services	-	-	1,164,957	777,101
Intergovernmental charges for services	-	-	-	-
Miscellaneous	214,358	167,254	-	-
Total revenues	319,477	167,254	1,613,842	810,475
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	1,332,653	-
Public works	-	-	-	620,217
Health and human services	150,917	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	82,074	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	37,582	-
Total expenditures	150,917	82,074	1,370,235	620,217
Excess of revenues over (under) expenditures	168,560	85,180	243,607	190,258
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	17,800	-
Transfers in	-	-	-	-
Transfers out	(159,706)	-	-	-
Total other financing sources (uses)	(159,706)	-	17,800	-
Net change in fund balances	8,854	85,180	261,407	190,258
Fund balances - January 1	491,054	189,297	111,074	253,955
Fund balances - December 31	\$ 499,908	\$ 274,477	\$ 372,481	\$ 444,213

<u>Room Tax</u>	<u>Retiree Health Insurance</u>	<u>HCRI Program</u>	<u>Grants and Donations</u>	<u>River Cities Community Access</u>	<u>Mass Transit</u>	<u>Aquatic Facility</u>	<u>Debt Service</u>
\$ 408,245	\$ 196,435	\$ -	\$ -	\$ -	\$ 27,009	\$ -	\$ 1,349,597
-	-	-	-	-	-	-	-
-	-	-	160,455	-	547,706	-	-
-	-	-	-	331,264	-	-	-
-	-	-	39,256	-	-	-	-
-	176,881	-	-	-	-	-	-
-	222,006	4,511	21,019	3,587	-	-	58,884
<u>408,245</u>	<u>595,322</u>	<u>4,511</u>	<u>220,730</u>	<u>334,851</u>	<u>574,715</u>	<u>-</u>	<u>1,408,481</u>
-	601,456	-	-	254,287	-	-	-
-	-	-	8,732	-	-	-	-
-	-	-	-	-	524,556	-	-
-	-	-	-	-	-	-	-
-	-	-	24,885	-	-	-	-
304,519	-	111	150,000	-	-	-	-
-	-	-	-	-	-	-	1,656,385
-	-	-	-	-	-	-	385,412
66,968	-	-	-	29,338	40,832	-	-
<u>371,487</u>	<u>601,456</u>	<u>111</u>	<u>183,617</u>	<u>283,625</u>	<u>565,388</u>	<u>-</u>	<u>2,041,797</u>
<u>36,758</u>	<u>(6,134)</u>	<u>4,400</u>	<u>37,113</u>	<u>51,226</u>	<u>9,327</u>	<u>-</u>	<u>(633,316)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	10,000	-	-	-	667,228
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>667,228</u>
36,758	(6,134)	4,400	47,113	51,226	9,327	-	33,912
<u>244,156</u>	<u>439,839</u>	<u>25,523</u>	<u>394,798</u>	<u>405,896</u>	<u>97,516</u>	<u>-</u>	<u>197,188</u>
<u>\$ 280,914</u>	<u>\$ 433,705</u>	<u>\$ 29,923</u>	<u>\$ 441,911</u>	<u>\$ 457,122</u>	<u>\$ 106,843</u>	<u>\$ -</u>	<u>\$ 231,100</u>

City of Wisconsin Rapids, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Projects		
	Public Works Construction	TIF District No. 6	TIF District No. 7
REVENUES			
Taxes	\$ 697,378	\$ 365,303	\$ 80,563
Special assessments	-	-	-
Intergovernmental	10,287	10,580	13,843
Licenses and permits	-	-	-
Public charges for services	-	-	-
Intergovernmental charges for services	-	-	-
Miscellaneous	657,743	20,486	413
Total revenues	1,365,408	396,369	94,819
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	395,033	2,073	150
Health and human services	-	-	-
Culture and recreation	-	-	-
Conservation and development	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	2,516,829	-	-
Total expenditures	2,911,862	2,073	150
Excess of revenues over (under) expenditures	(1,546,454)	394,296	94,669
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	1,625,172	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	112,073	-	-
Transfers out	-	(366,511)	(80,872)
Total other financing sources (uses)	1,737,245	(366,511)	(80,872)
Net change in fund balances	190,791	27,785	13,797
Fund balances - January 1	843,884	118,770	27,888
Fund balances - December 31	\$ 1,034,675	\$ 146,555	\$ 41,685

<u>TIF District No. 8</u>	<u>Municipal Building Improvement</u>	<u>Equipment Replacement</u>	<u>Total</u>
\$ -	\$ -	\$ 211,450	\$ 3,882,565
-	-	-	5,088
-	-	-	778,576
-	-	-	331,264
-	-	-	1,981,314
-	-	620,427	797,308
<u>1</u>	<u>43,907</u>	<u>-</u>	<u>1,414,169</u>
<u>1</u>	<u>43,907</u>	<u>831,877</u>	<u>9,190,284</u>
15,500	-	-	871,243
-	-	-	1,341,385
-	-	-	1,542,029
-	-	-	150,917
-	-	-	24,885
52,071	-	-	588,775
-	-	-	1,656,385
-	-	-	385,412
<u>75,787</u>	<u>154,658</u>	<u>1,774,023</u>	<u>4,696,017</u>
<u>143,358</u>	<u>154,658</u>	<u>1,774,023</u>	<u>11,257,048</u>
<u>(143,357)</u>	<u>(110,751)</u>	<u>(942,146)</u>	<u>(2,066,764)</u>
-	-	241,000	1,866,172
-	5,325	92,043	115,168
-	35,000	-	824,301
-	-	-	(607,089)
<u>-</u>	<u>40,325</u>	<u>333,043</u>	<u>2,198,552</u>
(143,357)	(70,426)	(609,103)	131,788
<u>-</u>	<u>258,875</u>	<u>1,562,939</u>	<u>5,662,652</u>
<u>\$ (143,357)</u>	<u>\$ 188,449</u>	<u>\$ 953,836</u>	<u>\$ 5,794,440</u>



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the City Council
City of Wisconsin Rapids, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wisconsin Rapids, Wisconsin, (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 16, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 City'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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Wausau, Wisconsin
November 16, 2020