

City of Wisconsin Rapids, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2020



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City of Wisconsin Rapids, Wisconsin

DECEMBER 31, 2020

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Independent auditors' report

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, 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 4.G., the City recorded a prior period adjustment of \$490,964 in the governmental fund statements to reclassify revenues accrued but not received within the period of availability to deferred inflows of resources. 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 55 through 57 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.

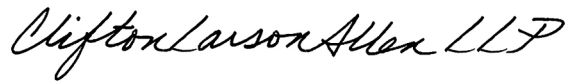
Other Information

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) are presented for purposes of additional analysis and are 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 December 13, 2021, 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.



CliftonLarsonAllen LLP

Wausau, Wisconsin
December 13, 2021

BASIC FINANCIAL STATEMENTS

City of Wisconsin Rapids, Wisconsin

STATEMENT OF NET POSITION DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 22,227,549	\$ 17,389,735	\$ 39,617,284
Receivables			
Taxes	9,228,314	-	9,228,314
Delinquent taxes	41,578	-	41,578
Accounts, net	765,607	4,400,380	5,165,987
Special assessments	1,017,712	-	1,017,712
Loans	2,438,635	500,000	2,938,635
Other	-	737,402	737,402
Internal balances	2,271,120	(2,271,120)	-
Due from other governments	671,625	-	671,625
Inventories and prepaid items	183,878	1,680,167	1,864,045
Investment in American Transmission Company	-	8,175,644	8,175,644
Assets held for future use	-	104,755	104,755
Preliminary survey and investigation	-	2,808	2,808
Restricted assets			
Cash and investments	-	4,820,516	4,820,516
Net pension asset	3,371,458	873,365	4,244,823
Capital assets, nondepreciable	4,425,640	1,485,587	5,911,227
Capital assets, depreciable, net	65,498,656	122,938,727	188,437,383
Total assets	112,141,772	160,837,966	272,979,738
DEFERRED OUTFLOWS OF RESOURCES			
Loss on advance refunding	-	563,845	563,845
Pension related amounts	7,881,006	2,023,885	9,904,891
Other postemployment related amounts	1,533,069	393,355	1,926,424
Total deferred outflows of resources	9,414,075	2,981,085	12,395,160
LIABILITIES			
Accounts payable	1,337,473	1,693,291	3,030,764
Accrued and other current liabilities	494,397	274,506	768,903
Accrued interest payable	67,652	127,002	194,654
Special deposits	17,624	697,197	714,821
Unearned revenues	30,000	1,052	31,052
Claims payable	5,991	-	5,991
Long-term obligations			
Due within one year - long-term debt	2,936,419	2,734,940	5,671,359
Due in more than one year - long-term debt	21,448,209	23,007,674	44,455,883
Due within one year - Other postemployment benefits	607,050	115,055	722,105
Other postemployment benefits	8,981,623	2,277,854	11,259,477
Total liabilities	35,926,438	30,928,571	66,855,009
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	13,740,124	-	13,740,124
Pension related amounts	10,134,650	2,625,346	12,759,996
Other postemployment related amounts	1,387,189	495,001	1,882,190
Total deferred inflows of resources	25,261,963	3,120,347	28,382,310
NET POSITION			
Net investment in capital assets	46,652,176	99,309,603	145,961,779
Restricted for			
Net pension asset	3,371,458	873,365	4,244,823
Debt service	31,691	1,227,234	1,258,925
Capital improvements	-	3,068,257	3,068,257
Development loans	2,844,434	-	2,844,434
Unrestricted	7,467,687	25,291,674	32,759,361
Total net position	\$ 60,367,446	\$ 129,770,133	\$ 190,137,579

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,363,268	\$ 1,197,098	\$ -	\$ -
Public safety	10,099,138	1,128,461	199,310	-
Public works	10,562,651	1,030,176	2,130,246	623,112
Health and human services	572,131	127,473	-	-
Culture and recreation	3,197,276	163,866	640,345	42,618
Conservation and development	1,093,393	-	743	-
Interest and fiscal charges	651,256	-	-	-
Total governmental activities	29,539,113	3,647,074	2,970,644	665,730
BUSINESS-TYPE ACTIVITIES				
Electric utility	23,695,838	25,278,042	-	1,854,041
Water utility	3,701,733	5,586,002	-	12,864
Sewer Utility	4,837,474	6,575,865	-	-
Airport	705,059	312,524	-	30,000
Total business-type activities	32,940,104	37,752,433	-	1,896,905
Total	\$ 62,479,217	\$ 41,399,507	\$ 2,970,644	\$ 2,562,635

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	Total
\$ (2,166,170)	\$ -	\$ (2,166,170)
(8,771,367)	-	(8,771,367)
(6,779,117)	-	(6,779,117)
(444,658)	-	(444,658)
(2,350,447)	-	(2,350,447)
(1,092,650)	-	(1,092,650)
(651,256)	-	(651,256)
<u>(22,255,665)</u>	<u>-</u>	<u>(22,255,665)</u>
-	3,436,245	3,436,245
-	1,897,133	1,897,133
-	1,738,391	1,738,391
-	(362,535)	(362,535)
<u>-</u>	<u>6,709,234</u>	<u>6,709,234</u>
<u>(22,255,665)</u>	<u>6,709,234</u>	<u>(15,546,431)</u>
12,747,715	-	12,747,715
357,177	-	357,177
502,423	-	502,423
4,957,907	-	4,957,907
329,486	940,927	1,270,413
732,245	7,620	739,865
74,832	-	74,832
1,970,423	(1,970,423)	-
<u>21,672,208</u>	<u>(1,021,876)</u>	<u>20,650,332</u>
(583,457)	5,687,358	5,103,901
<u>60,950,903</u>	<u>124,082,775</u>	<u>185,033,678</u>
<u>\$ 60,367,446</u>	<u>\$ 129,770,133</u>	<u>\$ 190,137,579</u>

City of Wisconsin Rapids, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019**

	<u>General</u>	<u>Aquatics & Riverfront Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 15,330,944	\$ 223,840	\$ 6,672,765	\$ 22,227,549
Receivables				
Taxes	6,720,155	-	2,508,159	9,228,314
Delinquent taxes	41,578	-	-	41,578
Accounts, net	386,583	-	379,024	765,607
Special assessments	1,015,683	-	2,029	1,017,712
Loans	-	-	2,438,635	2,438,635
Due from other funds	2,093,418	-	303,738	2,397,156
Advance to other funds	544,988	-	-	544,988
Due from other governments	466,753	-	204,872	671,625
Inventories and prepaid items	183,878	-	-	183,878
	<u>\$ 26,783,980</u>	<u>\$ 223,840</u>	<u>\$ 12,509,222</u>	<u>\$ 39,517,042</u>
Total assets				
	<u>\$ 26,783,980</u>	<u>\$ 223,840</u>	<u>\$ 12,509,222</u>	<u>\$ 39,517,042</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 937,050	\$ 83,953	\$ 316,470	\$ 1,337,473
Accrued and other current liabilities	578,400	-	26,236	604,636
Due to other funds	103,198	-	22,838	126,036
Advance from other funds	-	-	544,988	544,988
Special deposits	12,724	-	4,900	17,624
Unearned revenues	8,366	-	21,634	30,000
Claims payable	5,991	-	-	5,991
	<u>1,645,729</u>	<u>83,953</u>	<u>937,066</u>	<u>2,666,748</u>
Total liabilities				
	<u>1,645,729</u>	<u>83,953</u>	<u>937,066</u>	<u>2,666,748</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	10,007,008	-	3,733,116	13,740,124
Other	466,752	-	15,531	482,283
Loans receivable	-	-	2,438,635	2,438,635
Special assessments	938,535	-	2,029	940,564
	<u>11,412,295</u>	<u>-</u>	<u>6,189,311</u>	<u>17,601,606</u>
Total deferred inflows of resources				
	<u>11,412,295</u>	<u>-</u>	<u>6,189,311</u>	<u>17,601,606</u>
Fund balances				
Nonspendable	827,733	-	-	827,733
Restricted	-	22,342	505,142	527,484
Committed	500,260	117,545	5,422,691	6,040,496
Assigned	2,427,790	-	-	2,427,790
Unassigned	9,970,173	-	(544,988)	9,425,185
	<u>13,725,956</u>	<u>139,887</u>	<u>5,382,845</u>	<u>19,248,688</u>
Total fund balances				
	<u>13,725,956</u>	<u>139,887</u>	<u>5,382,845</u>	<u>19,248,688</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,783,980</u>	<u>\$ 223,840</u>	<u>\$ 12,509,222</u>	<u>\$ 39,517,042</u>

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, 2020

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	\$ 19,248,688
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.	69,924,296
Long-term assets are not considered available; therefore, are not reported in the funds: Net pension asset	3,371,458
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds. Special assessments Loans receivable Other	940,564 2,438,635 482,283
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 Deferred inflows related to pensions Deferred outflows related to other postemployment benefits Deferred inflows related to other postemployment benefits	7,881,006 (10,134,650) 1,533,069 (1,387,189)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Bonds and notes payable Premium on debt Compensated absences Other postemployment benefits Accrued interest on long-term obligations	(22,485,663) (532,063) (1,256,663) (9,588,673) <u>(67,652)</u>
Net position of governmental activities as reported on the statement of net position (see page 4)	<u>\$ 60,367,446</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 BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Aquatics & Riverfront Construction	Other Governmental Funds	Total
REVENUES				
Taxes	\$ 9,764,839	\$ -	\$ 3,842,476	\$ 13,607,315
Special assessments	282,141	-	2,975	285,116
Intergovernmental	6,719,003	-	1,243,248	7,962,251
Licenses and permits	173,010	-	239,288	412,298
Fines and forfeits	305,379	-	-	305,379
Public charges for services	295,489	-	1,998,414	2,293,903
Intergovernmental charges for services	50,863	-	627,165	678,028
Miscellaneous	473,943	45,360	1,340,629	1,859,932
Total revenues	<u>18,064,667</u>	<u>45,360</u>	<u>9,294,195</u>	<u>27,404,222</u>
EXPENDITURES				
Current				
General government	2,104,893	-	912,035	3,016,928
Public safety	7,859,478	-	1,818,463	9,677,941
Public works	5,219,870	-	1,515,848	6,735,718
Health and human services	399,615	-	197,890	597,505
Culture and recreation	3,027,093	-	317,458	3,344,551
Conservation and development	222,732	-	843,151	1,065,883
Debt service				
Principal	-	-	1,932,913	1,932,913
Interest and fiscal charges	-	118,200	605,465	723,665
Capital outlay	491,790	3,905,180	3,213,038	7,610,008
Total expenditures	<u>19,325,471</u>	<u>4,023,380</u>	<u>11,356,261</u>	<u>34,705,112</u>
Excess of revenues over (under) expenditures	<u>(1,260,804)</u>	<u>(3,978,020)</u>	<u>(2,062,066)</u>	<u>(7,300,890)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	4,462,366	1,182,634	5,645,000
Premium on debt issued	-	171,723	-	171,723
Proceeds from sale of capital assets	-	-	74,832	74,832
Transfers in	1,970,423	-	1,069,033	3,039,456
Transfers out	(238,132)	(154,873)	(676,028)	(1,069,033)
Total other financing sources (uses)	<u>1,732,291</u>	<u>4,479,216</u>	<u>1,650,471</u>	<u>7,861,978</u>
Net change in fund balances	471,487	501,196	(411,595)	561,088
Fund balances - January 1, as originally reported	13,745,433	(361,309)	5,794,440	19,178,564
Prior period adjustment	(490,964)	-	-	(490,964)
Fund balances - January 1	<u>13,254,469</u>	<u>(361,309)</u>	<u>5,794,440</u>	<u>18,687,600</u>
Fund balances - December 31	<u>\$ 13,725,956</u>	<u>\$ 139,887</u>	<u>\$ 5,382,845</u>	<u>\$ 19,248,688</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 BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page \$ 561,088

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	6,570,037
Depreciation expense reported in the statement of activities	(3,647,805)

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.

(76,677)

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	(5,645,000)
Premium on debt issued	(171,723)
Principal repaid	1,932,913

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	39,751
Amortization of premiums, discounts and loss on advance refunding	32,658
Compensated absences	(42,535)
Net pension asset (liability)	7,071,908
Deferred outflows of resources related to pensions	(2,107,804)
Deferred inflows of resources related to pensions	(5,006,176)
Other postemployment benefits	(8,543)
Deferred outflows of resources related to other postemployment benefits	855,996
Deferred inflows of resources related to other postemployment benefits	(941,545)

Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)

\$ (583,457)

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, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 9,767,717	\$ 9,767,717	\$ 9,764,839	\$ (2,878)
Special assessments	318,425	318,425	282,141	(36,284)
Intergovernmental	6,611,940	6,618,987	6,719,003	100,016
Licenses and permits	240,700	240,700	173,010	(67,690)
Fines and forfeits	289,250	289,250	305,379	16,129
Public charges for services	331,297	324,250	295,489	(28,761)
Intergovernmental charges for services	62,000	62,000	50,863	(11,137)
Miscellaneous	397,125	397,125	473,943	76,818
Total revenues	18,018,454	18,018,454	18,064,667	46,213
EXPENDITURES				
Current				
General government	4,156,312	2,988,379	2,104,893	883,486
Public safety	8,037,622	8,374,605	7,859,478	515,127
Public works	5,343,346	5,366,744	5,219,870	146,874
Health and human services	362,632	364,594	399,615	(35,021)
Culture and recreation	3,003,907	3,093,169	3,027,093	66,076
Conservation and development	240,283	245,994	222,732	23,262
Capital outlay	126,009	598,494	491,790	106,704
Total expenditures	21,270,111	21,031,979	19,325,471	1,706,508
Excess of revenues under expenditures	(3,251,657)	(3,013,525)	(1,260,804)	1,752,721
OTHER FINANCING SOURCES (USES)				
Transfers in	1,881,657	1,881,657	1,970,423	88,766
Transfers out	-	(238,132)	(238,132)	-
Total other financing sources (uses)	1,881,657	1,643,525	1,732,291	88,766
Net change in fund balance	(1,370,000)	(1,370,000)	471,487	1,841,487
Fund balance - January 1	13,254,469	13,254,469	13,254,469	-
Fund balance - December 31	\$ 11,884,469	\$ 11,884,469	\$ 13,725,956	\$ 1,841,487

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, 2020

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Total
ASSETS				
Current assets				
Cash and investments	\$ 3,032,492	\$ 5,276,490	\$ 275,089	\$ 8,584,071
Receivables				
Customer accounts, net	3,698,557	701,823	-	4,400,380
Other	737,402	-	-	737,402
Due from other funds	468,148	302,456	-	770,604
Inventories and prepaid items	1,645,131	-	35,036	1,680,167
Total current assets	9,581,730	6,280,769	310,125	16,172,624
Noncurrent assets				
Restricted cash and investments	426,503	4,394,013	-	4,820,516
Depreciation fund	8,805,664	-	-	8,805,664
Total noncurrent assets	9,232,167	4,394,013	-	13,626,180
Other assets				
Notes receivable	500,000	-	-	500,000
Investment in American Transmission Company	8,175,644	-	-	8,175,644
Preliminary survey and investigation	2,808	-	-	2,808
Assets held for future use	104,755	-	-	104,755
Net pension asset	745,141	115,441	12,783	873,365
Total other assets	9,528,348	115,441	12,783	9,656,572
Capital assets				
Nondepreciable	1,238,433	41,734	205,420	1,485,587
Depreciable, net	68,360,578	47,004,165	7,573,984	122,938,727
Total capital assets	69,599,011	47,045,899	7,779,404	124,424,314
Total assets	97,941,256	57,836,122	8,102,312	163,879,690
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	563,845	-	-	563,845
Pension related amounts	1,724,659	269,361	29,865	2,023,885
Other postemployment related amounts	306,633	85,500	1,222	393,355
Total deferred outflows of resources	2,595,137	354,861	31,087	2,981,085

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, 2020

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Total
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,596,673	\$ 86,851	\$ 9,767	\$ 1,693,291
Accrued and other current liabilities	260,451	8,629	5,426	274,506
Due to other funds	2,699,613	341,082	1,029	3,041,724
Accrued interest	28,480	-	-	28,480
Compensated absences	309,337	54,367	20,560	384,264
Special deposits	697,197	-	-	697,197
Unearned revenue	-	-	1,052	1,052
Current portion of long-term debt	510,000	-	-	510,000
Current portion of other postemployment benefits	77,830	37,225	-	115,055
Payable from restricted assets				
Current portion of long-term debt	-	1,840,676	-	1,840,676
Accrued interest	-	98,522	-	98,522
Total current liabilities	6,179,581	2,467,352	37,834	8,684,767
Long-term obligations, less current portion				
General obligation debt	4,568,627	-	-	4,568,627
Revenue bonds	-	18,434,896	-	18,434,896
Compensated absences	-	4,151	-	4,151
Other postemployment benefits	1,745,172	529,650	3,032	2,277,854
Total long-term liabilities	6,313,799	18,968,697	3,032	25,285,528
Total liabilities	12,493,380	21,436,049	40,866	33,970,295
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	2,239,903	347,017	38,426	2,625,346
Other postemployment related amounts	413,884	80,455	662	495,001
Total deferred inflows of resources	2,653,787	427,472	39,088	3,120,347
NET POSITION				
Net investment in capital assets	64,786,110	26,744,089	7,779,404	99,309,603
Restricted for				
Net pension asset	745,141	115,441	12,783	873,365
Debt service	-	1,227,234	-	1,227,234
Capital improvements	-	3,068,257	-	3,068,257
Unrestricted	19,857,975	5,172,441	261,258	25,291,674
Total net position	\$ 85,389,226	\$ 36,327,462	\$ 8,053,445	\$ 129,770,133

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, 2020

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Total
OPERATING REVENUES				
Charges for services	\$ 30,411,237	\$ 6,575,865	\$ 159,741	\$ 37,146,843
Intergovernmental charges for services	-	-	152,783	152,783
Other	452,807	-	-	452,807
Total operating revenues	<u>30,864,044</u>	<u>6,575,865</u>	<u>312,524</u>	<u>37,752,433</u>
OPERATING EXPENSES				
General and administrative	-	-	36,387	36,387
Operation and maintenance	23,429,301	2,456,536	183,242	26,069,079
Depreciation	3,373,348	1,770,889	485,430	5,629,667
Taxes	409,427	-	-	409,427
Total operating expenses	<u>27,212,076</u>	<u>4,227,425</u>	<u>705,059</u>	<u>32,144,560</u>
Operating income (loss)	<u>3,651,968</u>	<u>2,348,440</u>	<u>(392,535)</u>	<u>5,607,873</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	905,616	34,978	333	940,927
Interest and fiscal charges	(123,279)	(610,049)	-	(733,328)
Amortization of debt discount/premium	6,533	-	-	6,533
Amortization of loss on refunding	(68,749)	-	-	(68,749)
Other nonoperating revenues (expenses)	3,667	-	3,953	7,620
Total nonoperating revenues (expenses)	<u>723,788</u>	<u>(575,071)</u>	<u>4,286</u>	<u>153,003</u>
Income (loss) before contributions and transfers	4,375,756	1,773,369	(388,249)	5,760,876
Capital contributions	1,866,905	-	30,000	1,896,905
Transfers out	(1,970,423)	-	-	(1,970,423)
Change in net position	4,272,238	1,773,369	(358,249)	5,687,358
Net position - January 1	<u>81,116,988</u>	<u>34,554,093</u>	<u>8,411,694</u>	<u>124,082,775</u>
Net position - December 31	<u>\$ 85,389,226</u>	<u>\$ 36,327,462</u>	<u>\$ 8,053,445</u>	<u>\$ 129,770,133</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, 2020

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 30,404,123	\$ 6,590,243	\$ 481,450	\$ 37,475,816
Cash paid for employee wages and benefits	(2,408,139)	(975,193)	(101,247)	(3,484,579)
Cash paid to suppliers	(20,184,442)	(1,542,497)	(123,299)	(21,850,238)
Nonoperating revenues (expenses)	3,667	-	3,953	7,620
Net cash provided by operating activities	<u>7,815,209</u>	<u>4,072,553</u>	<u>260,857</u>	<u>12,148,619</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers	(1,970,423)	-	-	(1,970,423)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(7,282,298)	(454,302)	(92,768)	(7,829,368)
Capital grants received	-	-	30,000	30,000
Contributions from property owners	1,597,018	-	-	1,597,018
Salvage expense and other revenues	(87,490)	-	-	(87,490)
Principal paid on revenue bonds	(510,000)	(1,784,572)	-	(2,294,572)
Interest paid on revenue bonds	(124,286)	(619,508)	-	(743,794)
Net cash used by capital and related financing activities	<u>(6,407,056)</u>	<u>(2,858,382)</u>	<u>(62,768)</u>	<u>(9,328,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(696,000)	-	-	(696,000)
Investments sold and matured	2,402,000	-	-	2,402,000
Investment in American Transmission Company	(133,232)	-	-	(133,232)
Interest received on investments	723,435	34,978	333	758,746
Net cash provided (used) by investing activities	<u>2,296,203</u>	<u>34,978</u>	<u>333</u>	<u>2,331,514</u>
Change in cash and cash equivalents	1,733,933	1,249,149	198,422	3,181,504
Cash and cash equivalents - January 1	<u>7,295,582</u>	<u>8,421,354</u>	<u>76,667</u>	<u>15,793,603</u>
Cash and cash equivalents - December 31	<u>\$ 9,029,515</u>	<u>\$ 9,670,503</u>	<u>\$ 275,089</u>	<u>\$ 18,975,107</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, 2020

	Waterworks and Lighting Commission	Sewer Utility	Non-major Fund Airport	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,651,968	\$ 2,348,440	\$ (392,535)	\$ 5,607,873
Nonoperating revenues	3,667	-	3,953	7,620
Adjustments to reconcile operating income (loss) to net cash provided by (used) by operating activities				
Depreciation	3,373,348	1,770,889	485,430	5,629,667
Depreciation charged to other utilities and clearing accounts	373,744	-	-	373,744
Change in WRS asset (liability)	(1,589,632)	(248,585)	(26,094)	(1,864,311)
Change in WRS deferred outflow	556,588	88,123	6,532	651,243
Change in WRS deferred inflow	1,069,519	162,492	19,979	1,251,990
Change in OPEB liability	(20,312)	(64,550)	1,156	(83,706)
Change in OPEB deferred outflow	(194,789)	(42,147)	(945)	(237,881)
Change in OPEB deferred inflow	323,292	55,139	114	378,545
Change in operating assets and liabilities				
Customer accounts receivable	(302,021)	1,731	168,982	(131,308)
Other accounts receivable	351,740	21,373	-	373,113
Inventories and prepaid items	284,052	-	(5,147)	278,905
Other assets	4,969	-	-	4,969
Due from other funds	6,451	(8,726)	-	(2,275)
Accounts payable	(74,474)	2,719	(15,332)	(87,087)
Special deposits	(115,666)	-	-	(115,666)
Accrued and other current liabilities	22,137	7,460	4,721	34,318
Compensated absences	46,036	(15,537)	9,782	40,281
Due to other funds	44,592	(6,268)	317	38,641
Unearned revenue	-	-	(56)	(56)
Net cash provided by operating activities	<u>\$ 7,815,209</u>	<u>\$ 4,072,553</u>	<u>\$ 260,857</u>	<u>\$ 12,148,619</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	\$ 3,032,492	\$ 5,276,490	\$ 275,089	\$ 8,584,071
Cash and cash equivalents in depreciation fund	8,805,664	-	-	8,805,664
Cash and cash equivalents in noncurrent assets	426,503	4,394,013	-	4,820,516
Total cash and cash equivalents	12,264,659	9,670,503	275,089	22,210,251
Less: Long-term cash and investments	(3,235,144)	-	-	(3,235,144)
Cash and cash equivalents - December 31	<u>\$ 9,029,515</u>	<u>\$ 9,670,503</u>	<u>\$ 275,089</u>	<u>\$ 18,975,107</u>
Noncash capital and related financing activities				
Increase in investment in				
American Transmission Company	\$ 342,362	\$ -	\$ -	\$ 342,362
Capital assets purchased on account	298,119	26,238	-	324,357

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, 2020

	<u>Tax Collection Custodial Fund 2020</u>
ASSETS	
Current assets	
Cash and investments	\$ 5,731,859
Receivables	
Taxes and special charges	<u>11,604,202</u>
Total assets	<u>17,336,061</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for subsequent year	<u>17,336,061</u>
NET POSITION	
Restricted	<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, 2020

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Property tax collections	<u>\$ 17,518,917</u>
DEDUCTIONS	
Payments to taxing jurisdictions	<u>17,518,917</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, 2020

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. Each municipality has equal rights of ownership, operation, maintenance, and regulation of the airport. Each municipality must approve the airport's annual budget. The municipalities are obligated by agreement to finance operating and capital outlay costs of the airport. The annual contribution from each municipality is based on a ratio of each municipality's equalized valuation to the total equalized valuation of all member municipalities. The joint operation is governed by a four-member board composed of one member from each municipality. Since City of Wisconsin Rapids was appointed treasurer of the airport in the agreement, the airport is presented as an enterprise fund in the City's financial statements. 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.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Aquatics & Riverfront Construction

This fund accounts for the acquisition and construction of the Aquatics Center and Riverfront capital facilities.

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.

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.

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 and EMS charges for services, 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. For EMS charges, the reimbursement process routinely extends to this period due to the time it takes for insurance companies to process claims and finalize claim payments. 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.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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 \$476,104 in governmental activities and \$537,101 in business-type activities.

4. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal or third-party 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 2020 tax roll are recognized as revenue in 2021.)

City of Wisconsin Rapids, Wisconsin

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

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% 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 \$8,175,644 as of December 31, 2020, 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, 2020

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, 2020

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. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, 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, loan receivables, and other receivables not collected within the period of availability. 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, 2020

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, 2020

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, 2020.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 as follows:

<u>Departments</u>	<u>Excess Expenditures</u>
General fund	
General government	
City Clerk	\$ 9,581
Elections	25,315
Municipal Court	3,777
Other Tax Refunds	3,385
Uncollectable accounts	11,215
Public works	
Street Department Training	17,189
Street Repair & Maintenance	119,760
Street Lighting	50,665
Garbage Collection	37,442
Landfill Contract	20,716
City Landfill Site	20,539
Composting	54,798
Culture and recreation	
Aquatics	465
Park Department	49,026
Tree Care	96,166
City Zoo	46,125
Health and human services	
Lowell Center	3,351
Cemetery	33,170
Outlay	
Engineering Department	21,312
Witter Field	34,187
Christmas Decorations Outlay	205
Centralia Center	
Transfer to Other Funds	36,304
Commercial Lease Space	2,980
Lowell Center Programming	5,613
Emergency Medical Services	
Ambulance	9,110
Grants and Donations	
FEMA Administration	15,531
Routes to Recovery Grant	11,071
Mass Transit	
Mass Transit Grant Outlay	6,070

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Storm Water Management	
Storm Sewer Maintenance	3,183
Retiree Health Insurance	
Retiree Health Insurance	18,430
Aquatic Facility	
Operation and Maintenance	32,689
Concessions	2,613
Public Works Construciton	
Building Acquistion Fund	5,092
TIF District No. 7	
Transfer to Debt Service Fund	21,019

C. DEFICIT FUND EQUITY

The following fund had deficit fund balance as of December 31, 2020:

<u>Fund</u>	<u>Deficit Fund Balance</u>
TIF District No. 8	\$ 544,988

The City anticipates funding the above deficit from future revenues of the fund.

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 2020 and 2021 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 2020 budget was 0.75%. The actual limit for the City for the 2021 budget was 1.34%. 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, 2020

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 \$50,169,659 on December 31, 2020 as summarized below:

Petty cash and cash on hand	\$	3,685
Deposits with financial institutions		11,081,518
Great Lakes Utility rate stabilization fund		389,168
Investments		38,695,288
		<u>38,695,288</u>
	\$	<u>50,169,659</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position		
Cash and investments	\$	39,617,284
Restricted cash and investments		4,820,516
Fiduciary fund statement of net position		
Custodial fund		5,731,859
		<u>5,731,859</u>
	\$	<u>50,169,659</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, 2020

The City has the following fair value measurements as of December 31, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Federal Home Loan Mortgage Corp.	\$ -	\$ 791,009	\$ -
Small Business Administration (SBA) Asset Backed Securities	-	332,153	-
State and municipal bonds	-	4,278,878	-
Negotiable certificates of deposit	4,696,598	3,228,675	-
Wood Co. telephone stock	-	-	3,900
	<u>\$ 4,696,598</u>	<u>\$ 8,630,715</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, 2020, \$3,469,845 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, 2020, the City held repurchase agreement investments of \$6,500,407 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, 2020

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.	Small Business Administration (SBA) Asset Backed Securities	State and municipal bonds	Negotiable certificates of deposit	Wisconsin local government investment pool	Totals
AAA	\$ -	\$ -	\$ 795,696	\$ -	\$ -	\$ 795,696
AA+	791,009	332,153	98,180	-	-	1,221,342
AA	-	-	1,115,476	-	-	1,115,476
AA-	-	-	1,613,935	-	-	1,613,935
A+	-	-	555,572	2,249,440	-	2,805,012
A	-	-	-	472,506	-	472,506
A-	-	-	100,019	501,392	-	601,411
A-2	-	-	-	250,076	-	250,076
BBB	-	-	-	481,453	-	481,453
BBB+	-	-	-	493,913	-	493,913
BBB-	-	-	-	1,015,562	-	1,015,562
Not Rated	-	-	-	2,460,931	18,469,393	20,930,324
Totals	<u>\$ 791,009</u>	<u>\$ 332,153</u>	<u>\$ 4,278,878</u>	<u>\$ 7,925,273</u>	<u>\$ 18,469,393</u>	<u>\$ 31,796,706</u>

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. No investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of total City investments.

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, 2020

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.	\$ 791,009	\$ -	\$ -	\$ 791,009	\$ -
Small Business Administration (SBA) Asset Backed Securities	332,153	-	-	332,153	-
State and municipal bonds	4,278,878	739,869	547,492	2,180,986	810,531
Negotiable certificates of deposit	7,925,273	3,277,053	2,918,015	1,730,205	-
Wisconsin local government investment pool	18,469,393	18,469,393	-	-	-
Totals	\$ 31,796,706	\$ 22,486,315	\$ 3,465,507	\$ 5,034,353	\$ 810,531

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 and SBA asset 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.	\$ 1,123,162

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$18,469,393 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, 2020, 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	Total
Receivables					
Ambulance	\$ -	\$ 556,116	\$ -	\$ -	\$ 556,116
Municipal Court	397,925	-	-	-	397,925
Accounts	147,528	140,142	4,235,658	701,823	5,225,151
Gross receivables	545,453	696,258	4,235,658	701,823	6,179,192
Less: Allowance for uncollectibles	(158,870)	(317,234)	(537,101)	-	(1,013,205)
Net total receivables	<u>\$ 386,583</u>	<u>\$ 379,024</u>	<u>\$ 3,698,557</u>	<u>\$ 701,823</u>	<u>\$ 5,165,987</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

C. RESTRICTED ASSETS

Restricted assets on December 31, 2020 totaled \$4,820,516 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Water Works and Lighting Commission		
Electric utility		
Debt service	\$ 426,503	Future principal and interest payment
Sewer Utility		
DNR Replacement	3,068,257	Resources accumulated for capital improvements to meet the terms of the outstanding sewer utility revenue bonds
Bond redemption	1,325,756	Resources accumulated for future principal and interest payments to meet the terms of the outstanding sewer utility revenue bonds
Total Sewer Utility	<u>4,394,013</u>	
Total restricted assets	<u>\$ 4,820,516</u>	

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 3,844,744	\$ -	\$ -	\$ 3,844,744
Construction in progress	11,049,533	4,403,745	14,872,382	580,896
Total capital assets, nondepreciable	<u>14,894,277</u>	<u>4,403,745</u>	<u>14,872,382</u>	<u>4,425,640</u>
Capital assets, depreciable:				
Land improvements	385,096	263,994	-	649,090
Buildings and improvements	16,124,030	9,151,136	-	25,275,166
Machinery and equipment	13,732,881	5,591,137	541,972	18,782,046
Infrastructure	81,983,997	2,032,407	-	84,016,404
Subtotals	<u>112,226,004</u>	<u>17,038,674</u>	<u>541,972</u>	<u>128,722,706</u>
Less accumulated depreciation for:				
Land improvements	269,740	20,455	-	290,195
Buildings and improvements	7,859,888	810,144	-	8,670,032
Machinery and equipment	8,968,864	1,305,646	541,972	9,732,538
Infrastructure	43,019,725	1,511,560	-	44,531,285
Subtotals	<u>60,118,217</u>	<u>3,647,805</u>	<u>541,972</u>	<u>63,224,050</u>
Total capital assets, depreciable, net	<u>52,107,787</u>	<u>13,390,869</u>	<u>-</u>	<u>65,498,656</u>
Governmental activities capital assets, net	<u>\$ 67,002,064</u>	<u>\$ 17,794,614</u>	<u>\$ 14,872,382</u>	69,924,296
Less: Capital related debt				22,463,321
Less: Debt premium				532,063
Less: Capital related payables including retainage				<u>276,736</u>
Net investment in capital assets				<u>\$ 46,652,176</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 1,108,658	\$ -	\$ -	\$ 1,108,658
Construction in progress	1,778,647	7,866,606	9,268,324	376,929
Total capital assets, nondepreciable	<u>2,887,305</u>	<u>7,866,606</u>	<u>9,268,324</u>	<u>1,485,587</u>
Capital assets, depreciable:				
Electric utility	66,862,478	6,587,611	1,318,056	72,132,033
Water utility	45,646,254	1,201,787	94,940	46,753,101
Sewer utility	68,457,510	926,219	-	69,383,729
Airport	10,521,803	92,768	-	10,614,571
Subtotals	<u>191,488,045</u>	<u>8,808,385</u>	<u>1,412,996</u>	<u>198,883,434</u>
Less accumulated depreciation for:				
Electric utility	30,138,701	2,659,066	1,409,820	31,387,947
Water utility	18,139,248	1,088,026	90,665	19,136,609
Sewer utility	20,608,675	1,770,889	-	22,379,564
Airport	2,555,157	485,430	-	3,040,587
Subtotals	<u>71,441,781</u>	<u>6,003,411</u>	<u>1,500,485</u>	<u>75,944,707</u>
Total capital assets, depreciable, net	<u>120,046,264</u>	<u>2,804,974</u>	<u>(87,489)</u>	<u>122,938,727</u>
Business-type activities capital assets, net	<u>\$ 122,933,569</u>	<u>\$ 10,671,580</u>	<u>\$ 9,180,835</u>	124,424,314
Less: Capital related debt				25,300,572
Less: Debt premium				53,627
Add: Deferred charge on refunding				563,845
Less: Capital related payables including retainage				324,357
Net investment in capital assets				<u>\$ 99,309,603</u>

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

Governmental activities	
General government	\$ 191,230
Public safety	393,688
Public works	2,037,626
Culture and recreation	1,025,261
Total depreciation expense - governmental activities	<u>\$ 3,647,805</u>
Business-type activities	
Waterworks and Lighting Commission	
Depreciation expense	\$ 3,373,348
Depreciation expense charged to sewer	92,450
Depreciation expense charged to clearing accounts	281,294
Total Waterworks and Lighting Commission	<u>3,747,092</u>
Sewer	1,770,889
Airport	485,430
Total increase in accumulated depreciation - business-type activities	<u>\$ 6,003,411</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Operating accounts between funds		
General	\$ 2,093,418	\$ 103,198
Special Revenue		
Emergency Medical Services	-	625
Centralia Center	-	4,274
Storm water management	71,780	17,917
Capital Projects		
Public works construction	231,958	22
Enterprise Funds		
Sewer Utility	302,456	341,082
Airport	-	1,029
Waterworks and Lighting Commission	468,148	2,699,613
Subtotal	<u>3,167,760</u>	<u>3,167,760</u>
Advances		
General fund	544,988	-
TIF District No. 8	-	544,988
Subtotal	<u>544,988</u>	<u>544,988</u>
Totals	<u>\$ 3,712,748</u>	<u>\$ 3,712,748</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, 2020 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,970,423	\$ 238,132
Special Revenue		
Centralia Center	-	184,658
Storm water management	-	51,379
Grants and donations	100,000	-
Aquatics facility	138,132	-
Capital Projects		
Public works construction	189,683	-
TIF District No. 6	-	374,722
TIF District No. 7	-	65,269
Aquatics and riverfront construction	-	154,873
Debt Service	641,218	-
Enterprise		
Waterworks and Lighting Commission	-	1,970,423
	<u>\$ 3,039,456</u>	<u>\$ 3,039,456</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Interfund transfers were made for the following purposes:

Tax equivalent payment made by WWLC to General Fund	\$1,970,423
Transfer from General Fund to Grants and Donations Fund for COVID Small Business Grant Program	\$100,000
Transfer from Centralia Center to Debt Service for debt retirement	46,354
Transfer from Centralia Center to Public Works Construction Fund for Centralia Center parking lot project	138,304
Transfer from TIF District No. 6 to Debt Service for debt retirement	374,722
Transfer from TIF District No. 7 to Debt Service for debt retirement	65,269
Transfer from Aquatics Facility & Riverbank Fund to Debt Service Fund for bond premium	154,873
Transfer from General Fund to Aquatic Facility Fund to fund a replacement reserve account for the new aquatic facility	138,132
Transfer from Storm Water Utility Fund to Public Works Construction Fund for storm sewer construction projects	51,379
	<u>\$ 3,039,456</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, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 14,545,000	\$ 3,610,000	\$ 1,325,000	\$ 16,830,000	\$ 1,345,000
Notes	4,065,000	2,035,000	555,000	5,545,000	510,000
Notes from direct borrowing					
State trust fund loans	163,576	-	52,913	110,663	54,514
Total general obligation debt	18,773,576	5,645,000	1,932,913	22,485,663	1,909,514
Debt premium	392,998	171,723	32,658	532,063	-
Compensated absences	1,287,800	208,535	129,433	1,366,902	1,026,905
Governmental activities Long-term obligations	<u>\$ 20,454,374</u>	<u>\$ 6,025,258</u>	<u>\$ 2,095,004</u>	<u>\$ 24,384,628</u>	<u>\$ 2,936,419</u>
Business-type activities:					
General obligation debt					
Bonds	\$ 5,535,000	\$ -	\$ 510,000	\$ 5,025,000	\$ 510,000
Notes from direct borrowing					
Environmental improvement fund loan	22,060,144	-	1,784,572	20,275,572	1,840,676
Debt premium	60,160	-	6,533	53,627	-
Compensated absences	329,041	68,725	9,351	388,415	384,264
Business-type activities Long-term obligations	<u>\$ 27,984,345</u>	<u>\$ 68,725</u>	<u>\$ 2,310,456</u>	<u>\$ 25,742,614</u>	<u>\$ 2,734,940</u>

Total interest paid during the year on long-term debt totaled \$1,343,993.

The City's outstanding notes from direct borrowings related to governmental activities of \$110,663 are subject to a statutory provision that in an event of late or nonpayment, a 1% 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, 2020

The City's outstanding notes from direct borrowings related to business type activities of \$20,275,572 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:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
General obligation notes	5/27/11	5/1/21	2.0 - 3.0%	\$ 1,300,000	\$ 100,000
General obligation bonds	5/27/11	5/1/22	2.0 - 3.625%	1,225,000	250,000
General obligation bonds	5/27/11	5/1/26	2.0 - 4.125%	2,715,000	1,050,000
General obligation bonds	5/10/12	6/1/23	1.0 - 3.0%	3,930,000	1,435,000
State trust fund loan	8/30/12	3/15/21	3.00%	500,000	110,663
General obligation notes	11/13/12	3/1/22	0.3 - 1.5%	1,010,000	210,000
General obligation bonds	11/13/12	3/1/25	0.3 - 1.8%	2,310,000	1,050,000
General obligation notes	6/10/15	6/1/25	0.5 - 2.3%	995,000	520,000
General obligation bonds	9/22/15	4/1/29	2.0 - 3.0%	7,475,000	5,025,000
General obligation notes	7/14/16	6/1/26	0.8 - 1.85%	1,120,000	745,000
General obligation bonds	6/8/17	6/1/37	3.0 - 3.25%	4,515,000	4,000,000
General obligation notes	7/11/18	6/1/28	1.90 - 2.85%	2,135,000	1,935,000
General obligation bonds	7/17/19	6/1/37	2.5% - 3.0%	5,685,000	5,435,000
General obligation bonds	5/6/20	6/1/22	1.70%	3,610,000	3,610,000
General obligation notes	5/6/20	5/1/40	2.0 - 3.0%	2,035,000	2,035,000
Total outstanding general obligation debt					<u>\$ 27,510,663</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities				Totals	
	Bonds and Notes		Notes from direct borrowing		Principal	Interest
	Principal	Interest	Principal	Interest		
2021	\$ 1,855,000	\$ 556,846	\$ 54,514	\$ 3,320	\$ 1,909,514	\$ 560,166
2022	3,895,000	493,278	56,149	1,684	3,951,149	494,962
2023	1,885,000	426,875	-	-	1,885,000	426,875
2024	1,755,000	377,597	-	-	1,755,000	377,597
2025	1,795,000	329,209	-	-	1,795,000	329,209
2026-2030	6,240,000	1,032,199	-	-	6,240,000	1,032,199
2031-2035	3,475,000	434,606	-	-	3,475,000	434,606
2036-2040	1,475,000	59,981	-	-	1,475,000	59,981
	<u>\$ 22,375,000</u>	<u>\$ 3,710,591</u>	<u>\$ 110,663</u>	<u>\$ 5,004</u>	<u>\$ 22,485,663</u>	<u>\$ 3,715,595</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Year Ended December 31,	Business-type Activities		Total
	Bond and Notes		
	Principal	Interest	
2021	\$ 510,000	\$ 108,819	\$ 618,819
2022	520,000	98,519	618,519
2023	535,000	87,969	622,969
2024	545,000	77,168	622,168
2025	555,000	65,822	620,822
2026-2029	2,360,000	128,837	2,488,837
	<u>\$ 5,025,000</u>	<u>\$ 567,134</u>	<u>\$ 5,592,134</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, 2020 was \$29,006,217 as follows:

Equalized valuation of the City	\$ 1,130,337,600
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>56,516,880</u>
Total outstanding general obligation debt applicable to debt limitation	<u>27,510,663</u>
Legal margin for new debt	<u>\$ 29,006,217</u>

Environmental Improvement Fund Loan

Environmental Improvement Fund Loan outstanding on December 31, 2020 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	\$ 13,872,906
Environmental Improvement Fund Loan	5/23/18	5/1/38	1.87%	6,781,712	6,402,666
Total Environmental Improvement Fund Loan					<u>\$ 20,275,572</u>

Annual principal and interest maturities of the outstanding environmental improvement fund loan of \$20,275,572 on December 31, 2020 are detailed below:

Year Ended December 31,	Business-type Activities		Total
	Notes from direct borrowings		
	Principal	Interest	
2021	\$ 1,840,676	\$ 562,169	\$ 2,402,845
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	2,083,915	314,974	2,398,889
2026-2030	7,363,559	664,324	8,027,883
2031-2035	1,889,579	203,781	2,093,360
2036-2038	1,220,681	34,522	1,255,203
	<u>\$ 20,275,572</u>	<u>\$ 3,105,370</u>	<u>\$ 23,380,942</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 \$23,380,942. Principal and interest paid for the current year and total customer net revenues were \$2,404,080 and \$4,154,307, 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, 2020, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,507,180.

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 issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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, and 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, 2020

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 %
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
2019	0.0	(10)

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, 2020, the WRS recognized \$1,516,383 in contributions from the City.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

At December 31, 2020, the City reported an asset of \$4,244,823 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 asset 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 0.13164462%, which was a decrease of 0.00022186% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$1,581,663.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,057,644	\$ 4,032,311
Net differences between projected and actual earnings on pension plan investments	-	8,677,928
Changes in assumptions	330,783	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	81	49,757
Employer contributions subsequent to the measurement date	1,516,383	-
Total	<u>\$ 9,904,891</u>	<u>\$ 12,759,996</u>

\$1,516,383 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2021	\$ (1,304,128)
2022	(970,068)
2023	138,854
2024	(2,236,146)
Total	<u>\$ (4,371,488)</u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2018
Actuarial Cost Method:	Entry Age Normal
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. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 geometric 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%	8.0%	5.1%
Fixed income	24.5%	4.9%	2.1%
Inflation sensitive assets	15.5%	4.0%	1.2%
Real estate	9%	6.3%	3.5%
Private equity/debt	8%	10.6%	7.6%
Multi-asset	4%	6.9%	4.0%
Cash	-10%	0.9%	N/A
Total Core Fund	100%	7.5%	4.6%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.5%	4.6%
International equities	30%	8.2%	5.3%
Total Variable Fund	100%	7.8%	4.9%

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

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

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Single Discount Rate. A single discount rate of 7.00% is used to measure the total pension liability for the current and 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 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). 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.

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)	\$ 10,931,179	\$ (4,244,823)	\$ (15,590,630)

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/about-etf/reports-and-studies/financial-reports-and-statements>.

6. Payables to the Pension Plan

At December 31, 2020, the City reported a payable of \$290,762 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

I. OTHER POSTEMPLOYMENT BENEFITS

The City reports OPEB related balances at December 31, 2020 as summarized below:

	<u>OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Single-employer defined OPEB plan	\$ 10,974,668	\$ 1,520,549	\$ 1,662,364	\$ 808,905
Local Retiree Life Insurance Fund (LRLIF)	1,006,914	405,875	219,825	99,132
Total	<u>\$ 11,981,582</u>	<u>\$ 1,926,424</u>	<u>\$ 1,882,189</u>	<u>\$ 908,037</u>

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	43
Active employees	<u>207</u>
	<u>250</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, 2019 and was determined by an actuarial valuation as of December 31, 2019.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Actuarial Assumptions. The total OPEB liability in the December 31, 2019 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:	2.75%
Healthcare cost trend rates:	0.00% for year 1 increasing to 6.40% for year 2, and decreasing by 0.10% down to 5.00% and level thereafter

Medical trend rate assumptions changed from the prior valuation by starting at 0.0% compared to starting at 6.6% in the first year.

Mortality rates are the same as those used in the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%). The previous valuation used the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the December 31, 2019 valuation were based on an experience study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-17. The previous valuation used an experience study for 2012-2014.

Discount Rate. The discount rate used to measure the total OPEB liability was 2.75%, as opposed to 4.0% in the prior year. 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, 2020	\$ 11,395,621
Changes for the year:	
Service cost	459,179
Interest	450,312
Changes of benefit terms	13,167
Differences between expected and actual experience	(1,507,026)
Changes of assumptions or other input	898,250
Benefit payments	(734,835)
Net changes	(420,953)
Balance at December 31, 2020	<u>\$ 10,974,668</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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease to Discount Rate (1.75%)	Current Discount Rate (2.75%)	1% Increase to Discount Rate (3.75%)
Total OPEB liability	\$ 11,865,560	\$ 10,974,668	\$ 10,148,970

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 (-1.0% in Year 1, then 5.4% decreasing to 4.0%) or 1-percentage-point higher (1.0% in Year 1, then 7.4% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (-1.0% in Year 1, then 5.4% decreasing to 4.0%)	Healthcare Cost Trend Rates (0.0% in Year 1, then 6.4% decreasing to 5.0%)	1% Increase (1.0% in Year 1, then 7.4% decreasing to 6.0%)
Total OPEB liability	\$ 9,839,586	\$ 10,974,668	\$ 12,317,658

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$808,905. At December 31, 2020, 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	\$ -	\$ 1,339,579
Changes in assumptions or other input	-	322,785
Net difference between projected and actual earnings on OPEB plan investments	798,444	-
City contributions subsequent to the measurement date	722,105	-
Total	<u>\$ 1,520,549</u>	<u>\$ 1,662,364</u>

\$722,105 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, 2020 and reported in the year ended December 31, 2021. 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
2021	\$ (113,753)
2022	(113,753)
2023	(113,753)
2024	(113,753)
2025	(113,753)
Thereafter	(295,155)
Total	<u>\$ (863,920)</u>

Payable to the OPEB Plan

At December 31, 2020, the City reported a payable of \$0 for the outstanding amount of contribution to the plan required for the year ended December 31, 2020.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 members.

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>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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 member 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, 2020 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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2019*		
<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, 2020

During the reporting period, the LRLIF recognized \$3,183 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 \$1,006,914 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. 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, 2019, the City's proportion was 0.23646500%, which was a decrease of 0.01975100% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Commission recognized OPEB expense of \$99,132.

At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 45,108
Net differences between projected and actual earnings on OPEB plan investments	18,994	-
Changes in assumptions	371,455	110,753
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,426	63,964
Total	<u>\$ 405,875</u>	<u>\$ 219,825</u>

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

<u>Year Ended December 31,</u>	<u>Expense</u>
2021	\$ 32,614
2022	32,614
2023	30,566
2024	28,456
2025	20,488
Thereafter	41,312
	<u>\$ 186,050</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2019 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, 2019
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	2.74%
Long-term expected rate of return:	4.25%
Discount rate:	2.87%
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, 2020

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. The total LRLIF OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return %</u>
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-term expected rate of return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

Single discount rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that the contributions are made by plan members retiring prior to age 65.

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 2.87%, 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 (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
City's proportionate share of the net OPEB liability (asset)	\$ 1,390,380	\$ 1,006,914	\$ 715,171

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, 2020, the City reported a payable of \$0 for the outstanding amount of contribution to the plan required for the year ended December 31, 2020.

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, 2020, nonspendable fund balance was as follows:

Nonspendable	
Inventories and prepaid items	\$ 183,878
County held special assessments	98,867
Advance to TIF District No. 8	<u>544,988</u>
Total nonspendable fund balance	<u><u>\$ 827,733</u></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, 2020, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Housing rehabilitation loan program	\$ 363,677
HCRI loan program	<u>42,122</u>
Total Special Revenue Fund restricted fund balance	<u>405,799</u>
Debt Service Fund	
Restricted for	
Retirement of long-term debt	<u>99,343</u>
Capital Projects Funds	
Restricted for	
Aquatics and Riverfront capital projects	<u>22,342</u>
Total restricted fund balance	<u><u>\$ 527,484</u></u>

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2020, governmental fund balance was committed as follows:

General Fund

Committed for

Future unreported medical and dental claims	<u>\$ 500,260</u>
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Special Revenue Funds

Committed for

Centralia center operations and maintenance	349,504
Emergency medical services	267,050
Storm water management projects	547,916
Undistributed room tax collections - tourism promotion	311,544
Retiree health insurance - City portion of insurance premiums	410,364
Grants and donations projects	418,168
River cities community access operations and maintenance	479,584
Mass transit fund operations	149,995
Aquatics Facility	<u>123,840</u>
Total Special Revenue Funds committed fund balance	<u>3,057,965</u>

Capital Projects Funds

Committed for

Public works construction activities	917,631
TIF District No. 6 economic development and debt service	119,661
TIF District No. 7 economic development and debt service	18,728
Municipal building improvement and construction	228,504
Equipment replacement	1,080,202
Aquatics and Riverfront capital projects	<u>117,545</u>
Total Capital Projects Funds committed fund balance	<u>2,482,271</u>

Total committed fund balance	<u><u>\$ 6,040,496</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, 2020, fund balance was assigned as follows:

General Fund

Assigned for 2020/2021 projects	\$ 500,000
Assigned for economic development (TIF District No. 8 interim financing)	250,000
Assigned for subsequent years budget	<u>1,677,790</u>

Total	<u><u>\$ 2,427,790</u></u>
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City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020 General Fund expenditures	\$	21,031,979
Minimum fund balance %		(x) 25% - 30%
Minimum fund balance amount		<u>\$5,257,995 to \$6,309,594</u>

The City's unassigned General Fund balance of \$9,970,173 is above the minimum fund balance amount.

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, 2020, the City can recover \$2,912,397 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 6	\$ 1,939,821
TID No. 7	427,588
TID No. 8	<u>544,988</u>
	<u>\$ 2,912,397</u>

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	<u>2027</u>
TID No. 7	2032
TID No. 8	2040

City of Wisconsin Rapids, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, the program had a committed fund balance of \$230,844 for future unreported dental claims.

The claims liability of \$5,991 reported in the general fund at December 31, 2020 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:

	<u>Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Liability December 31</u>
2019	\$ 7,954	\$ 220,777	\$ 223,486	\$ 5,245
2020	5,245	160,638	159,892	5,991

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, 2020

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. RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the City, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the City is taking appropriate actions and cannot be reasonably estimated as of December 13, 2021.

F. SUBSEQUENT EVENTS

In August 2021, the City issued \$4,560,000 in General Obligation Corporate Bonds for various capital projects.

G. PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustment of \$490,964 in the governmental fund statements to reclassify revenues accrued but not received within the period of availability to deferred inflows of resources.

H. COMMITMENTS

The City has active construction projects as of December 31, 2020. 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 \$13,000.

REQUIRED SUPPLEMENTARY INFORMATION

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%
12/31/19	0.13164462%	(4,244,823)	15,564,918	27.27%	102.96%

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	1,347,545	1,347,545	-	15,564,918	8.66%
12/31/20	1,516,383	1,516,383	-	16,207,345	9.36%

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 *

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 459,179	\$ 485,414	\$ 485,414
Interest	450,312	399,643	383,857
Changes of benefit terms	13,167	-	-
Differences between expected and actual experience	(1,507,026)	-	-
Change of assumptions or other input	898,250	(415,009)	-
Benefit payments	(734,835)	(500,166)	(336,313)
Net change in total OPEB liability	(420,953)	(30,118)	532,958
Total OPEB Liability - beginning	11,395,621	11,425,739	10,892,781
Total OPEB Liability - ending	<u>\$ 10,974,668</u>	<u>\$ 11,395,621</u>	<u>\$ 11,425,739</u>
Covered-employee payroll	\$ 14,901,068	\$ 14,000,516	\$ 14,000,516
City's total OPEB liability as a percentage of covered-employee payroll	73.65%	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**

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
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%
12/31/19	0.23646500%	1,006,914	15,564,918	6.47%	37.58%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
12/31/18	\$ 3,560	\$ 3,560	\$ -	\$ 15,304,894	0.02%
12/31/19	3,406	3,406	-	15,564,918	0.02%
12/31/20	3,183	3,183	-	16,207,345	0.02%

See notes to required supplementary information.

City of Wisconsin Rapids, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

A. WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. No significant changes in assumptions were noted from the prior year.

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. The City now provides HSA contributions to retired Waterworks and Lighting Commission employees while they remain on the City's health plan and are not Medicare eligible.

Changes of assumptions. The discount rate used to develop the Total OPEB Liability changed in the December 31, 2019 valuation, decreasing from 4.0% to 2.75%. Medical trend rate assumptions changed from the prior valuation by starting at 0.0% compared to starting at 6.6% in the first year. Mortality rates are the same as those used in the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%). The previous valuation used the Wisconsin 2012 Mortality Table. The actuarial assumptions used in the December 31, 2019 valuation were based on an experience study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-17. The previous valuation used an experience study for 2012-2014.

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. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return, and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

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.

SUPPLEMENTARY INFORMATION

City of Wisconsin Rapids, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Special Revenue			
	Centralia Center	Housing Rehabilitation	Emergency Medical Services	Storm Water Management
ASSETS				
Cash and investments	\$ 393,458	\$ 363,677	\$ 234,735	\$ 502,130
Receivables				
Taxes	68,641	-	297,963	666
Accounts, net	8,284	-	238,882	-
Special assessments	-	-	-	2,029
Loans	-	2,411,195	-	-
Due from other funds	-	-	-	71,780
Due from other governments	-	-	-	-
Total assets	<u>\$ 470,383</u>	<u>\$ 2,774,872</u>	<u>\$ 771,580</u>	<u>\$ 576,605</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 11,261	\$ -	\$ 19,446	\$ 7,642
Accrued and other current liabilities	1,905	-	17,903	435
Due to other funds	4,274	-	625	17,917
Advance from other funds	-	-	-	-
Special deposits	746	-	-	-
Unearned revenues	-	-	21,634	-
Total liabilities	<u>18,186</u>	<u>-</u>	<u>59,608</u>	<u>25,994</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	102,693	-	444,922	666
Other	-	-	-	-
Loans receivable	-	2,411,195	-	-
Special assessments	-	-	-	2,029
Total deferred inflows of resources	<u>102,693</u>	<u>2,411,195</u>	<u>444,922</u>	<u>2,695</u>
Fund balances				
Restricted	-	363,677	-	-
Committed	349,504	-	267,050	547,916
Unassigned	-	-	-	-
Total fund balances	<u>349,504</u>	<u>363,677</u>	<u>267,050</u>	<u>547,916</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 470,383</u>	<u>\$ 2,774,872</u>	<u>\$ 771,580</u>	<u>\$ 576,605</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>
\$ 296,294	\$ 459,271	\$ 42,122	\$ 372,366	\$ 423,821	\$ 79,139	\$ 168,891	\$ 689,868
-	91,628	-	-	-	40,838	87,899	1,195,966
71,331	-	-	-	60,527	-	-	-
-	-	-	-	-	-	-	-
-	-	27,440	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	65,531	-	139,341	-	-
<u>\$ 367,625</u>	<u>\$ 550,899</u>	<u>\$ 69,562</u>	<u>\$ 437,897</u>	<u>\$ 484,348</u>	<u>\$ 259,318</u>	<u>\$ 256,790</u>	<u>\$ 1,885,834</u>
\$ 55,581	\$ -	\$ -	\$ 4,198	\$ 584	\$ 48,323	\$ 702	\$ -
-	-	-	-	4,180	-	888	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
500	3,654	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>56,081</u>	<u>3,654</u>	<u>-</u>	<u>4,198</u>	<u>4,764</u>	<u>48,323</u>	<u>1,590</u>	<u>-</u>
-	136,881	-	-	-	61,000	131,360	1,786,491
-	-	-	15,531	-	-	-	-
-	-	27,440	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>136,881</u>	<u>27,440</u>	<u>15,531</u>	<u>-</u>	<u>61,000</u>	<u>131,360</u>	<u>1,786,491</u>
-	-	42,122	-	-	-	-	99,343
311,544	410,364	-	418,168	479,584	149,995	123,840	-
-	-	-	-	-	-	-	-
<u>311,544</u>	<u>410,364</u>	<u>42,122</u>	<u>418,168</u>	<u>479,584</u>	<u>149,995</u>	<u>123,840</u>	<u>99,343</u>
<u>\$ 367,625</u>	<u>\$ 550,899</u>	<u>\$ 69,562</u>	<u>\$ 437,897</u>	<u>\$ 484,348</u>	<u>\$ 259,318</u>	<u>\$ 256,790</u>	<u>\$ 1,885,834</u>

City of Wisconsin Rapids, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Capital Projects		
	Public Works Construction	TIF District No. 6	TIF District No. 7
ASSETS			
Cash and investments	\$ 891,846	\$ 224,055	\$ 53,675
Receivables			
Taxes	185,181	238,159	71,314
Accounts, net	-	-	-
Special assessments	-	-	-
Loans	-	-	-
Due from other funds	231,958	-	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,308,985</u>	<u>\$ 462,214</u>	<u>\$ 124,989</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 113,825	\$ -	\$ -
Accrued and other current liabilities	925	-	-
Due to other funds	22	-	-
Advance from other funds	-	-	-
Special deposits	-	-	-
Unearned revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>114,772</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	276,582	342,553	106,261
Other	-	-	-
Loans receivable	-	-	-
Special assessments	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>276,582</u>	<u>342,553</u>	<u>106,261</u>
Fund balances			
Restricted	-	-	-
Committed	917,631	119,661	18,728
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>917,631</u>	<u>119,661</u>	<u>18,728</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,308,985</u>	<u>\$ 462,214</u>	<u>\$ 124,989</u>

TIF District No. 8	Municipal Building Improvement	Equipment Replacement	Total
\$ 42,564	\$ 228,504	\$ 1,206,349	\$ 6,672,765
85,593	-	144,311	2,508,159
-	-	-	379,024
-	-	-	2,029
-	-	-	2,438,635
-	-	-	303,738
-	-	-	204,872
<u>\$ 128,157</u>	<u>\$ 228,504</u>	<u>\$ 1,350,660</u>	<u>\$ 12,509,222</u>

\$ -	\$ -	\$ 54,908	\$ 316,470
-	-	-	26,236
-	-	-	22,838
544,988	-	-	544,988
-	-	-	4,900
-	-	-	21,634
<u>544,988</u>	<u>-</u>	<u>54,908</u>	<u>937,066</u>

128,157	-	215,550	3,733,116
-	-	-	15,531
-	-	-	2,438,635
-	-	-	2,029
<u>128,157</u>	<u>-</u>	<u>215,550</u>	<u>6,189,311</u>

-	-	-	505,142
-	228,504	1,080,202	5,422,691
(544,988)	-	-	(544,988)
<u>(544,988)</u>	<u>228,504</u>	<u>1,080,202</u>	<u>5,382,845</u>
<u>\$ 128,157</u>	<u>\$ 228,504</u>	<u>\$ 1,350,660</u>	<u>\$ 12,509,222</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, 2020

	Special Revenue			
	Centralia Center	Housing Rehabilitation	Emergency Medical Services	Storm Water Management
REVENUES				
Taxes	\$ 104,409	\$ -	\$ 289,473	\$ -
Special assessments	-	-	-	2,975
Intergovernmental	-	-	13,427	-
Licenses and permits	-	-	-	-
Public charges for services	-	-	1,073,358	821,743
Intergovernmental charges for services	-	-	-	-
Miscellaneous	127,735	193,635	-	-
Total revenues	<u>232,144</u>	<u>193,635</u>	<u>1,376,258</u>	<u>824,718</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	1,432,756	-
Public works	-	-	-	669,636
Health and human services	197,890	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	104,435	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	48,933	-
Total expenditures	<u>197,890</u>	<u>104,435</u>	<u>1,481,689</u>	<u>669,636</u>
Excess of revenues over (under) expenditures	<u>34,254</u>	<u>89,200</u>	<u>(105,431)</u>	<u>155,082</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(184,658)	-	-	(51,379)
Total other financing sources (uses)	<u>(184,658)</u>	<u>-</u>	<u>-</u>	<u>(51,379)</u>
Net change in fund balances	(150,404)	89,200	(105,431)	103,703
Fund balances - January 1	<u>499,908</u>	<u>274,477</u>	<u>372,481</u>	<u>444,213</u>
Fund balances - December 31	<u><u>\$ 349,504</u></u>	<u><u>\$ 363,677</u></u>	<u><u>\$ 267,050</u></u>	<u><u>\$ 547,916</u></u>

Room Tax	Retiree Health Insurance	HCRI Program	Grants and Donations	River Cities Community Access	Mass Transit	Aquatic Facility	Debt Service
\$ 357,651	\$ 181,553	\$ -	\$ -	\$ -	\$ 50,708	\$ 129,686	\$ 1,686,585
-	-	-	-	-	-	-	-
-	-	-	451,299	-	686,467	-	-
-	-	-	-	239,288	-	-	-
-	-	-	-	-	-	103,313	-
-	185,573	-	-	1,000	-	-	-
-	220,372	12,314	42,599	170	-	-	78,818
<u>357,651</u>	<u>587,498</u>	<u>12,314</u>	<u>493,898</u>	<u>240,458</u>	<u>737,175</u>	<u>232,999</u>	<u>1,765,403</u>
-	610,839	-	81,500	217,996	-	-	-
-	-	-	385,707	-	-	-	-
-	-	-	-	-	619,874	-	-
-	-	-	-	-	-	-	-
-	-	-	70,167	-	-	247,291	-
308,334	-	115	80,267	-	-	-	-
-	-	-	-	-	-	-	1,932,913
-	-	-	-	-	-	-	605,465
18,687	-	-	-	-	80,784	-	-
<u>327,021</u>	<u>610,839</u>	<u>115</u>	<u>617,641</u>	<u>217,996</u>	<u>700,658</u>	<u>247,291</u>	<u>2,538,378</u>
<u>30,630</u>	<u>(23,341)</u>	<u>12,199</u>	<u>(123,743)</u>	<u>22,462</u>	<u>36,517</u>	<u>(14,292)</u>	<u>(772,975)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	6,635	-	-
-	-	-	100,000	-	-	138,132	641,218
-	-	-	-	-	-	-	-
-	-	-	100,000	-	6,635	138,132	641,218
30,630	(23,341)	12,199	(23,743)	22,462	43,152	123,840	(131,757)
280,914	433,705	29,923	441,911	457,122	106,843	-	231,100
<u>\$ 311,544</u>	<u>\$ 410,364</u>	<u>\$ 42,122</u>	<u>\$ 418,168</u>	<u>\$ 479,584</u>	<u>\$ 149,995</u>	<u>\$ 123,840</u>	<u>\$ 99,343</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, 2020

	Capital Projects		
	Public Works Construction	TIF District No. 6	TIF District No. 7
REVENUES			
Taxes	\$ 465,384	\$ 332,161	\$ 25,016
Special assessments	-	-	-
Intergovernmental	58,061	16,279	17,715
Licenses and permits	-	-	-
Public charges for services	-	-	-
Intergovernmental charges for services	-	-	-
Miscellaneous	528,111	313	206
Total revenues	<u>1,051,556</u>	<u>348,753</u>	<u>42,937</u>
EXPENDITURES			
Current			
General government	-	925	625
Public safety	-	-	-
Public works	226,338	-	-
Health and human services	-	-	-
Culture and recreation	-	-	-
Conservation and development	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	2,314,579	-	-
Total expenditures	<u>2,540,917</u>	<u>925</u>	<u>625</u>
Excess of revenues over (under) expenditures	<u>(1,489,361)</u>	<u>347,828</u>	<u>42,312</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	1,182,634	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	189,683	-	-
Transfers out	-	(374,722)	(65,269)
Total other financing sources (uses)	<u>1,372,317</u>	<u>(374,722)</u>	<u>(65,269)</u>
Net change in fund balances	(117,044)	(26,894)	(22,957)
Fund balances - January 1	<u>1,034,675</u>	<u>146,555</u>	<u>41,685</u>
Fund balances - December 31	<u><u>\$ 917,631</u></u>	<u><u>\$ 119,661</u></u>	<u><u>\$ 18,728</u></u>

TIF District No. 8	Municipal Building Improvement	Equipment Replacement	Total
\$ -	\$ -	\$ 219,850	\$ 3,842,476
-	-	-	2,975
-	-	-	1,243,248
-	-	-	239,288
-	-	-	1,998,414
-	-	440,592	627,165
-	42,356	94,000	1,340,629
-	42,356	754,442	9,294,195
150	-	-	912,035
-	-	-	1,818,463
-	-	-	1,515,848
-	-	-	197,890
-	-	-	317,458
350,000	-	-	843,151
-	-	-	1,932,913
-	-	-	605,465
51,481	2,301	696,273	3,213,038
401,631	2,301	696,273	11,356,261
(401,631)	40,055	58,169	(2,062,066)
-	-	-	1,182,634
-	-	68,197	74,832
-	-	-	1,069,033
-	-	-	(676,028)
-	-	68,197	1,650,471
(401,631)	40,055	126,366	(411,595)
(143,357)	188,449	953,836	5,794,440
<u>\$ (544,988)</u>	<u>\$ 228,504</u>	<u>\$ 1,080,202</u>	<u>\$ 5,382,845</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



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

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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.

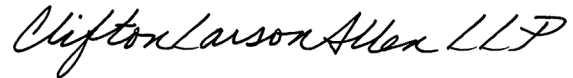
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wausau, Wisconsin
December 13, 2021