

**CITY OF OCONTO, WISCONSIN**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2021**



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## INDEPENDENT AUDITORS' REPORT

City Council  
City of Oconto, Wisconsin

### Report on Audit of the Financial Statements

#### **Opinions**

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 Oconto, Wisconsin, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Oconto, Wisconsin's basic financial statements as listed in the table of contents.

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 of Oconto, Wisconsin, as of December 31, 2021, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Oconto, Wisconsin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Oconto, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Oconto, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Oconto, Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Prior-Year Comparative Information***

We have previously audited the City's 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated April 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***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 59 and 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 the 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.

***Supplementary Information***

Our audit for the year ended December 31, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The general fund detailed comparison of budgeted and actual revenues and expenditures, the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds, the schedules of water and sewer utilities operating revenues and expenses, (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2021 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 GAAS. In our opinion, the general fund detailed comparison of budgeted and actual revenues and expenditures, the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds, the schedules of water and sewer utilities operating revenues and expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements as of and for the year ended December 31, 2020, (not presented herein), and have issued our report thereon dated April 9, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. The 2020 actual amounts in the detailed comparison of general fund budgeted and actual revenues and expenditures, schedule of water utility operating revenues and expenses, and schedule of sewer utility operating revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The detailed comparison of general fund budgeted and actual revenues and expenditures, schedule of water utility operating revenues and expenses, and schedule of sewer utility operating revenues and expenses, the budget to actual schedules and utility operating revenue and expenses were subjected to the audit procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 actual amounts in the detailed comparison of general fund budgeted and actual revenues and expenditures and the budget to actual schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2022, on our consideration of the City of Oconto, Wisconsin'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 of Oconto, Wisconsin'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 City of Oconto, Wisconsin's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
May 9, 2022

## **BASIC FINANCIAL STATEMENTS**



**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	Governmental Activities	Business-Type Activities	Totals	
			2021	2020
<b>ASSETS</b>				
Cash and Investments	\$ 1,578,346	\$ 1,480,229	\$ 3,058,575	\$ 4,191,196
Receivables:				
Taxes and Special Charges	1,346,143	-	1,346,143	1,234,866
Delinquent Taxes	29,528	-	29,528	25,167
Accounts, Net	138,038	494,475	632,513	622,448
Special Assessments	138,926	60,339	199,265	187,941
Loans	100,243	-	100,243	119,406
Due from Other Governments	-	11,211	11,211	30,119
Prepaid Items	-	55,255	55,255	50,587
Restricted Assets:				
Cash and Investments	-	1,660,179	1,660,179	1,470,646
Net Pension Asset	1,298,092	135,337	1,433,429	709,185
Capital Assets, Nondepreciable	679,294	45,855	725,149	670,405
Capital Assets, Depreciable, Net	17,057,437	17,796,936	34,854,373	34,551,354
Total Assets	<u>22,366,047</u>	<u>21,739,816</u>	<u>44,105,863</u>	<u>43,863,320</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Amounts	2,191,196	225,567	2,416,763	1,691,669
Other Postemployment Related Amounts	81,363	9,384	90,747	85,213
Total Deferred Outflows of Resources	<u>2,272,559</u>	<u>234,951</u>	<u>2,507,510</u>	<u>1,776,882</u>
<b>LIABILITIES</b>				
Accounts Payable	55,712	7,778	63,490	133,044
Accrued and Other Current Liabilities	70,448	7,245	77,693	89,217
Due to Other Governments	-	-	-	1,045
Accrued Interest Payable	60,269	48,588	108,857	112,786
Special Deposits	8,577	-	8,577	10,367
Long-Term Obligations:				
Due within One Year	735,329	1,237,849	1,973,178	738,324
Due in More than One Year	8,189,838	5,800,917	13,990,755	15,872,054
Other Postemployment Benefits	191,018	22,030	213,048	204,760
Total Liabilities	<u>9,311,191</u>	<u>7,124,407</u>	<u>16,435,598</u>	<u>17,161,597</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Levied for Subsequent Year	2,249,912	-	2,249,912	2,117,736
Pension Related Amounts	2,847,528	296,880	3,144,408	2,134,445
Other Postemployment Related Amounts	47,923	5,527	53,450	34,730
Total Deferred Inflows of Resources	<u>5,146,464</u>	<u>302,407</u>	<u>5,448,871</u>	<u>4,291,911</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	9,184,338	10,835,421	20,019,759	20,403,019
Restricted	1,443,555	1,795,516	3,239,071	1,554,552
Unrestricted	(446,942)	1,917,016	1,470,074	2,229,123
Total Net Position	<u>\$ 10,180,951</u>	<u>\$ 14,547,953</u>	<u>\$ 24,728,904</u>	<u>\$ 24,186,694</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 705,588	\$ 91,900	\$ 69,155	\$ -
Public Safety	2,732,114	1,009,431	83,084	-
Public Works	2,126,257	275,805	648,519	45,677
Health and Human Services	2,460	-	-	-
Culture and Recreation	916,931	383,710	94,261	-
Conservation and Development	259,389	6,419	-	-
Interest and Fiscal Charges	197,273	-	-	-
Total Governmental Activities	<u>6,940,012</u>	<u>1,767,265</u>	<u>895,019</u>	<u>45,677</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	880,533	1,073,639	-	10,194
Sewer Utility	819,094	1,197,956	-	16,344
Total Business-Type Activities	<u>1,699,627</u>	<u>2,271,595</u>	<u>-</u>	<u>26,538</u>
Total	<u>\$ 8,639,639</u>	<u>\$ 4,038,860</u>	<u>\$ 895,019</u>	<u>\$ 72,215</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Net (Expense) Revenue and Changes in Net Position			
	Governmental Activities	Business-Type Activities	Totals	
			2021	2020
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ (544,533)	\$ -	\$ (544,533)	\$ (708,562)
Public Safety	(1,639,599)	-	(1,639,599)	(2,104,964)
Public Works	(1,156,256)	-	(1,156,256)	(1,820,121)
Health and Human Services	(2,460)	-	(2,460)	(2,200)
Culture and Recreation	(438,960)	-	(438,960)	(470,028)
Conservation and Development	(252,970)	-	(252,970)	(36,917)
Interest and Fiscal Charges	(197,273)	-	(197,273)	(79,541)
Total Governmental Activities	<u>(4,232,051)</u>	-	<u>(4,232,051)</u>	<u>(5,222,333)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	-	203,300	203,300	138,212
Sewer Utility	-	395,206	395,206	336,019
Total Business-Type Activities	<u>-</u>	<u>598,506</u>	<u>598,506</u>	<u>474,231</u>
 Total	 (4,232,051)	 598,506	 (3,633,545)	 (4,748,102)
<b>GENERAL REVENUES</b>				
Taxes:				
Property Taxes	1,971,632	-	1,971,632	1,766,680
Tax Increments	146,068	-	146,068	210,081
Other Taxes	31,920	-	31,920	38,346
Federal and State Grants and Other Contributions not Restricted to Specific Functions	1,870,819	-	1,870,819	1,791,374
Interest and Investment Earnings	11,657	3,040	14,697	53,987
Miscellaneous	133,279	1,091	134,370	47,297
Gain on sale of asset	6,250	-	6,250	-
Transfers	208,192	(208,193)	(1)	-
Total General Revenues and Transfers	<u>4,379,817</u>	<u>(204,062)</u>	<u>4,175,755</u>	<u>3,907,765</u>
<b>CHANGE IN NET POSITION</b>	147,766	394,444	542,210	(840,337)
Net Position - Beginning of Year	<u>10,033,185</u>	<u>14,153,509</u>	<u>24,186,694</u>	<u>25,027,031</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 10,180,951</u></u>	<u><u>\$ 14,547,953</u></u>	<u><u>\$ 24,728,904</u></u>	<u><u>\$ 24,186,694</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals	
					2021	2020
<b>ASSETS</b>						
Cash and Investments	\$ 801,043	\$ 281,850	\$ 97,077	\$ 398,376	\$ 1,578,346	\$ 2,671,163
Receivables:						
Taxes and Special Charges	275,340	224,052	376,400	470,351	1,346,143	1,234,866
Delinquent Taxes	29,528	-	-	-	29,528	25,167
Accounts, Net	138,038	-	-	-	138,038	109,573
Special Assessments	138,926	-	-	-	138,926	143,127
Loans	-	-	-	100,243	100,243	119,406
Due from Other Funds	77,640	-	-	109,976	187,616	311,644
Due from Other Governments	-	-	-	-	-	16,494
<b>Total Assets</b>	<b>\$ 1,460,515</b>	<b>\$ 505,902</b>	<b>\$ 473,477</b>	<b>\$ 1,078,946</b>	<b>\$ 3,518,840</b>	<b>\$ 4,631,440</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 52,258	\$ 1,135	\$ -	\$ 2,319	\$ 55,712	\$ 128,189
Accrued and Other Current Liabilities	65,875	-	-	4,573	70,448	83,370
Due to Other Funds	2,195	-	-	185,421	187,616	293,412
Due to Other Governments	-	-	-	-	-	1,045
Special Deposits	7,202	-	-	1,375	8,577	15,367
<b>Total Liabilities</b>	<b>127,530</b>	<b>1,135</b>	<b>-</b>	<b>193,688</b>	<b>322,353</b>	<b>521,383</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes Levied for						
Subsequent Year	1,179,109	224,052	376,400	470,351	2,249,912	2,117,736
Special Charges Assessed	1,100	-	-	-	1,100	-
Loans Receivable	-	-	-	100,243	100,243	119,406
Special Assessments	138,926	-	-	-	138,926	143,127
<b>Total Deferred Inflows of Resources</b>	<b>1,319,135</b>	<b>224,052</b>	<b>376,400</b>	<b>570,594</b>	<b>2,490,181</b>	<b>2,380,269</b>
<b>FUND BALANCES</b>						
Nonspendable	29,528	-	-	-	29,528	316,354
Restricted	-	-	97,077	108,655	205,732	897,507
Committed	-	280,715	-	392,904	673,619	767,478
Assigned	8,856	-	-	-	8,856	249,279
Unassigned	(24,534)	-	-	(186,895)	(211,429)	(500,830)
<b>Total Fund Balances</b>	<b>13,850</b>	<b>280,715</b>	<b>97,077</b>	<b>314,664</b>	<b>706,306</b>	<b>1,729,788</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,460,515</b>	<b>\$ 505,902</b>	<b>\$ 473,477</b>	<b>\$ 1,078,946</b>	<b>\$ 3,518,840</b>	<b>\$ 4,631,440</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	2021	2020
Total Fund Balances as Shown on Previous Page	\$ 706,306	\$ 1,729,788
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.	17,736,731	17,065,735
Long-term assets are not considered available and; therefore, are not reported in the funds		
Net Pension Asset	1,298,092	633,318
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Loans Receivable	100,242	119,406
Special Assessments	138,926	143,127
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	2,191,196	1,514,476
Deferred Inflows Related to Pensions	(2,847,528)	(1,906,107)
Deferred Outflows Related to Other Postemployment Benefits	81,363	76,097
Deferred Inflows Related to Other Postemployment Benefits	(47,923)	(31,015)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds, Notes and Capital Lease Payable	(8,216,454)	(8,387,335)
Premium on Debt	(335,939)	(381,692)
Compensated Absences	(372,774)	(298,839)
Other Postemployment Benefit	(191,018)	(182,855)
Accrued Interest on Long-Term Obligations	(60,269)	(60,919)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see Page 6)	\$ 10,180,951	\$ 10,033,185

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals	
					2021	2020
<b>REVENUES</b>						
Taxes	\$ 1,019,723	\$ 353,946	\$ 339,958	\$ 435,993	\$ 2,149,620	\$ 2,015,107
Special Assessments	54,348	-	-	-	54,348	127,269
Intergovernmental	2,119,458	430,570	-	144,240	2,694,268	2,390,724
Licenses and Permits	91,920	-	-	-	91,920	91,278
Fines and Forfeits	107,369	-	-	-	107,369	72,630
Public Charges for Services	938,469	-	-	434,697	1,373,166	1,064,439
Intergovernmental Charges for Services	102,931	-	-	52,500	155,431	151,112
Miscellaneous	42,801	10,665	-	223,362	276,828	205,825
Total Revenues	4,477,019	795,181	339,958	1,290,792	6,902,950	6,118,384
<b>EXPENDITURES</b>						
Current:						
General Government	671,093	-	-	-	671,093	654,921
Public Safety	2,719,060	-	-	64,094	2,783,154	2,524,220
Public Works	1,141,006	-	-	314,754	1,455,760	1,449,012
Health and Human Services	2,460	-	-	-	2,460	2,200
Culture and Recreation	343,555	-	-	492,933	836,488	745,193
Conservation and Development	40,862	-	-	218,527	259,389	44,145
Debt Service:						
Principal	-	-	130,000	-	130,000	2,300,000
Interest and Fiscal Charges	-	-	209,958	33,717	243,675	363,140
Capital Outlay	-	1,752,605	-	-	1,752,605	2,070,416
Total Expenditures	4,918,036	1,752,605	339,958	1,124,025	8,134,624	10,153,247
Excess (Deficiency) of Revenues						
Under Expenditures	(441,017)	(957,424)	-	166,767	(1,231,674)	(4,034,863)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	-	-	-	-	-	4,305,000
Capital Lease Proceeds	-	-	-	-	-	217,335
Premium on Debt Issued	-	-	-	-	-	348,225
Transfers In	233,192	345,414	-	200,000	778,606	231,180
Transfers Out	-	-	-	(570,414)	(570,414)	(32,312)
Total Other Financing Sources (Uses)	233,192	345,414	-	(370,414)	208,192	5,069,428
<b>NET CHANGE IN FUND BALANCES</b>						
	(207,825)	(612,010)	-	(203,647)	(1,023,482)	1,034,565
Fund Balances - Beginning of Year	221,675	892,725	97,077	518,311	1,729,788	695,223
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 13,850</b>	<b>\$ 280,715</b>	<b>\$ 97,077</b>	<b>\$ 314,664</b>	<b>\$ 706,306</b>	<b>\$ 1,729,788</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net Change in Fund Balances as Shown on Previous Page	\$ (1,023,482)	\$ 1,034,565
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	1,787,256	1,365,470
Depreciation Expense Reported in the Statement of Activities	(1,116,260)	(1,004,160)
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.	(23,365)	(92,998)
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	-	(4,305,000)
Capital Leases Issued	-	(217,335)
Premium on Debt Issued	-	(348,225)
Principal Repaid	130,000	2,300,000
Capital Leases Paid	40,881	-
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	650	(11,235)
Amortization of Debt Premium	45,753	77,104
Compensated Absences	(73,935)	51,426
Net Pension Asset	664,774	633,318
Net Pension Liability	-	682,916
Deferred Outflows of Resources Related to Pensions	676,720	(333,446)
Deferred Inflows of Resources Related to Pensions	(941,421)	(953,163)
Other Postemployment Benefits	(8,163)	(76,239)
Deferred Outflows of Resources Related to Other Postemployment Benefits	5,266	61,592
Deferred Inflows of Resources Related to Other Postemployment Benefits	(16,908)	727
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see Pages 7 - 8)	\$ 147,766	\$ (1,134,683)

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Budget		Actual	Variance	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 1,021,115	\$ 1,021,115	\$ 1,018,123	\$ (2,992)	\$ 981,636
Special Assessments	124,000	124,000	54,348	(69,652)	127,269
Intergovernmental	1,966,696	1,966,696	2,119,458	152,762	1,970,982
Licenses and Permits	98,895	98,895	91,920	(6,975)	91,278
Fines and Forfeits	74,500	74,500	107,369	32,869	72,630
Public Charges for Services	851,750	851,750	938,469	86,719	758,514
Intergovernmental Charges for Services	108,717	108,717	102,931	(5,786)	98,147
Miscellaneous	106,550	106,550	42,474	(64,076)	71,622
Total Revenues	4,352,223	4,352,223	4,475,092	122,869	4,172,078
<b>EXPENDITURES</b>					
Current:					
General Government	578,257	578,257	671,093	(92,836)	654,921
Public Safety	2,494,771	2,494,771	2,704,581	(209,810)	2,512,154
Public Works	1,119,326	1,119,326	1,141,006	(21,680)	1,108,584
Health and Human Services	3,000	3,000	2,460	540	2,200
Culture and Recreation	370,029	370,029	343,555	26,474	328,603
Conservation and Development	73,504	73,504	40,862	32,642	27,714
Total Expenditures	4,638,887	4,638,887	4,903,557	(264,670)	4,634,176
Excess (Deficiency) of Revenues Under Expenditures	(286,664)	(286,664)	(428,465)	(141,801)	(462,098)
<b>OTHER FINANCING SOURCES</b>					
Transfers In	220,000	220,000	233,192	13,192	198,868
<b>NET CHANGE IN FUND BALANCE</b>	(66,664)	(66,664)	(195,273)	(128,609)	(263,230)
Fund Balance - Beginning of Year	202,005	202,005	202,005	-	465,235
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 135,341</u>	<u>\$ 135,341</u>	<u>\$ 6,732</u>	<u>\$ (128,609)</u>	<u>\$ 202,005</u>

See accompanying Notes to Basic Financial Statements.



**CITY OF OCONTO, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2021  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)**

	Water and Sewer Utility	
	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 1,480,229	\$ 1,520,033
Receivables:		
Customer Accounts	494,475	512,875
Special Assessments	60,339	44,814
Due from Other Funds	-	30
Due from Other Governments	11,211	13,625
Prepaid Items	55,255	50,587
Total Current Assets	2,101,509	2,141,964
Noncurrent Assets:		
Restricted Assets: Cash and Investments	1,660,179	1,470,646
Other Assets:		
Net Pension Asset	135,337	75,867
Capital Assets:		
Nondepreciable	45,855	45,855
Depreciable	17,796,936	18,110,169
Total Capital Assets	17,842,791	18,156,024
Total Assets	21,739,816	21,844,501
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Amounts	225,567	177,193
Other Postemployment Related Amounts	9,384	9,116
Total Deferred Outflows of Resources	234,951	186,309

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	Water and Sewer Utility	
	2021	2020
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 7,778	\$ 4,855
Accrued and Other Current Liabilities	7,245	5,847
Due to Other Funds	-	18,262
Accrued Interest Payable	48,588	51,867
Current Portion of Long-Term Obligations	1,237,849	492,733
Total Current Liabilities	1,301,460	573,564
Long-Term Obligations, Less Current Portion:		
Revenue Bonds	5,637,151	6,867,267
Debt Premium	132,370	151,580
Compensated Absences	31,396	30,932
Other Postemployment Benefits	22,030	21,905
Total Long-Term Liabilities	5,822,947	7,071,684
Total Liabilities	7,124,407	7,645,248
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related Amounts	296,880	228,338
Other Postemployment Related Amounts	5,527	3,715
Total Deferred Inflows of Resources	302,407	232,053
<b>NET POSITION</b>		
Net Investment in Capital Assets	10,835,421	11,344,564
Restricted	1,795,516	846,393
Unrestricted	1,917,016	1,962,552
Total Net Position	\$ 14,547,953	\$ 14,153,509

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Water and Sewer Utility	
	2021	2020
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 2,186,423	\$ 2,184,370
Other	85,172	81,490
Total Operating Revenues	2,271,595	2,265,860
<b>OPERATING EXPENSES</b>		
Operation and Maintenance	899,145	981,201
Depreciation	532,573	527,402
Taxes	1,203	1,062
Total Operating Expenses	1,432,921	1,509,665
<b>OPERATING INCOME</b>	838,674	756,195
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	3,157	18,148
Interest and Fiscal Charges	(285,916)	(301,174)
Amortization of Debt Premium	19,210	19,210
Other Nonoperating Revenues	974	835
Total Nonoperating Revenues (Expenses)	(262,575)	(262,981)
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	576,099	493,214
Capital Contributions	26,538	-
Transfers Out	(208,193)	(198,868)
<b>CHANGE IN NET POSITION</b>	394,444	294,346
Net Position - Beginning of Year	14,153,509	13,859,163
<b>NET POSITION - END OF YEAR</b>	\$ 14,547,953	\$ 14,153,509

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2021  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Water and Sewer Utility	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 2,292,439	\$ 2,301,020
Cash Paid for Employee Wages and Benefits	(524,202)	(581,717)
Cash Paid to Suppliers	(413,662)	(423,820)
Net Cash Provided by Operating Activities	1,354,575	1,295,483
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Miscellaneous Revenue	974	835
Transfer to City for Property Tax Equivalent	(226,455)	(180,606)
Net Cash Used by Noncapital Financing Activities	(225,481)	(179,771)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	(229,840)	(531,781)
Sale of Capital Assets	10,500	-
Principal Paid on Long-Term Debt	(485,000)	(470,000)
Interest Paid on Long-Term Debt	(289,195)	(305,695)
Special Assessment Collections	11,013	13,439
Net Cash Used by Capital and Related Financing Activities	(982,522)	(1,294,037)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	3,157	18,148
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	149,729	(160,177)
Cash and Cash Equivalents - Beginning of Year	2,990,679	3,150,856
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,140,408	\$ 2,990,679

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Water and Sewer Utility	
	2021	2020
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 838,674	\$ 756,195
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	532,573	527,402
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:		
Change in WRS Asset/Liability	(59,470)	(160,629)
Change in WRS Deferred Outflow	(48,374)	51,185
Change in WRS Deferred Inflow	68,542	110,060
Change in OPEB Liability	125	8,672
Change in OPEB Deferred Outflow	(268)	(7,316)
Change in OPEB Deferred Inflow	1,812	(224)
Change in Operating Assets and Liabilities:		
Accounts Receivables	18,430	17,495
Due from Other Governments	2,414	17,665
Inventories and Prepaid Items	(4,668)	303
Accounts Payable	2,923	(12,154)
Accrued and Other Liabilities	1,398	(11,863)
Compensated Absences	464	(1,308)
Net Cash Provided by Operating Activities	\$ 1,354,575	\$ 1,295,483
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents in Current Assets	\$ 1,480,229	\$ 1,520,033
Cash and Cash Equivalents in Restricted Assets	1,660,179	1,470,646
Total Cash and Cash Equivalents	\$ 3,140,408	\$ 2,990,679

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2021**

	<u>Private Purpose Trust</u>	<u>Custodial Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and Investments	\$ 116,363	\$ 1,397,406	\$ 1,513,769
Receivables:			
Taxes	-	2,081,226	2,081,226
Total Assets	<u>116,363</u>	<u>3,478,632</u>	<u>3,594,995</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	<u>-</u>	<u>3,478,632</u>	<u>3,478,632</u>
 <b>NET POSITION</b>			
Restricted	<u>\$ 116,363</u>	<u>\$ -</u>	<u>\$ 116,363</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	Private Purpose Trust	Custodial Fund	Totals
<b>ADDITIONS</b>			
Donations	\$ 50,424	\$ -	\$ 50,424
Taxes and Special Charges Collected	-	3,367,846	3,367,846
Total Additions	<u>50,424</u>	<u>3,367,846</u>	<u>3,418,270</u>
<b>DEDUCTIONS</b>			
Library Expenses	2,500	-	2,500
Payments to Other Taxing Districts	-	3,367,846	3,367,846
Total Deductions	<u>2,500</u>	<u>3,367,846</u>	<u>3,370,346</u>
<b>CHANGE IN NET POSITION</b>	47,924	-	47,924
Net Position - Beginning of Year	<u>68,439</u>	<u>-</u>	<u>68,439</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 116,363</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 116,363</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Oconto, Wisconsin (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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 seven member council. In accordance with U.S. 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 in accordance with standards established in GASB Statement No. 61, as amended.

**B. Related Organization**

The City's officials are also responsible for appointing the members of the Oconto Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. Therefore, this organization is not included in the City's reporting entity.

**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, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include an enterprise fund. The City has no internal service funds. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements.



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Government-Wide and Fund Financial Statements (Continued)**

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.

Capital Projects Fund

This fund accounts for property taxes, long-term debt proceeds, and other revenues to finance the City's capital improvement projects.

Debt Service Fund

This fund accounts for the City's general debt expenditures.

The City reports the following major enterprise fund:

Water and Sewer Utility Fund

This fund accounts for the operation of the City's water and sewer utility.

Additionally, the City reports the following fiduciary funds:

Private Purpose Trust Fund

The City uses a private purpose trust fund to account for resources legally held in trust. All resources of the fund, including earnings on invested resources, are to be used to support the City library.

Custodial Fund

This 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.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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. 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 and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February 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 Oconto Unified School District, Oconto County, and Northeast Wisconsin Technical College. Collections and remittances of taxes for other entities are accounted for in the general fund.

**3. Accounts Receivable**

Accounts receivable have been shown net of allowance for uncollectible accounts of \$47,033.

**4. 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 2021 tax roll are recognized as revenue in 2022.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**5. Loans Receivable**

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and 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.

**6. 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.

**7. 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 benefitted.

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.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**8. 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 \$3,000 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.

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

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and Improvements	30 - 40 Years	25 - 50 Years
Machinery and Equipment	5 - 25 Years	3 - 10 Years
Infrastructure	5 - 40 Years	25 - 100 Years

**9. 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.

**10. 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.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**10. Deferred Outflows/Inflows of Resources (Continued)**

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

**11. Long-Term Obligations**

In the government-wide financial statements and proprietary fund 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.

**12. 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 (revenue), 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 OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**13. Other Postemployment Benefits Other Than Pensions (OPEB)**

Local Retiree Life Insurance Fund

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

**14. 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 City Administrator to assign fund balance.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**14. Fund Equity (Continued)**

Governmental Fund Financial Statements (Continued)

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would 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. 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.

**G. Prior-Year Information**

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2020, from which the summarized information was derived.



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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 the general, special revenue, and debt service 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. Management control over other special revenue funds is achieved by maintenance of separate cash and investment accounts. Management control over the TID No. 3, TID No. 4, TID No. 5, and capital project funds is achieved through District's project plans and capital improvement plans approved by the City Council.
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 at the function level for the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2021.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**B. Excess of Expenditures Over Budget Appropriations**

The following expenditure accounts of the general fund had actual expenditures in excess of budget appropriations for the year ended December 31, 2021 as follows:

Fund	Excess Expenditures
General:	
General Government:	
City Council and Mayor	\$ 1,200
Municipal Court	2,491
City Attorney	16
Clerk-Treasurer	134
Accounting and Auditing	5,975
Assessor and Inspection	94,926
Municipal Building	11,823
Public Safety:	
Police Department	34,944
Fire Department	58,210
Ambulance	119,857
Public Works:	
Supervision	3,793
Sidewalk and Storm Sewer	1,361
Weed Control	37
Street Lighting	6,844
Garbage and Refuse	14,390
Culture and Recreation:	
Celebrations and Decorations	392

**C. Deficit Fund Equity**

The following funds had deficit fund balance as of December 31, 2021:

Funds	Deficit Fund Balance
Recycling	\$ 77,739
Tax Incremental District No. 4	107,552
Tax Incremental District No. 5	1,604

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**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 2021 and 2022 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 2021 budget was 0.89%. The actual limit for the City for the 2022 budget was 1.10%. 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.

**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 \$6,232,523 on December 31, 2021 as summarized below:

Petty Cash and Cash on Hand	\$	4,880
Deposits with Financial Institutions		5,776,332
Investments:		
Wisconsin Local Government Investment Pool		451,311
Total		<u><u>\$ 6,232,523</u></u>

Reconciliation to the Basic Financial Statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	3,058,575
Restricted Cash and Investments		1,660,179
Fiduciary Fund Statement of Net Position:		
Cash and Investments		
Private Purpose Trust Fund		116,363
Custodial Fund		1,397,406
Total		<u><u>\$ 6,232,523</u></u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City currently has no investments that are subject to fair value measurement.

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.

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, 2021, \$4,972,423 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. \$862,555 was collateralized with securities held by the pledging financial institution or its trust department or agent by not in the City's name. \$4,109,868 was uncollateralized as of December 31, 2021.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$451,311 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, 2021, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. The City's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

**B. Restricted Assets**

Restricted assets on December 31, 2021 totaled \$1,660,179 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Enterprise Fund:		
Revenue Bond Requirements	\$ 893,177	Debt reserve and principal and interest special redemption
Equipment Replacement	767,002	To be used for the replacement of certain equipment of the sewer utility
Total	<u>\$ 1,660,179</u>	

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 585,567	\$ 86,475	\$ -	\$ 672,042
Construction in Progress	38,983	1,119,666	1,151,397	7,252
Total Capital Assets, Nondepreciable	<u>624,550</u>	<u>1,206,141</u>	<u>1,151,397</u>	<u>679,294</u>
Capital Assets, Depreciable:				
Buildings and Improvements	7,497,229	72,240	-	7,569,469
Machinery and Equipment	5,596,863	300,433	202,413	5,694,883
Infrastructure	15,479,887	1,359,839	-	16,839,726
Subtotals	<u>28,573,979</u>	<u>1,732,512</u>	<u>202,413</u>	<u>30,104,078</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	3,986,402	220,238	-	4,206,640
Machinery and Equipment	3,782,626	365,473	202,413	3,945,686
Infrastructure	4,363,766	530,549	-	4,894,315
Subtotals	<u>12,132,794</u>	<u>1,116,260</u>	<u>202,413</u>	<u>13,046,641</u>
Total Capital Assets, Depreciable, Net	<u>16,441,185</u>	<u>616,252</u>	<u>-</u>	<u>17,057,437</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,065,735</u>	<u>\$ 1,822,393</u>	<u>\$ 1,151,397</u>	17,736,731
Less: Capital Related Debt				8,216,454
Less: Debt Premium				<u>335,939</u>
Net Investment in Capital Assets				<u>\$ 9,184,338</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 45,855	\$ -	\$ -	\$ 45,855
Capital Assets, Depreciable:				
Buildings and Improvements	1,761,202	25,780	-	1,786,982
Machinery and Equipment	6,683,557	60,551	37,750	6,706,358
Infrastructure	18,694,031	143,509	-	18,837,540
Subtotals	<u>27,138,790</u>	<u>229,840</u>	<u>37,750</u>	<u>27,330,880</u>
Less Accumulated Depreciation	<u>9,028,621</u>	<u>543,073</u>	<u>37,750</u>	<u>9,533,944</u>
Total Capital Assets, Depreciable, Net	<u>18,110,169</u>	<u>(313,233)</u>	<u>-</u>	<u>17,796,936</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,156,024</u>	<u>\$ (313,233)</u>	<u>\$ -</u>	17,842,791
Less: Capital Related Debt				6,875,000
Less: Debt Premium				<u>132,370</u>
Net Investment in Capital Assets				<u>\$ 10,835,421</u>

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

Governmental Activities:	
General Government	\$ 96,226
Public Safety	137,337
Public Works	712,487
Culture and Recreation	170,210
Total Depreciation Expense - Governmental Activities	<u>\$ 1,116,260</u>
Business-Type Activities:	
Water Utility	\$ 252,487
Sewer Utility	290,586
Total Depreciation Expense - Business-Type Activities	<u>\$ 543,073</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. 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, 2021 are detailed below:

	<u>Receivables</u>	<u>Payables</u>
Operating Accounts Between Funds:		
General Fund	\$ 77,640	\$ 2,195
Holtwood Campground	2,195	-
Recycling	-	77,640
Tax Incremental District No. 3	107,781	-
Tax Incremental District No. 4	-	106,177
Tax Incremental District No. 5	-	1,604
Totals	<u>\$ 187,616</u>	<u>\$ 187,616</u>

Interfund transfers for the year ended December 31, 2021 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 233,192	\$ -
Capital Projects	345,414	-
Tax Incremental District No. 3	200,000	-
Revolving Loan	-	545,414
Holtwood Campground	-	25,000
Water and Sewer Utility	-	208,192
Total	<u>\$ 778,606</u>	<u>\$ 778,606</u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to General Fund	\$ 208,192
Closeout Revolving Fund Loan to Capital Projects	345,414
Closeout Revolving Fund Loan to Tax Incremental District	200,000
Reimburse General Fund for Campground	25,000
Total	<u>\$ 778,606</u>



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 1,025,000	\$ -	\$ -	\$ 1,025,000	\$ 500,000
Notes	7,145,000	-	130,000	7,015,000	100,000
Total General Obligation Debt	8,170,000	-	130,000	8,040,000	600,000
Debt Premium	381,692	-	45,753	335,939	-
Capital Leases	217,335	-	40,881	176,454	42,135
Compensated Absences	298,839	178,775	104,840	372,774	93,194
Governmental Activities Long-Term Obligations	<u>\$ 9,067,866</u>	<u>\$ 178,775</u>	<u>\$ 321,474</u>	<u>\$ 8,925,167</u>	<u>\$ 735,329</u>
Business-Type Activities:					
Revenue Bonds	\$ 6,530,000	\$ -	\$ 435,000	\$ 6,095,000	\$ 450,000
Revenue Bond Anticipation Notes	830,000	-	50,000	780,000	780,000
Debt Premium	151,580	-	19,210	132,370	-
Compensated Absences	30,932	20,652	20,188	31,396	7,849
Business-Type Activities Long-Term Obligations	<u>\$ 7,542,512</u>	<u>\$ 20,652</u>	<u>\$ 524,398</u>	<u>\$ 7,038,766</u>	<u>\$ 1,237,849</u>

Total interest paid during the year on long-term debt totaled \$532,395.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
General Obligation Refunding Bonds	08/26/15	10/01/23	3.625 - 4.0%	\$ 1,025,000	\$ 1,025,000
General Obligation Notes	05/23/17	04/01/27	3.00%	2,840,000	2,840,000
General Obligation Notes	02/26/20	10/01/29	2.00 - 3.00%	4,305,000	4,175,000
Total Outstanding General Obligation Debt					<u>\$ 8,040,000</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$8,040,000 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 600,000	\$ 241,075	\$ 841,075
2023	725,000	220,950	945,950
2024	775,000	188,075	963,075
2025	825,000	167,325	992,325
2026	825,000	145,575	970,575
2027-2029	4,290,000	237,975	4,527,975
Total	<u>\$ 8,040,000</u>	<u>\$ 1,200,975</u>	<u>\$ 9,240,975</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, 2021 was \$4,220,150 as follows:

Equalized Valuation of the City	\$ 245,203,000
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	12,260,150
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>8,040,000</u>
Legal Margin for New Debt	<u>\$ 4,220,150</u>

Revenue Bond Anticipation Notes

Revenue bond anticipation notes outstanding on December 31, 2021 was comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Waterworks and Sewerage System Revenue Bond Anticipation Notes	05/23/17	04/01/22	3.00 - 3.50%	\$ 980,000	<u>\$ 780,000</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

Revenue Bond Anticipation Notes (Continued)

Annual principal and interest maturities of the outstanding anticipation note debt of \$780,000 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u> 2022	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$ 780,000</u>	<u>\$ 13,650</u>	<u>\$ 793,650</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2021 totaled \$6,095,000 and were comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Waterworks and Sewerage System	06/27/12	05/01/32	3.0 - 5.0%	\$ 9,550,000	<u>\$ 6,095,000</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$6,095,000 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 450,000	\$ 244,883	\$ 694,883
2023	465,000	230,123	695,123
2024	485,000	210,324	695,324
2025	510,000	185,450	695,450
2026	530,000	159,450	689,450
2027-2031	2,985,000	441,700	3,426,700
2032	670,000	13,400	683,400
Total	<u>\$ 6,095,000</u>	<u>\$ 1,485,330</u>	<u>\$ 7,580,330</u>

Utility Revenues Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the water and sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and sewer customer net revenues and are payable through 2032. The total principal and interest remaining to be paid on the bonds is \$7,580,330. Principal and interest paid for the current year and total customer net revenues were \$773,720 and \$1,365,353, respectively.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Capital Lease**

The City is obligated under a lease accounted for as a capital lease that were used to finance the acquisition of capital assets. The cost of the capital asset under the capital lease are \$217,335 and the related accumulated depreciation is \$47,089 as of December 31, 2021.

The following is a schedule of minimum lease payments under the lease agreement and the present values of the minimum lease payments at June 30, 2021.

<u>Year Ending</u>	<u>Governmental Activities</u>
2022	\$ 47,548
2023	47,548
2024	47,548
2025	47,548
Subtotal	190,192
Less: Amount Representing Interest	13,738
Present Value of Future Minimum Lease Payments	<u>\$ 176,454</u>

**F. Pension Plan**

**1. Plan Description**

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

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

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**1. Plan Description (Continued)**

Employees who retire at or after age 65 (54 for protective occupations 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.

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. Postretirement 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:

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**2. Postretirement Adjustments (Continued)**

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2011	(1.2)%	11.0 %
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0

**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 remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ending December 31, 2021, the WRS recognized \$284,316 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives and Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75	11.75
Protective without Social Security	6.75	16.35

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2021, the City reported an asset of \$1,433,429 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the City's proportion was 0.02296010%, which was an increase of 0.00096614% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense (revenue) of \$153,272.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,074,612	\$ 446,868
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	2,691,148
Changes in Assumptions	32,513	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	25,322	6,392
Employer Contributions Subsequent to the Measurement Date	284,316	-
Total	<u>\$ 2,416,763</u>	<u>\$ 3,144,408</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$284,316 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, 2022. 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>
2022	\$ (261,642)
2023	(67,759)
2024	(480,722)
2025	(201,838)
Total	\$ (1,011,961)

**5. Actuarial Assumptions**

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
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
Postretirement Adjustments*	1.9%

\* *No postretirement 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 postretirement discount rate.*



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

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, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class:</u>			
Global Equities	51.0 %	7.2 %	4.7 %
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Cash	(15.0)	0.9	N/A
Total Core Fund	100.0 %	6.6 %	4.1 %
<u>Variable Fund Asset Class:</u>			
U.S. Equities	70.0 %	6.6 %	4.1 %
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0 %	7.1 %	4.6 %

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.4%

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (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, 2020. 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. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, 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%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,364,427	\$ (1,433,429)	\$ (3,488,437)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**6. Payable to the Pension Plan**

At December 31, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

**CITY OF OCONTO, WISCONSIN  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits**

**1. Plan Description**

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

**2. OPEB Plan Fiduciary Net Position**

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

**3. 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.

**4. 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 postretirement 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2021 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**4. Contributions (Continued)**

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are listed below:

Life Insurance Member Contribution Rates* Year Ended December 31, 2020		
Attained Age	Basic	Supplemental
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.

During the year ended December 31, 2021, the LRLIF recognized \$689 in contributions from the employer.

**5. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2021, the City reported a liability of \$213,048 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2020. 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, 2020, the City's proportion was 0.03873100%, which was a decrease of 0.00935500% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the City recognized OPEB expense of \$22,248.

**CITY OF OCONTO, WISCONSIN  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2021, 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	\$ -	\$ 10,166
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	3,102	-
Changes in Assumptions	82,879	14,618
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,766	28,666
Total	\$ 90,747	\$ 53,450

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
2022	\$ 7,633
2023	7,298
2024	6,953
2025	5,737
2026	8,512
Thereafter	1,164
Total	\$ 37,297

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 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, 2020
Measurement Date of Net OPEB Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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 OPEB liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 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.

**CITY OF OCONTO, WISCONSIN  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Long-Term Expected Return on Plan Assets (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20%, respectively. 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 2.25% was used to measure the total OPEB liability for the current year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be 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 contributions are made by plan members retiring prior to age 65.

**CITY OF OCONTO, WISCONSIN  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**5. OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 289,807	\$ 213,048	\$ 154,998

**6. Payable to the OPEB Plan**

At December 31, 2021, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2021.

**H. 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, 2021, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Delinquent Special Assessments	\$ 29,528



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Fund Equity (Continued)**

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, 2021, restricted fund balance was as follows:

Debt Service Fund:	
Restricted for:	
Retirement of Long-Term Debt	\$ 97,077
Capital Projects Funds:	
Restricted for:	
Tax Incremental District No. 3 Project Plan	<u>108,655</u>
Total Restricted Fund Balance	<u><u>\$ 205,732</u></u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2021, governmental fund balance was committed as follows:

Special Revenue Funds:	
Committed for:	
Airport	\$ 132,402
Capital Projects	280,715
Docks/Breakwater	58,486
Holtwood Campground	39,329
K-9 Police	18,909
Library	<u>143,778</u>
Total Committed Fund Balance	<u><u>\$ 673,619</u></u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2021, fund balance was assigned as follows:

General Fund:	
Assigned for Crime Prevention	<u><u>\$ 8,856</u></u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Fund Equity (Continued)**

Minimum General Fund Balance Policy

The City Council has adopted a minimum fund balance policy of 8% - 15% of annual budgeted expenditures for the general fund. The minimum fund balance amount is calculated as follows:

Budgeted 2021 General Fund Expenditures	\$ 4,638,887
Minimum Fund Balance %	(x) 8% - 15%
Minimum Fund Balance Amount	<u>\$ 371,111 - 695,833</u>

The City's unassigned general fund deficit of \$24,534 is below the minimum fund balance range.

Net Position

The City reports restricted net position at December 31, 2021 as follows:

Governmental Activities:

Restricted for:

TID Project Plan	\$ 108,655
Debt Service	36,808
Pension Benefits	<u>1,298,092</u>
Total Governmental Activities	
Restricted Net Position	1,443,555

Business-Type Activities:

Restricted for:

Debt Service	893,177
Equipment Replacement	767,002
Pension Benefits	<u>135,337</u>
Total Business-Type Activities	
Restricted Net Position	<u>1,795,516</u>
 Total Restricted Net Position	 <u>\$ 3,239,071</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 OTHER INFORMATION**

**A. Tax Incremental Financing Districts**

The City has established separate capital projects funds for Tax Incremental District (TID) No. 3, and No. 4 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 each 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, 2021, the City can recover \$1,132,176 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 3	\$ 141,302
TID No. 4	990,874

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. 3	2027
TID No. 4	2029

Tax Incremental District Number 5 has not been officially created with the Wisconsin Department of Revenue as of December 31, 2021. Expenses in the current year are startup costs for the TID.

**B. 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. The City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Contingencies**

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 and the City Attorney 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.

**D. Subsequent Event**

On February 8, 2022 the City refunded the 2017B Revenue Bond Anticipation Notes and the 2012 Waterworks and Sewerage System Revenue Bonds with the 2022A Waterworks and Sewerage System Revenue Bonds in the amount of \$9,210,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

<u>Plan Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.01961865%	\$ (481,888)	\$ 2,044,068	23.57 %	102.74 %
12/31/15	0.01951392%	317,097	2,090,571	15.17	98.20
12/31/16	0.01989446%	163,978	2,185,657	7.50	99.12
12/31/17	0.02113673%	(627,574)	2,414,851	25.99	102.93
12/31/18	0.02157803%	767,678	2,296,813	33.42	96.45
12/31/19	0.02199396%	(709,185)	2,416,313	(29.35)	102.96
12/31/20	0.02296010%	(1,433,429)	2,645,160	(54.19)	105.26

**SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 188,692	\$ 188,692	\$ -	\$ 2,090,571	9.03 %
12/31/16	195,885	195,885	-	2,185,657	8.96
12/31/17	234,726	234,726	-	2,414,851	9.72
12/31/18	213,286	213,286	-	2,296,813	9.29
12/31/19	226,298	226,298	-	2,416,313	9.37
12/31/20	290,105	290,105	-	2,645,161	10.97
12/31/21	284,316	284,316	-	2,698,315	10.54

See accompanying Notes to Required Supplementary Information.

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST 10 FISCAL YEARS**

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered- Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.04686800%	\$ 144,391	\$ 2,414,851	5.98 %	44.81 %
12/31/18	0.04644700%	119,849	2,296,813	5.22	48.69
12/31/19	0.04808600%	204,760	2,309,000	8.87	37.50
12/31/20	0.03873100%	213,048	2,381,000	8.95	31.36

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

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/18	\$ 892	\$ 892	\$ -	\$ 2,296,813	0.04 %
12/31/19	953	953	-	2,309,000	0.04
12/31/20	782	782	-	2,381,000	0.03
12/31/21	689	689	-	2,698,315	0.03

**CITY OF OCONTO, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**NOTE 1 WISCONSIN RETIREMENT SYSTEM**

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

No significant change 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.

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS**

There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

Actuarial assumptions were based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017 and the discount rate was updated to reflect the municipal bond rate at the completion of the actuarial valuation.

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 OCONTO, WISCONSIN**  
**DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND**  
**OTHER FINANCING SOURCES – GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Budget		Actual	Variance	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>TAXES</b>					
General Property	\$ 998,115	\$ 998,115	\$ 998,115	\$ -	\$ 954,989
Mobile Home Taxes	8,000	8,000	12,517	4,517	11,528
Payment in Lieu of Tax	15,000	15,000	7,491	(7,509)	15,119
Total Taxes	1,021,115	1,021,115	1,018,123	(2,992)	981,636
<b>SPECIAL ASSESSMENTS</b>					
Curb and Gutter	115,000	115,000	38,187	(76,813)	74,113
Sidewalks	-	-	10,002	10,002	50,030
Storm Sewers	-	-	1,688	1,688	3,111
Garbage Pickup	3,000	3,000	2,132	(868)	-
Miscellaneous	6,000	6,000	2,339	(3,661)	15
Total Special Assessments	124,000	124,000	54,348	(69,652)	127,269
<b>INTERGOVERNMENTAL</b>					
Federal:					
ARPA Grant	-	-	73,823	73,823	-
State:					
State Shared Taxes	1,782,298	1,782,298	1,779,793	(2,505)	1,777,964
Exempt Computer Aid	14,000	14,000	11,802	(2,198)	11,802
Fire Insurance	-	-	10,074	10,074	14,775
Law Enforcement	-	-	1,440	1,440	1,440
General Transportation Aids	152,244	152,244	173,371	21,127	152,244
Other State Grants	18,154	18,154	69,155	51,001	12,757
Total Intergovernmental	1,966,696	1,966,696	2,119,458	152,762	1,970,982
<b>LICENSES AND PERMITS</b>					
Licenses:					
Liquor and Malt Beverages	10,000	10,000	9,051	(949)	11,549
Other Business and Occupational Licenses	2,050	2,050	2,097	47	2,032
Dog and Cat	550	550	185	(365)	206
Bicycle Licenses	20	20	-	(20)	3
Mobile Home Licenses	75	75	75	-	75
Cable Television Fees	46,000	46,000	39,771	(6,229)	42,754
Permits:					
Building, Plumbing, and Electrical	38,200	38,200	38,679	479	33,114
Zoning	2,000	2,000	2,062	62	1,545
Total Licenses and Permits	98,895	98,895	91,920	(6,975)	91,278
<b>FINES AND FORFEITS</b>					
Court Fines and Penalties	72,500	72,500	105,434	32,934	69,654
Parking Violations	2,000	2,000	1,935	(65)	2,976
Total Fines and Forfeits	74,500	74,500	107,369	32,869	72,630

**CITY OF OCONTO, WISCONSIN**  
**DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND**  
**OTHER FINANCING SOURCES – GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Budget		Actual	Variance	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>PUBLIC CHARGES FOR SERVICES</b>					
General Government	\$ 16,000	\$ 16,000	\$ 12,975	\$ (3,025)	\$ 13,821
Law Enforcement Fees	600	600	89	(511)	407
Ambulance Fees	700,000	700,000	799,012	99,012	635,526
Fire Department Fees	-	-	30	30	5
Public Works Fees	8,600	8,600	7,100	(1,500)	3,947
Weed and Nuisance Control	14,000	14,000	12,348	(1,652)	7,929
Garbage Collection	88,000	88,000	95,294	7,294	92,082
Swimming Pools	16,250	16,250	-	(16,250)	-
Park and Recreation Fees	8,300	8,300	11,621	3,321	4,797
Total Public Charges for Services	851,750	851,750	938,469	86,719	758,514
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>					
Township Ambulance and Fire Contracts	98,667	98,667	99,407	740	96,512
Township Rural Calls	10,000	10,000	3,524	(6,476)	1,635
Other Fire Department Fees	50	50	-	(50)	-
Total Intergovernmental Charges for Services	108,717	108,717	102,931	(5,786)	98,147
<b>MISCELLANEOUS</b>					
Interest on Investments	75,000	75,000	3,477	(71,523)	33,534
Interest on Special Assessments	11,700	11,700	8,113	(3,587)	2,305
Rental Income	11,300	11,300	8,721	(2,579)	10,587
Insurance Dividends, Recoveries, and Refunds	-	-	8,169	8,169	6,394
Donations	2,350	2,350	6,536	4,186	1,825
Sale of Property	5,000	5,000	5,000	-	14,000
Other	1,200	1,200	2,458	1,258	2,977
Total Miscellaneous	106,550	106,550	42,474	(64,076)	71,622
Total Revenues	4,352,223	4,352,223	4,475,092	122,869	4,172,078
<b>OTHER FINANCING SOURCES</b>					
Transfers In	220,000	220,000	233,192	13,192	198,868
Total Revenues and Other Financing Sources	\$ 4,572,223	\$ 4,572,223	\$ 4,708,284	\$ 136,061	\$ 4,370,946

**CITY OF OCONTO, WISCONSIN**  
**DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Budget		Actual	Variance	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>GENERAL GOVERNMENT</b>					
City Council and Mayor	\$ 50,620	\$ 50,620	\$ 51,820	\$ (1,200)	\$ 48,949
Municipal Court	73,646	73,646	76,137	(2,491)	70,007
City Attorney	34,421	34,421	34,437	(16)	33,337
Clerk - Treasurer	133,461	133,461	133,595	(134)	129,666
Elections	8,228	8,228	6,435	1,793	20,351
Technology	55,500	55,500	44,936	10,564	48,581
Accounting and Auditing	11,800	11,800	17,775	(5,975)	12,231
Assessor and Inspection	110,905	110,905	205,831	(94,926)	108,628
Board of Review	500	500	350	150	350
Municipal Building	59,600	59,600	71,423	(11,823)	67,116
Property and Liability Insurance	29,576	29,576	28,354	1,222	17,060
Employee Retirements	10,000	10,000	-	10,000	44,158
Uncollectible Taxes and Special Charges	-	-	-	-	54,487
Total General Government	578,257	578,257	671,093	(92,836)	654,921
<b>PUBLIC SAFETY</b>					
Police Department	984,641	984,641	1,019,585	(34,944)	979,621
Fire Department	1,214,540	1,214,540	1,272,750	(58,210)	1,208,361
Ambulance	275,000	275,000	394,857	(119,857)	313,685
Crossing Guards	18,590	18,590	17,389	1,201	9,842
Disaster Control	2,000	2,000	-	2,000	645
Total Public Safety	2,494,771	2,494,771	2,704,581	(209,810)	2,512,154
<b>PUBLIC WORKS</b>					
Supervision	679,137	679,137	682,930	(3,793)	664,846
Buildings	43,462	43,462	42,498	964	36,526
Machinery	117,627	117,627	117,541	86	121,769
Street Maintenance	4,500	4,500	4,392	108	4,997
Traffic Control	6,600	6,600	6,549	51	4,816
Snow and Ice Control	41,500	41,500	37,964	3,536	57,859
Sidewalk and Storm Sewer	10,000	10,000	11,361	(1,361)	11,016
Weed Control	-	-	37	(37)	31
Street Lighting	92,500	92,500	99,344	(6,844)	86,952
Garbage and Refuse	124,000	124,000	138,390	(14,390)	119,772
Total Public Works	1,119,326	1,119,326	1,141,006	(21,680)	1,108,584
<b>HEALTH AND HUMAN SERVICES</b>					
Animal Control	3,000	3,000	2,460	540	2,200
<b>CULTURE AND RECREATION</b>					
Historical Society	500	500	500	-	500
Parks	332,089	332,089	329,644	2,445	312,998
Recreation Programs and Events	8,572	8,572	8,545	27	7,895
Swimming Pools	28,068	28,068	3,674	24,394	6,685
Celebrations and Decorations	800	800	1,192	(392)	525
Total Culture and Recreation	370,029	370,029	343,555	26,474	328,603
<b>CONSERVATION AND DEVELOPMENT</b>					
Forestry	31,044	31,044	6,191	24,853	688
Tourism	42,460	42,460	34,671	7,789	27,026
Total Conservation and Development	73,504	73,504	40,862	32,642	27,714
Total Expenditures	\$ 4,638,887	\$ 4,638,887	\$ 4,903,557	\$ (264,670)	\$ 4,634,176

**CITY OF OCONTO, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	Special Revenue				
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library
<b>ASSETS</b>					
Cash and Investments	\$ 133,265	\$ 59,469	\$ -	\$ -	\$ 148,679
Receivables:					
Taxes and Special Charges	52,500	-	9,072	-	196,811
Loans	-	-	-	100,243	-
Due from Other Funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 185,765</b>	<b>\$ 59,469</b>	<b>\$ 9,072</b>	<b>\$ 100,243</b>	<b>\$ 345,490</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 263	\$ 983	\$ -	\$ -	\$ 1,027
Accrued and Other Current Liabilities	600	-	99	-	3,874
Due to Other Funds	-	-	77,640	-	-
Special Deposits	-	-	-	-	-
<b>Total Liabilities</b>	<b>863</b>	<b>983</b>	<b>77,739</b>	<b>-</b>	<b>4,901</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Levied for Subsequent Year	52,500	-	9,072	-	196,811
Loans Receivable	-	-	-	100,243	-
<b>Total Deferred Inflows of Resources</b>	<b>52,500</b>	<b>-</b>	<b>9,072</b>	<b>100,243</b>	<b>196,811</b>
<b>FUND BALANCES</b>					
Restricted	-	-	-	-	-
Committed	132,402	58,486	-	-	143,778
Unassigned	-	-	(77,739)	-	-
<b>Total Fund Balances</b>	<b>132,402</b>	<b>58,486</b>	<b>(77,739)</b>	<b>-</b>	<b>143,778</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 185,765</b>	<b>\$ 59,469</b>	<b>\$ 9,072</b>	<b>\$ 100,243</b>	<b>\$ 345,490</b>

**CITY OF OCONTO, WISCONSIN  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	Special Revenue		Capital Projects			Totals
	Holtwood	K-9	Tax	Tax	Tax	
	Campground	Police	Incremental District No. 3	Incremental District No. 4	Incremental District No. 5	
<b>ASSETS</b>						
Cash and Investments	\$ 37,180	\$ 18,909	\$ 874	\$ -	\$ -	\$ 398,376
Receivables:						
Taxes and Special Charges	-	5,000	38,109	168,859	-	470,351
Loans	-	-	-	-	-	100,243
Due from Other Funds	2,195	-	107,781	-	-	109,976
<b>Total Assets</b>	<b>\$ 39,375</b>	<b>\$ 23,909</b>	<b>\$ 146,764</b>	<b>\$ 168,859</b>	<b>\$ -</b>	<b>\$ 1,078,946</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 46	\$ -	\$ -	\$ -	\$ -	\$ 2,319
Accrued and Other Current Liabilities	-	-	-	-	-	4,573
Due to Other Funds	-	-	-	106,177	1,604	185,421
Special Deposits	-	-	-	1,375	-	1,375
<b>Total Liabilities</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>107,552</b>	<b>1,604</b>	<b>193,688</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes Levied for						
Subsequent Year	-	5,000	38,109	168,859	-	470,351
Loans Receivable	-	-	-	-	-	100,243
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>5,000</b>	<b>38,109</b>	<b>168,859</b>	<b>-</b>	<b>570,594</b>
<b>FUND BALANCES</b>						
Restricted	-	-	108,655	-	-	108,655
Committed	39,329	18,909	-	-	-	392,904
Unassigned	-	-	-	(107,552)	(1,604)	(186,895)
<b>Total Fund Balances</b>	<b>39,329</b>	<b>18,909</b>	<b>108,655</b>	<b>(107,552)</b>	<b>(1,604)</b>	<b>314,664</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 39,375</b>	<b>\$ 23,909</b>	<b>\$ 146,764</b>	<b>\$ 168,859</b>	<b>\$ -</b>	<b>\$ 1,078,946</b>

**CITY OF OCONTO, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue				
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library
<b>REVENUES</b>					
Taxes	\$ 52,500	\$ 12,768	\$ 16,922	\$ -	\$ 195,823
Intergovernmental	30,000	-	14,578	-	94,261
Public Charges for Services	76,883	90,606	-	-	2,452
Intergovernmental Charges for Services	52,500	-	-	-	-
Miscellaneous	34	41,723	19,024	23,521	9,893
Total Revenues	<u>211,917</u>	<u>145,097</u>	<u>50,524</u>	<u>23,521</u>	<u>302,429</u>
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	-	-	-
Public Works	152,669	127,527	34,558	-	-
Culture and Recreation	-	-	-	-	295,033
Conservation and Development	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>152,669</u>	<u>127,527</u>	<u>34,558</u>	<u>-</u>	<u>295,033</u>
Excess of Revenues Over (Under) Expenditures	59,248	17,570	15,966	23,521	7,396
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(545,414)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(545,414)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	59,248	17,570	15,966	(521,893)	7,396
Fund Balances - Beginning of Year	<u>73,154</u>	<u>40,916</u>	<u>(93,705)</u>	<u>521,893</u>	<u>136,382</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 132,402</u>	<u>\$ 58,486</u>	<u>\$ (77,739)</u>	<u>\$ -</u>	<u>\$ 143,778</u>

**CITY OF OCONTO, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	Special Revenue		Capital Projects			Totals
	Holtwood Campground	K-9 Police	Tax Incremental District No. 3	Tax Incremental District No. 4	Tax Incremental District No. 5	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 19,626	\$ 138,354	\$ -	\$ 435,993
Intergovernmental	-	-	4,332	1,069	-	144,240
Public Charges for Services	264,756	-	-	-	-	434,697
Intergovernmental Charges for Services	-	-	-	-	-	52,500
Miscellaneous	-	83,003	46,164	-	-	223,362
Total Revenues	264,756	83,003	70,122	139,423	-	1,290,792
<b>EXPENDITURES</b>						
Current						
Public Safety	-	64,094	-	-	-	64,094
Public Works	-	-	-	-	-	314,754
Culture and Recreation	197,900	-	-	-	-	492,933
Conservation and Development	-	-	200,150	16,773	1,604	218,527
Debt Service						
Interest and Fiscal Charges	-	-	-	33,717	-	33,717
Total Expenditures	197,900	64,094	200,150	50,490	1,604	1,124,025
Excess of Revenues Over (Under) Expenditures	66,856	18,909	(130,028)	88,933	(1,604)	166,767
<b>OTHER FINANCING USES</b>						
Transfers In	-	-	200,000	-	-	200,000
Transfers Out	(25,000)	-	-	-	-	(570,414)
Total Other Financing Sources (Uses)	(25,000)	-	200,000	-	-	(370,414)
<b>NET CHANGE IN FUND BALANCES</b>	41,856	18,909	69,972	88,933	(1,604)	(203,647)
Fund Balances - Beginning of Year	(2,527)	-	38,683	(196,485)	-	518,311
<b>FUND BALANCES - END OF YEAR</b>	\$ 39,329	\$ 18,909	\$ 108,655	\$ (107,552)	\$ (1,604)	\$ 314,664



**CITY OF OCONTO, WISCONSIN**  
**SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
<b>OPERATING REVENUES</b>		
Charges for Services:		
Residential	\$ 414,616	\$ 406,901
Multi-Family	34,925	35,333
Commercial	66,697	64,842
Industrial	13,852	13,666
Public Authority	58,254	36,198
Private Fire Protection	18,070	17,496
Public Fire Protection	387,528	375,924
Total Charges for Services	993,942	950,360
Other Revenues:		
Forfeited Discounts	4,643	4,064
Rental Income from Property	66,765	64,391
Other Water Revenues	8,289	8,463
Total Other Revenues	79,697	76,918
 Total Operating Revenues	 1,073,639	 1,027,278
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Source of Supply/Treatment:		
Operation Supplies and Expenses	37,360	36,725
Transmission and Distribution:		
Maintenance of Distribution Reservoirs and Standpipes	45,637	46,086
Maintenance of Mains	39,558	32,953
Maintenance of Services	62,910	58,889
Maintenance of Meters	11,149	9,345
Maintenance of Hydrants	8,019	9,047
Total Transmission and Distribution	167,273	156,320
Customer Accounts:		
Meter Reading Labor	14,300	13,700
Accounting and Collecting Labor	55,687	57,159
Supplies and Expenses	4,758	5,589
Total Customer Accounts	74,745	76,448
Administrative and General:		
Salaries and Wages	96,175	86,488
Office Supplies and Expenses	4,452	2,880
Property Insurance	13,402	13,315
Employees Pensions and Benefits	(17,984)	623
Transportation	5,410	4,174
Total Administrative and General	101,455	107,480
Total Operation and Maintenance	380,833	376,973
Depreciation	231,791	229,067
Taxes	1,203	1,062
 Total Operating Expenses	 613,827	 607,102
 Operating Income	 \$ 459,812	 \$ 420,176

**CITY OF OCONTO, WISCONSIN**  
**SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for Services:		
Residential	\$ 752,825	\$ 736,476
Multi-Family	70,108	69,662
Commercial	130,294	115,359
Industrial	24,755	24,247
Public Authority	51,640	42,482
Sludge and Septic Processing	101,353	146,009
Sanitary Districts Processing	61,506	99,775
Total Charges for Services	<u>1,192,481</u>	<u>1,234,010</u>
Other Revenues		
Forfeited Discounts	<u>5,475</u>	<u>4,572</u>
 Total Operating Revenues	 <u>1,197,956</u>	 <u>1,238,582</u>
 <b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Source of Supply/Treatment:		
Operation Labor	92,942	142,783
Operation Supplies and Expenses	269,866	229,453
Total Source of Supply/Treatment	<u>362,808</u>	<u>372,236</u>
Transmission and Distribution:		
Maintenance of Sewer Collection	61,915	107,692
Customer Accounts:		
Accounting and Collecting Labor	36,829	64,502
Supplies and Expenses	7,854	8,114
Total Customer Accounts	<u>44,683</u>	<u>72,616</u>
Administrative and General:		
Administrative and General Salaries	37,399	30,451
Supplies and Expenses	1,551	1,394
Employee Benefits and Insurance	(19,649)	1,125
Miscellaneous General	7,279	7,408
Transportation	22,326	11,306
Total Administrative and General	<u>48,906</u>	<u>51,684</u>
Total Operation and Maintenance	<u>518,312</u>	<u>604,228</u>
Depreciation	<u>300,782</u>	<u>298,335</u>
 Total Operating Expenses	 <u>819,094</u>	 <u>902,563</u>
 Operating Income	 <u>\$ 378,862</u>	 <u>\$ 336,019</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 Oconto, 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 Oconto, Wisconsin (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2022.

**Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-002 and 2021-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001 and 2021-04 to be significant deficiencies.

**Report on Compliance and Other Matters**

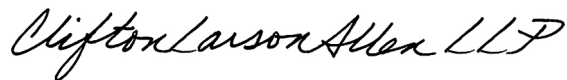
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

**City of Oconto’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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 the 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 compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
May 9, 2022

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2021**

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***Section I – Internal Control Over Financial Reporting***

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**2021-001**

**Control Deficiencies**

**Preparation of Annual Financial Report**

**Repeat of Finding 2020-001**

**Condition**

Management and the Council of the City share the ultimate responsibility for the City's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The City engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations.

The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

**Criteria**

The preparation and review of the annual financial report, Municipal Financial Report, and Public Service Commission Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.

**Cause**

City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

**Effect**

Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

**Recommendation**

We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report, Municipal Financial Report and Public Service Commission Report.

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**Management Response**

Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

**2021-002**

**Control Deficiencies**

**Adjustment to the City's Financial Records  
Repeat of Finding 2020-002**

**Condition**

As part of our audit, we proposed adjusting journal entries that were material to the City's financial statements.

**Criteria**

Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

**Cause**

City staff maintains financial records which accurately report revenues and expenditures throughout the year. At year-end, entries to close the City's utilities, along with preparing GASB 34 conversion entries, are prepared by CLA from information provided by the City.

**Effect**

Year-end financial records prepared by the City may contain material misstatements without those closing and conversion entries.

**Recommendation**

We recommend the City designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.

**Management Response**

City management reviews the adjusting journal entries and approves these entries along with the annual financial report.

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**2021-003**

**Control Deficiencies**

**Capital Asset Additions**

**Repeat of Finding 2020-003**

**Condition**

City staff should provide the current year asset additions and disposals, the method and rate of depreciation and the salvage value of the assets. From this information, we assist the City in recording the capital asset additions and disposals and calculation the annual depreciation expense. During our 2021 audit, we identified several material capital asset additions that were not reported to us by the City staff.

**Criteria**

A material adjustment to the underlying accounting records is considered to be an internal control deficiency.

**Cause**

The City does not have a system in place to identify capital asset transactions throughout the year.

**Effect**

The City could have capital assets transactions which are not reflected in the detailed capital asset records and the annual financial report.

**Recommendation**

We recommend the City develop a system to identify capital asset additions and disposals throughout the year. Many governments your size identify new additions at the time the related invoice is paid and maintain a copy of the invoice for the auditors.

**Management Response**

The City will work to create a spreadsheet to track the acquisition and disposals of assets throughout the year. A copy of each invoice will be retained for the auditors.



**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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**2021-004**

**Control Deficiencies**

**Segregation of Duties**

**Repeat of Finding 2020-004**

**Condition**

The City has a combined clerk/treasurer/administrator position that completes the majority of financial and recordkeeping duties of the general City's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

**Criteria**

Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

**Cause**

The segregation of duties is due not properly segregating duties to the employees of the City's operations. In addition, the City has not completed a risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.

**Effect**

Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

**Recommendation**

We recommend the City perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud. The City should review its processes to ensure that there is adequate segregation of duties in regard to initiating, authorizing, and approving transactions and journal entries. As part of this risk assessment, the City should review its processes to identify tasks that could be reassigned to other City personnel.

**Management Response**

Management will review their processes and implement measures to segregate financial duties and enhance review procedures.

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***Section II – Compliance and Other Matters***

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There are no findings related to compliance and other matters that are required to be reported under government auditing standards generally accepted in the United States of America for the year ended December 31, 2021.