

CITY OF OCONTO, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



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INDEPENDENT AUDITORS' REPORT

City Council
City of Oconto, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oconto, Wisconsin (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior-Year Comparative Information

We have previously audited the City's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated September 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 56 and 57 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Oconto, Wisconsin's basic financial statements for the year ended December 31, 2019, which are not presented with the accompanying financial statements and 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. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oconto, Wisconsin's basic financial statements as a whole. The 2019 actual amounts in the general fund budgetary comparison information, general fund combining statements and the schedules of water and 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 2019 basic financial statements. We stated that the information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 actual amounts in the general fund budgetary comparison information, general fund combining statements and the schedules of water and sewer utility operating revenues and expenses were fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 9, 2021

BASIC FINANCIAL STATEMENTS

CITY OF OCONTO, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)

	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
ASSETS				
Cash and Investments	\$ 2,671,163	\$ 1,520,033	\$ 4,191,196	\$ 3,791,488
Receivables:				
Taxes and Special Charges	1,234,866	-	1,234,866	1,187,543
Delinquent Taxes	25,167	-	25,167	28,133
Accounts, Net	109,573	512,875	622,448	686,478
Special Assessments	143,127	44,814	187,941	260,795
Loans	119,406	-	119,406	152,989
Internal balances	18,232	(18,232)	-	-
Due from Other Governments	16,494	13,625	30,119	57,356
Prepaid Items	-	50,587	50,587	50,890
Restricted Assets:				
Cash and Investments	-	1,470,646	1,470,646	1,330,032
Net Pension Asset	633,318	75,867	709,185	-
Capital Assets, Nondepreciable	624,550	45,855	670,405	631,422
Capital Assets, Depreciable, Net	16,441,185	18,110,169	34,551,354	34,224,648
Total Assets	<u>22,037,081</u>	<u>21,826,239</u>	<u>43,863,320</u>	<u>42,401,774</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	1,514,476	177,193	1,691,669	2,076,300
Other Postemployment Related Amounts	76,097	9,116	85,213	16,305
Total Deferred Outflows of Resources	<u>1,590,573</u>	<u>186,309</u>	<u>1,776,882</u>	<u>2,092,605</u>
LIABILITIES				
Accounts Payable	128,189	4,855	133,044	91,873
Accrued and Other Current Liabilities	83,370	5,847	89,217	125,000
Due to Other Governments	1,045	-	1,045	500,401
Accrued Interest Payable	60,919	51,867	112,786	106,072
Special Deposits	10,367	-	10,367	13,945
Long-Term Obligations:				
Due within One Year	245,591	492,733	738,324	1,215,626
Due in More than One Year	8,822,275	7,049,779	15,872,054	13,443,240
Net Pension Liability	-	-	-	767,678
Other Postemployment Benefits	182,855	21,905	204,760	119,849
Total Liabilities	<u>9,534,611</u>	<u>7,626,986</u>	<u>17,161,597</u>	<u>16,383,684</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	2,117,736	-	2,117,736	1,976,761
Pension Related Amounts	1,906,107	228,338	2,134,445	1,071,222
Other Postemployment Related Amounts	31,015	3,715	34,730	35,681
Total Deferred Inflows of Resources	<u>4,059,858</u>	<u>232,053</u>	<u>4,291,911</u>	<u>3,083,664</u>
NET POSITION				
Net Investment in Capital Assets	9,058,455	11,344,564	20,403,019	21,279,829
Restricted	708,159	846,393	1,554,552	644,680
Unrestricted	266,571	1,962,552	2,229,123	3,102,522
Total Net Position	<u>\$ 10,033,185</u>	<u>\$ 14,153,509</u>	<u>\$ 24,186,694</u>	<u>\$ 25,027,031</u>

See accompanying Notes to Basic Financial Statements.

CITY OF OCONTO, WISCONSIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 810,228	\$ 88,909	\$ 12,757	\$ -
Public Safety	2,933,624	806,715	21,945	-
Public Works	2,601,167	242,775	470,449	67,822
Health and Human Services	2,200	-	-	-
Culture and Recreation	888,015	323,788	94,199	-
Conservation and Development	77,618	40,701	-	-
Interest and Fiscal Charges	79,541	-	-	-
Total Governmental Activities	<u>7,392,393</u>	<u>1,502,888</u>	<u>599,350</u>	<u>67,822</u>
BUSINESS-TYPE ACTIVITIES				
Water Utility	889,066	1,027,278	-	-
Sewer Utility	902,563	1,238,582	-	-
Total Business-Type Activities	<u>1,791,629</u>	<u>2,265,860</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,184,022</u>	<u>\$ 3,768,748</u>	<u>\$ 599,350</u>	<u>\$ 67,822</u>

See accompanying Notes to Basic Financial Statements.

CITY OF OCONTO, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	Net (Expense) Revenue and Changes in Net Position			
	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
GOVERNMENTAL ACTIVITIES				
General Government	\$ (708,562)	\$ -	\$ (708,562)	\$ (936,835)
Public Safety	(2,104,964)	-	(2,104,964)	(1,858,560)
Public Works	(1,820,121)	-	(1,820,121)	(1,059,745)
Health and Human Services	(2,200)	-	(2,200)	(2,000)
Culture and Recreation	(470,028)	-	(470,028)	(496,973)
Conservation and Development	(36,917)	-	(36,917)	(65,604)
Interest and Fiscal Charges	(79,541)	-	(79,541)	(183,782)
Total Governmental Activities	(5,222,333)	-	(5,222,333)	(4,603,499)
BUSINESS-TYPE ACTIVITIES				
Water Utility	-	138,212	138,212	65,826
Sewer Utility	-	336,019	336,019	350,005
Total Business-Type Activities	-	474,231	474,231	415,831
Total	(5,222,333)	474,231	(4,748,102)	(4,187,668)
GENERAL REVENUES				
Taxes:				
Property Taxes	1,790,056	-	1,790,056	1,828,580
Tax Increments	186,705	-	186,705	295,073
Other Taxes	38,346	-	38,346	24,023
Federal and State Grants and Other Contributions not Restricted to Specific Functions				
	1,791,374	-	1,791,374	1,786,344
Interest and Investment Earnings	35,839	18,148	53,987	135,760
Miscellaneous	46,462	835	47,297	84,251
Transfers	198,868	(198,868)	-	-
Total General Revenues and Transfers	4,087,650	(179,885)	3,907,765	4,154,031
CHANGE IN NET POSITION	(1,134,683)	294,346	(840,337)	(33,637)
Net Position - Beginning of Year	11,167,868	13,859,163	25,027,031	25,060,668
NET POSITION - END OF YEAR	\$ 10,033,185	\$ 14,153,509	\$ 24,186,694	\$ 25,027,031

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	2020			2019			Totals		
	General	Crime Prevention	Ambulance	General	Capital Projects	Debt Service	Other Governmental Funds	2020	2019
ASSETS									
Cash and Investments	\$ 779,841	\$ 13,384	\$ 10,285	\$ 803,510	\$ 971,122	\$ 97,077	\$ 799,454	\$ 2,671,163	\$ 1,970,664
Receivables:									
Taxes and Special Charges	115,281	1,600	-	116,881	353,946	339,958	424,081	1,234,866	1,187,543
Delinquent Taxes	25,167	-	-	25,167	-	-	-	25,167	28,133
Accounts, Net	109,573	-	-	109,573	-	-	-	109,573	156,078
Special Assessments	143,127	-	-	143,127	-	-	-	143,127	202,542
Loans	-	-	-	-	-	-	119,406	119,406	152,989
Due from Other Funds	309,449	-	-	309,449	-	-	2,195	311,644	473,630
Due from Other Governments	-	-	-	-	-	-	16,494	16,494	26,066
Total Assets	\$ 1,482,438	\$ 14,984	\$ 10,285	\$ 1,507,707	\$ 1,325,068	\$ 437,035	\$ 1,361,630	\$ 4,631,440	\$ 4,197,645
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 41,303	\$ 3,999	\$ -	\$ 45,302	\$ 78,397	\$ -	\$ 4,490	\$ 128,189	\$ 74,864
Accrued and Other Current Liabilities	80,590	-	-	80,590	-	-	2,780	83,370	107,290
Due to Other Funds	2,225	-	-	2,225	-	-	291,187	293,412	473,630
Due to Other Governments	1,045	-	-	1,045	-	-	-	1,045	500,401
Special Deposits	13,992	-	-	13,992	-	-	1,375	15,367	13,945
Total Liabilities	139,155	3,999	-	143,154	78,397	-	299,832	521,383	1,170,130
DEFERRED INFLOWS OF RESOURCES									
Property Taxes Levied for Subsequent Year	998,151	1,600	-	999,751	353,946	339,958	424,081	2,117,736	1,976,761
Loans Receivable	-	-	-	-	-	-	119,406	119,406	152,989
Special Assessments	143,127	-	-	143,127	-	-	-	143,127	202,542
Total Deferred Inflows of Resources	1,141,278	1,600	-	1,142,878	353,946	339,958	543,487	2,380,269	2,332,292
FUND BALANCES									
Nonspendable	316,354	-	-	316,354	-	-	-	316,354	499,568
Restricted	-	-	-	-	756,880	97,077	43,550	897,507	51,035
Committed	-	-	-	-	-	-	767,478	767,478	634,832
Assigned	93,764	9,385	10,285	113,434	135,845	-	-	249,279	119,279
Unassigned	(208,113)	-	-	(208,113)	-	-	(292,717)	(500,830)	(609,491)
Total Fund Balances	202,005	9,385	10,285	221,675	892,725	97,077	518,311	1,729,788	695,223
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,482,438	\$ 14,984	\$ 10,285	\$ 1,507,707	\$ 1,325,068	\$ 437,035	\$ 1,361,630	\$ 4,631,440	\$ 4,197,645

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

RECONCILIATION TO THE STATEMENT OF NET POSITION	2020	2019
Total Fund Balances as Shown on Previous Page	\$ 1,729,788	\$ 695,223
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.	17,065,735	16,704,425
Long-term assets are not considered available and; therefore, are not reported in the funds		
Net Pension Asset	633,318	-
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Loans Receivable	119,406	152,989
Special Assessments	143,127	202,542
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	1,514,476	1,847,922
Deferred Inflows Related to Pensions	(1,906,107)	(952,944)
Deferred Outflows Related to Other Postemployment Benefits	76,097	14,505
Deferred Inflows Related to Other Postemployment Benefits	(31,015)	(31,742)
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	(8,387,335)	(6,165,000)
Premium on Debt	(381,692)	(110,571)
Compensated Absences	(298,839)	(350,265)
Net Pension Liability	-	(682,916)
Other Postemployment Benefit	(182,855)	(106,616)
Accrued Interest on Long-Term Obligations	(60,919)	(49,684)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see Page 4)	\$ 10,033,185	\$ 11,167,868

See accompanying Notes to Basic Financial Statements.

CITY OF OCONTO, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals	
					2020	2019
REVENUES						
Taxes	\$ 983,236	\$ 365,968	\$ 190,508	\$ 475,395	\$ 2,015,107	\$ 2,147,676
Special Assessments	127,269	-	-	-	127,269	90,282
Intergovernmental	1,976,712	287,186	-	126,826	2,390,724	2,571,687
Licenses and Permits	91,278	-	-	-	91,278	92,133
Fines and Forfeits	72,630	-	-	-	72,630	55,761
Public Charges for Services	758,514	-	-	305,925	1,064,439	1,005,076
Intergovernmental Charges for Services	98,147	-	-	52,965	151,112	138,712
Miscellaneous	76,442	2,600	-	126,783	205,825	241,941
Total Revenues	4,184,228	655,754	190,508	1,087,894	6,118,384	6,343,268
EXPENDITURES						
Current:						
General Government	654,921	-	-	-	654,921	951,808
Public Safety	2,524,220	-	-	-	2,524,220	2,340,764
Public Works	1,108,584	-	-	340,428	1,449,012	1,287,326
Health and Human Services	2,200	-	-	-	2,200	2,000
Culture and Recreation	328,603	-	-	416,590	745,193	1,265,603
Conservation and Development	27,714	-	-	16,431	44,145	71,032
Debt Service:						
Principal	-	-	2,300,000	-	2,300,000	662,415
Interest and Fiscal Charges	-	-	329,423	33,717	363,140	214,464
Capital Outlay	-	2,070,416	-	-	2,070,416	1,340,473
Total Expenditures	4,646,242	2,070,416	2,629,423	807,166	10,153,247	8,135,885
Excess (Deficiency) of Revenues Under Expenditures	(462,014)	(1,414,662)	(2,438,915)	280,728	(4,034,863)	(1,792,617)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	-	1,991,500	2,300,000	13,500	4,305,000	-
Capital Lease Proceeds	-	217,335	-	-	217,335	-
Premium on Debt Issued	-	148,500	199,725	-	348,225	-
Transfers In	198,868	-	-	32,312	231,180	483,137
Transfers Out	-	-	-	(32,312)	(32,312)	(283,107)
Total Other Financing Sources (Uses)	198,868	2,357,335	2,499,725	13,500	5,069,428	200,030
NET CHANGE IN FUND BALANCES	(263,146)	942,673	60,810	294,228	1,034,565	(1,592,587)
Fund Balances - Beginning of Year	484,821	(49,948)	36,267	224,083	695,223	2,287,810
FUND BALANCES - END OF YEAR	<u>\$ 221,675</u>	<u>\$ 892,725</u>	<u>\$ 97,077</u>	<u>\$ 518,311</u>	<u>\$ 1,729,788</u>	<u>\$ 695,223</u>

See accompanying Notes to Basic Financial Statements.

CITY OF OCONTO, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020	2019
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net Change in Fund Balances as Shown on Previous Page	\$ 1,034,565	\$ (1,592,587)
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	1,365,470	1,743,541
Depreciation Expense Reported in the Statement of Activities	(1,004,160)	(946,194)
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.	(92,998)	(26,890)
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	2,300,000	662,415
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued Interest on Long-Term Debt	(11,235)	7,210
Amortization of Debt Premium	77,104	23,472
Compensated Absences	51,426	86,469
Net Pension Asset	633,318	(558,903)
Net Pension Liability	682,916	(682,916)
Deferred Outflows of Resources Related to Pensions	(333,446)	834,360
Deferred Inflows of Resources Related to Pensions	(953,163)	152,379
Other Postemployment Benefits	(76,239)	21,892
Deferred Outflows of Resources Related to Other Postemployment Benefits	61,592	(1,501)
Deferred Inflows of Resources Related to Other Postemployment Benefits	727	(29,931)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see Pages 5 - 6)	\$ (1,134,683)	\$ (307,184)

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
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance	2019 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 980,989	\$ 980,989	\$ 981,636	\$ 647	\$ 662,562
Special Assessments	137,000	137,000	127,269	(9,731)	90,282
Intergovernmental	1,952,173	1,958,530	1,970,982	12,452	1,884,937
Licenses and Permits	99,020	99,020	91,278	(7,742)	92,133
Fines and Forfeits	60,500	60,500	72,630	12,130	55,761
Public Charges for Services	790,500	791,200	758,514	(32,686)	691,189
Intergovernmental Charges for Services	105,843	105,843	98,147	(7,696)	100,203
Miscellaneous	113,550	113,550	71,622	(41,928)	122,842
Total Revenues	4,239,575	4,246,632	4,172,078	(74,554)	3,699,909
EXPENDITURES					
Current:					
General Government	567,554	573,911	654,921	(81,010)	513,309
Public Safety	2,361,647	2,431,685	2,512,154	(80,469)	2,333,812
Public Works	1,108,629	1,108,629	1,108,584	45	1,070,951
Health and Human Services	3,000	3,000	2,200	800	2,000
Culture and Recreation	371,210	382,639	328,603	54,036	359,098
Conservation and Development	42,535	61,061	27,714	33,347	48,928
Total Expenditures	4,454,575	4,560,925	4,634,176	(73,251)	4,328,098
Excess (Deficiency) of Revenues Under Expenditures	(215,000)	(314,293)	(462,098)	(147,805)	(628,189)
OTHER FINANCING SOURCES (USES)					
Transfers In	215,000	215,000	198,868	(16,132)	453,635
Transfers Out	-	-	-	-	(29,502)
Total Other Financing Sources (Uses)	215,000	215,000	198,868	(16,132)	424,133
NET CHANGE IN FUND BALANCE	-	(99,293)	(263,230)	(163,937)	(204,056)
Fund Balance - Beginning of Year	465,235	465,235	465,235	-	669,291
FUND BALANCE - END OF YEAR	\$ 465,235	\$ 365,942	\$ 202,005	\$ (163,937)	\$ 465,235

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019)**

	Water and Sewer Utility	
	2020	2019
ASSETS		
Current Assets:		
Cash and Investments	\$ 1,520,033	\$ 1,820,824
Receivables:		
Customer Accounts	512,875	530,400
Special Assessments	44,814	58,253
Due from Other Funds	30	-
Due from Other Governments	13,625	31,290
Prepaid Items	50,587	50,890
Total Current Assets	2,141,964	2,491,657
Noncurrent Assets:		
Restricted Assets:		
Cash and Investments	1,470,646	1,330,032
Other Assets:		
Net Pension Asset	75,867	-
Capital Assets:		
Nondepreciable	45,855	45,855
Depreciable	18,110,169	18,105,790
Total Capital Assets	18,156,024	18,151,645
Total Assets	21,844,501	21,973,334
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	177,193	228,378
Other Postemployment Related Amounts	9,116	1,800
Total Deferred Outflows of Resources	186,309	230,178

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUND (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019)**

	Water and Sewer Utility	
	2020	2019
LIABILITIES		
Current Liabilities:		
Accounts Payable	4,855	17,009
Accrued and Other Current Liabilities	5,847	17,710
Due to Other Funds	18,262	-
Accrued Interest Payable	51,867	56,388
Current Portion of Long-Term Obligations	492,733	470,000
Total Current Liabilities	573,564	561,107
Long-Term Obligations, Less Current Portion:		
Revenue Bonds	6,867,267	7,360,000
Debt Premium	151,580	170,790
Compensated Absences	30,932	32,240
Net Pension Liability	-	84,762
Other Postemployment Benefits	21,905	13,233
Total Long-Term Liabilities	7,071,684	7,661,025
Total Liabilities	7,645,248	8,222,132
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	228,338	118,278
Other Postemployment Related Amounts	3,715	3,939
Total Deferred Inflows of Resources	232,053	122,217
NET POSITION		
Net Investment in Capital Assets	11,344,564	10,694,637
Restricted	846,393	974,504
Unrestricted	1,962,552	2,190,022
Total Net Position	\$ 14,153,509	\$ 13,859,163

See accompanying Notes to Basic Financial Statements.

CITY OF OCONTO, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Water and Sewer Utility	
	2020	2019
OPERATING REVENUES		
Charges for Services	\$ 2,184,370	\$ 2,161,090
Other	81,490	79,823
Total Operating Revenues	2,265,860	2,240,913
OPERATING EXPENSES		
Operation and Maintenance	981,201	1,000,413
Depreciation	527,402	523,164
Taxes	1,062	981
Total Operating Expenses	1,509,665	1,524,558
OPERATING INCOME	756,195	716,355
NONOPERATING REVENUES (EXPENSES)		
Interest Income	18,148	51,814
Interest and Fiscal Charges	(301,174)	(319,734)
Amortization of Debt Premium	19,210	19,210
Other Nonoperating Revenues	835	5,932
Total Nonoperating Revenues (Expenses)	(262,981)	(242,778)
INCOME BEFORE TRANSFERS	493,214	473,577
Transfers Out	(198,868)	(200,030)
CHANGE IN NET POSITION	294,346	273,547
Net Position - Beginning of Year	13,859,163	13,585,616
NET POSITION - END OF YEAR	\$ 14,153,509	\$ 13,859,163

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Water and Sewer Utility	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,301,020	\$ 2,208,348
Cash Paid for Employee Wages and Benefits	(581,717)	(526,032)
Cash Paid to Suppliers	(423,820)	(404,081)
Net Cash Provided by Operating Activities	1,295,483	1,278,235
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous Revenue	835	5,932
Transfer to City for Property Tax Equivalent	(180,606)	(200,030)
Net Cash Used by Noncapital Financing Activities	(179,771)	(194,098)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(531,781)	(205,293)
Principal Paid on Long-Term Debt	(470,000)	(455,000)
Interest Paid on Long-Term Debt	(305,695)	(320,045)
Special Assessment Collections	13,439	16,228
Net Cash Used by Capital and Related Financing Activities	(1,294,037)	(964,110)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	18,148	51,815
CHANGE IN CASH AND CASH EQUIVALENTS	(160,177)	171,842
Cash and Cash Equivalents - Beginning of Year	3,150,856	2,979,014
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,990,679	\$ 3,150,856

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)**

	Water and Sewer Utility	
	2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 756,195	\$ 716,355
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	527,402	523,164
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:		
Change in WRS Asset/Liability	(160,629)	153,433
Change in WRS Deferred Outflow	51,185	(103,261)
Change in WRS Deferred Inflow	110,060	(17,532)
Change in OPEB Liability	8,672	(2,650)
Change in OPEB Deferred Outflow	(7,316)	178
Change in OPEB Deferred Inflow	(224)	3,715
Change in Operating Assets and Liabilities:		
Accounts Receivables	17,495	(22,105)
Due from Other Governments	17,665	(10,460)
Inventories and Prepaid Items	303	36,231
Accounts Payable	(12,154)	14,941
Accrued and Other Liabilities	(11,863)	2,154
Compensated Absences	(1,308)	(15,928)
Net Cash Provided by Operating Activities	\$ 1,295,483	\$ 1,278,235
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents in Current Assets	\$ 1,520,033	\$ 1,820,824
Cash and Cash Equivalents in Restricted Assets	1,470,646	1,330,032
Total Cash and Cash Equivalents	\$ 2,990,679	\$ 3,150,856

See accompanying Notes to Basic Financial Statements.

CITY OF OCONTO, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019)

	Private Purpose Trust	Custodial Fund	Totals	
			2020	2019
ASSETS				
Cash and Investments	\$ 68,439	\$ 1,450,286	\$ 1,518,725	\$ 1,394,190
LIABILITIES				
Due to Other Governments	-	1,450,286	1,450,286	1,366,420
NET POSITION				
Restricted	\$ 68,439	-	\$ 68,439	\$ 27,770

See accompanying Notes to Basic Financial Statements.

CITY OF OCONTO, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019)

	Private Purpose Trust	Custodial Fund	Totals	
			2020	2019
ADDITIONS				
Donations	\$ 40,669	\$ -	\$ 40,669	\$ -
Taxes and Special Charges Collected	-	2,423,629	2,423,629	2,339,763
Total Additions	40,669	2,423,629	2,464,298	2,339,763
DEDUCTIONS				
Library Expenses	-	-	-	15,629
Payments to Other Taxing Districts	-	2,423,629	2,423,629	2,339,763
Total Deductions	-	2,423,629	2,423,629	2,355,392
CHANGE IN NET POSITION	40,669	-	40,669	(15,629)
Net Position - Beginning of Year	27,770	-	27,770	43,399
NET POSITION - END OF YEAR	<u>\$ 68,439</u>	<u>\$ -</u>	<u>\$ 68,439</u>	<u>\$ 27,770</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020**

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, 2020**

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, 2020**

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 \$19,438.

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 2020 tax roll are recognized as revenue in 2021.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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. Inventories

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

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

8. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. 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:

Assets	Governmental Activities	Business-Type Activities
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

10. 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.

11. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. 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.

12. 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.

13. Pensions

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

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. 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, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. 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, 2019, from which the summarized information was derived.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for 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, 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, 2020.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020 as follows:

Fund	Excess Expenditures
General:	
General Government:	
City Council and Mayor	\$ 95
Clerk-Treasurer	2,757
Elections	350
Accounting and Auditing	431
Assessor and Inspection	1,304
Employee Retirements	34,158
Uncollectible Taxes and Special Charges	54,487
Public Safety:	
Fire Department	57,380
Ambulance	53,685
Public Works:	
Machinery	4,407
Snow and Ice Control	17,589
Sidewalk and Storm Sewer	1,016
Weed Control	31
Garbage and Refuse	6,772
Culture and Recreation:	
Parks	963

C. Deficit Fund Equity

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

Funds	Deficit Fund Balance
Recycling	\$ 93,705
Holtwood Campground	2,527
Tax Incremental District No. 4	196,485

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

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 2020 and 2021 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2020 budget was 2.16%. The actual limit for the City for the 2021 budget was .894%. 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 \$7,180,567 on December 31, 2020 as summarized below:

Petty Cash and Cash on Hand	\$	5,377
Deposits with Financial Institutions		7,105,212
Investments:		
Wisconsin Local Government Investment Pool		69,978
Total		<u>\$ 7,180,567</u>

Reconciliation to the Basic Financial Statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	4,191,196
Restricted Cash and Investments		1,470,646
Fiduciary Fund Statement of Net Position:		
Cash and Investments		
Private Purpose Trust Fund		68,439
Custodial Fund		1,450,286
Total		<u>\$ 7,180,567</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020, \$6,335,907 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. \$2,312,893 was collateralized with securities held by the pledging financial institution or its trust department or agent by not in the City's name. \$4,023,015 was uncollateralized as of December 31, 2020.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 \$69,978 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the state of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

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, 2020 totaled \$1,470,646 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Enterprise Fund:		
Revenue Bond Requirements	\$ 887,632	Debt reserve and principal and interest special redemption
Equipment Replacement	583,014	To be used for the replacement of certain equipment of the sewer utility
Total	<u>\$ 1,470,646</u>	

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 585,567	\$ -	\$ -	\$ 585,567
Construction in Progress	-	38,983	-	38,983
Total Capital Assets, Nondepreciable	<u>585,567</u>	<u>38,983</u>	<u>-</u>	<u>624,550</u>
Capital Assets, Depreciable:				
Buildings and Improvements	7,493,537	3,692	-	7,497,229
Machinery and Equipment	4,892,854	714,009	10,000	5,596,863
Infrastructure	14,871,101	608,786	-	15,479,887
Subtotals	<u>27,257,492</u>	<u>1,326,487</u>	<u>10,000</u>	<u>28,573,979</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	3,768,441	217,961	-	3,986,402
Machinery and Equipment	3,517,028	275,598	10,000	3,782,626
Infrastructure	3,853,165	510,601	-	4,363,766
Subtotals	<u>11,138,634</u>	<u>1,004,160</u>	<u>10,000</u>	<u>12,132,794</u>
Total Capital Assets, Depreciable, Net	<u>16,118,858</u>	<u>322,327</u>	<u>-</u>	<u>16,441,185</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,704,425</u>	<u>\$ 361,310</u>	<u>\$ -</u>	17,065,735
Less: Capital Related Debt				7,625,588
Less: Debt Premium				<u>381,692</u>
Net Investment in Capital Assets				<u>\$ 9,058,455</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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	1,718,092	123,110	80,000	1,761,202
Machinery and Equipment	6,679,602	90,055	86,100	6,683,557
Infrastructure	18,434,275	318,616	58,860	18,694,031
Subtotals	26,831,969	531,781	224,960	27,138,790
Less Accumulated Depreciation	8,726,179	527,402	224,960	9,028,621
Total Capital Assets, Depreciable, Net	18,105,790	4,379	-	18,110,169
Business-Type Activities Capital Assets, Net	\$ 18,151,645	\$ 4,379	\$ -	18,156,024
Less: Capital Related Debt				6,659,880
Less: Debt Premium				151,580
Net Investment in Capital Assets				\$ 11,344,564

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

Governmental Activities:	
General Government	\$ 90,236
Public Safety	93,574
Public Works	648,291
Culture and Recreation	172,059
Total Depreciation Expense - Governmental Activities	\$ 1,004,160
Business-Type Activities:	
Water Utility	\$ 229,067
Sewer Utility	298,335
Total Depreciation Expense - Business-Type Activities	\$ 527,402

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020 are detailed below:

	<u>Receivables</u>	<u>Payables</u>
Operating Accounts Between Funds:		
General Fund	\$ 18,262	\$ 2,225
Holtwood Campground	2,195	-
Water and Sewer Utility	30	18,262
Long-Term Cash Advances to Finance		
Operating Cash Deficits:		
Governmental Funds:		
General Fund	291,187	-
Recycling	-	92,326
Holtwood Campground	-	3,751
Tax Incremental District No. 4	-	195,110
Totals	<u>\$ 311,674</u>	<u>\$ 311,674</u>

Interfund transfers for the year ended December 31, 2020 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 198,868	\$ -
Airport	7,312	-
Revolving Loan	25,000	-
Docks/Breakwater		7,312
Holtwood Campground	-	25,000
Water and Sewer Utility	-	198,868
Total	<u>\$ 231,180</u>	<u>\$ 231,180</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payables, and Transfers (Continued)

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to General Fund	\$ 198,868
Loan Payment for Revolving Fund Loan	25,000
Reimbursement for Previous Year Expense	7,312
Total	<u>\$ 231,180</u>

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 1,025,000	\$ -	\$ -	\$ 1,025,000	\$ -
Notes	5,140,000	4,305,000	2,300,000	7,145,000	130,000
Total General Obligation Debt	6,165,000	4,305,000	2,300,000	8,170,000	130,000
Debt Premium	110,571	348,225	77,104	381,692	-
Capital Leases	-	217,335	-	217,335	40,881
Compensated Absences	350,265	147,154	198,580	298,839	74,710
Governmental Activities Long-Term Obligations	<u>\$ 6,625,836</u>	<u>\$ 5,017,714</u>	<u>\$ 2,575,684</u>	<u>\$ 9,067,866</u>	<u>\$ 245,591</u>
Business-Type Activities:					
Revenue Bonds	\$ 6,950,000	\$ -	\$ 420,000	\$ 6,530,000	\$ 435,000
Revenue Bond Anticipation Notes	880,000	-	50,000	830,000	50,000
Debt Premium	170,790	-	19,210	151,580	-
Compensated Absences	32,240	15,711	17,019	30,932	7,733
Business-Type Activities Long-Term Obligations	<u>\$ 8,033,030</u>	<u>\$ 15,711</u>	<u>\$ 506,229</u>	<u>\$ 7,542,512</u>	<u>\$ 492,733</u>

Total interest paid during the year on long-term debt totaled \$538,573.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
General Obligation 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	4,305,000
Total Outstanding General Obligation Debt					<u>\$ 8,170,000</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 \$8,170,000 on December 31, 2020 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 130,000	\$ 243,675	\$ 373,675
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 - 2029	5,115,000	383,550	5,498,550
Total	<u>\$ 8,170,000</u>	<u>\$ 1,444,650</u>	<u>\$ 9,614,650</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2020 was \$6,263,365 as follows:

Equalized Valuation of the City	\$ 288,667,300
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	14,433,365
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>8,170,000</u>
Legal Margin for New Debt	<u>\$ 6,263,365</u>

Revenue Bond Anticipation Notes

Revenue bond anticipation notes outstanding on December 31, 2020 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 12/31/20</u>
Waterworks and Sewerage System Revenue Bond Anticipation Notes	05/23/17	04/01/22	3.00 - 3.50%	\$ 980,000	<u>\$ 830,000</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 \$830,000 on December 31, 2020 are detailed below:

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 50,000	\$ 28,050	\$ 78,050
2022	780,000	13,650	793,650
Total	<u>\$ 830,000</u>	<u>\$ 41,700</u>	<u>\$ 871,700</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2020 totaled \$6,530,000 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 12/31/20</u>
Waterworks and Sewerage System	06/27/12	05/01/32	3.0 - 5.0%	\$ 9,550,000	<u>\$ 6,530,000</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$6,530,000 on December 31, 2020 are detailed below:

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 435,000	\$ 260,670	\$ 695,670
2022	450,000	244,883	694,883
2023	465,000	230,123	695,123
2024	485,000	210,325	695,325
2025	510,000	185,450	695,450
2026 - 2030	2,870,000	561,450	3,431,450
2031 - 2032	1,315,000	53,100	1,368,100
Total	<u>\$ 6,530,000</u>	<u>\$ 1,746,001</u>	<u>\$ 8,276,001</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 \$8,276,001. Principal and interest paid for the current year and total customer net revenues were \$775,220 and \$1,316,019, respectively.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 \$3,622 as of December 31, 2020.

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, 2020.

<u>Year Ending</u>	<u>Governmental Activities</u>
2021	\$ 47,548
2022	47,548
2023	47,548
2024	47,548
2025	47,548
Subtotal	<u>237,740</u>
Less: Amount representing interest	<u>20,405</u>
Present value of future minimum lease payments	<u><u>\$ 217,335</u></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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required.

Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

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

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22.0 %
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)

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, and 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, 2020, the WRS recognized \$290,105 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	11.65
Protective without Social Security	6.75	16.25

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

At December 31, 2020, the City reported an asset of \$709,185 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.02199396%, which was an increase of 0.00041593% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$264,380.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,346,196	\$ 673,681
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,449,827
Changes in Assumptions	55,264	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	104	10,937
Employer Contributions Subsequent to the Measurement Date	290,105	-
Total	<u>\$ 1,691,669</u>	<u>\$ 2,134,445</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

\$290,105 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2021	\$ (218,806)
2022	(163,372)
2023	22,387
2024	(373,090)
Total	<u>\$ (732,881)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2005 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class:</u>			
Global Equities	49.0 %	8.1 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	6.3	1.2
Real Estate	9.0	10.6	3.5
Private Equity/Debt	8.0	6.9	7.6
Multi-Asset	4.0	7.5	4.0
Cash	(10.0)	0.9	N/A
Total Core Fund	100.0 %	7.3 %	4.6 %
<u>Variable Fund Asset Class:</u>			
U.S. Equities	70.0 %	7.5 %	4.6 %
International Equities	0.3	8.2	5.3
Total Variable Fund	100.0 %	7.8 %	4.9 %

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.75%

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

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 long-term bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, 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 (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,826,279	\$ (709,185)	\$ (2,604,737)

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. Payables to the Pension Plan

At December 31, 2020, the City reported a payable of \$45,172 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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 post-retirement benefit.

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

Contribution rates as of December 31, 2019 are:

Coverage Type	Employer Contribution
50% Post-Retirement Coverage	40% of Employee Contribution
25% Post-Retirement Coverage	20% of Employee Contribution

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 employee contribution rates in effect for the year ended December 31, 2019 are listed below:

Life Insurance Member Contribution Rates* Year Ended December 31, 2019		
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, 2020, the LRLIF recognized \$782 in contributions from the employer.

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

At December 31, 2020, the City reported a liability of \$204,760 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.04808600%, which was an increase of 0.00163900% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$22,145.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 9,173
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	3,863	-
Changes in Assumptions	75,537	22,522
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,813	3,035
Total	\$ 85,213	\$ 34,730

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

Year Ended December 31,	Expense
2021	\$ 8,618
2022	8,618
2023	8,201
2024	7,772
2025	6,306
Thereafter	10,968
Total	\$ 50,483

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

5. OPEB Liabilities, OPEB Expense, 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	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

Single Discount Rate

A single discount rate of 2.87% was used to measure the total OPEB liability, as opposed to 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10 as of December 31, 2018 to 2.74 as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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.

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

5. OPEB Liabilities, OPEB Expense, 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 (Continued)

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 282,739	\$ 204,760	\$ 145,433

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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 OPEB Plan

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

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, 2020, nonspendable fund balance was as follows:

General Fund:

Nonspendable:

Delinquent Special Assessments	\$ 25,167
Long-Term Cash Advances to Other Funds	291,187
Total Nonspendable Fund Balance	\$ 316,354

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020, restricted fund balance was as follows:

Special Revenue Funds:		
Restricted for:		
Library - Debt Proceeds	\$	4,867
Debt Service Fund:		
Restricted for:		
Retirement of Long-Term Debt		97,077
Capital Projects Funds:		
Restricted for:		
Capital Projects from Debt Proceeds		756,880
Tax Incremental District No. 3 Project Plan		38,683
		<u>897,507</u>
Total Restricted Fund Balance	\$	<u>897,507</u>

Committed Fund Balance

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

Special Revenue Funds:		
Committed for:		
Airport	\$	73,154
Docks/Breakwater		40,916
Community and Economic Development		521,893
Library		131,515
		<u>767,478</u>
Total Committed Fund Balance	\$	<u>767,478</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, 2020, fund balance was assigned as follows:

General Fund:		
Assigned for Crime Prevention	\$	9,385
Assigned for Ambulance		10,285
Assigned for Subsequent Years Budget		93,764
		<u>113,434</u>
Total Assigned General Fund		113,434
Capital Projects Funds:		
Assigned for Subsequent Year's Expenditures:		
Capital Projects		135,845
		<u>135,845</u>
Total Assigned Fund Balance	\$	<u>249,279</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 2020 General Fund Expenditures	\$ 4,560,925
Minimum Fund Balance %	(x) 8% - 15%
Minimum Fund Balance Amount	<u>\$ 364,874 - 684,139</u>

The City's unassigned general fund deficit of \$208,113 is below the minimum fund balance range.

Net Position

The City reports restricted net position at December 31, 2020 as follows:

Governmental Activities:

Restricted for:

TID Project Plan	\$ 38,683
Debt Service	36,158
Pension Benefits	<u>633,318</u>
Total Governmental Activities	
Restricted Net Position	708,159

Business-Type Activities:

Restricted for:

Debt Service	187,512
Equipment Replacement	583,014
Pension Benefits	<u>75,867</u>
Total Business-Type Activities	
Restricted Net Position	<u>846,393</u>
Total Restricted Net Position	<u>\$ 1,554,552</u>

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020, the City can recover \$1,041,124 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 3	\$ (38,683)
TID No. 4	1,079,807

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

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.

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.

**CITY OF OCONTO, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the City, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of April 9, 2021.

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

**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

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

**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	-	2,416,851	0.04
12/31/20	782	782	-	2,645,161	0.03

**CITY OF OCONTO, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

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.

CITY OF OCONTO, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 3 BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles; however, the City adopts separate budgets for two funds, the crime prevention and ambulance special revenue funds. These funds are reported in the financial statements with the general fund in accordance with generally accepted accounting principles. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a U.S. GAAP general fund basis is summarized below:

	General Fund	Crime Prevention	Ambulance
Revenues			
Actual Amounts (Budgetary Basis)	\$ 4,172,078	\$ 6,420	\$ 5,730
Reclassification of Crime Prevention and Ambulance	12,150	(6,420)	(5,730)
Total Revenues	<u>4,184,228</u>	<u>-</u>	<u>-</u>
Expenditures			
Actual Amounts (Budgetary Basis)	4,634,176	3,999	8,067
Reclassification of Crime Prevention and Ambulance	12,066	(3,999)	(8,067)
Total Expenditures	<u>4,646,242</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures			
Actual Amounts (Budgetary Basis)	(462,098)	2,421	(2,337)
Reclassification of Crime Prevention and Ambulance	84	(2,421)	2,337
Excess of Revenues Over (Under) Expenditures	<u>(462,014)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Actual Amounts (Budgetary Basis)	198,868	-	-
Net Change in Fund Balance			
Actual Amounts (Budgetary Basis)	(263,230)	2,421	(2,337)
Reclassification of Crime Prevention and Ambulance	84	(2,421)	2,337
Net Change in Fund Balance	<u>(263,146)</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of Year			
Actual Amounts (Budgetary Basis)	465,235	6,964	12,622
Reclassification of Crime Prevention and Ambulance	19,586	(6,964)	(12,622)
Fund Balance - Beginning of Year	<u>484,821</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year			
Actual Amounts (Budgetary Basis)	202,005	9,385	10,285
Reclassification of Crime Prevention and Ambulance	19,670	(9,385)	(10,285)
Fund Balance - End of Year	<u>\$ 221,675</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

CITY OF OCONTO, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND
OTHER FINANCING SOURCES – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance	2019 Actual
	Original	Final		Final Budget - Positive (Negative)	
TAXES					
General Property	\$ 954,989	\$ 954,989	\$ 954,989	\$ -	\$ 638,539
Mobile Home Taxes	11,000	11,000	11,528	528	9,647
Payment in Lieu of Tax	15,000	15,000	15,119	119	14,376
Total Taxes	980,989	980,989	981,636	647	662,562
SPECIAL ASSESSMENTS					
Curb and Gutter	110,000	110,000	74,113	(35,887)	51,703
Sidewalks	18,000	18,000	50,030	32,030	38,579
Storm Sewers	-	-	3,111	3,111	-
Garbage Pickup	3,000	3,000	-	(3,000)	-
Miscellaneous	6,000	6,000	15	(5,985)	-
Total Special Assessments	137,000	137,000	127,269	(9,731)	90,282
INTERGOVERNMENTAL					
State:					
State Shared Taxes	1,768,929	1,768,929	1,777,964	9,035	1,772,934
Exempt Computer Aid	14,000	14,000	11,802	(2,198)	8,055
Fire Insurance	-	-	14,775	14,775	14,581
Law Enforcement	-	-	1,440	1,440	960
General Transportation Aids	152,244	152,244	152,244	-	66,807
Other State Grants	17,000	23,357	12,757	(10,600)	21,600
Total Intergovernmental	1,952,173	1,958,530	1,970,982	12,452	1,884,937
LICENSES AND PERMITS					
Licenses:					
Liquor and Malt Beverages	13,000	13,000	11,549	(1,451)	9,602
Other Business and Occupational Licenses	2,200	2,200	2,032	(168)	1,883
Dog and Cat	575	575	206	(369)	218
Bicycle Licenses	20	20	3	(17)	2
Mobile Home Licenses	75	75	75	-	75
Cable Television Fees	46,000	46,000	42,754	(3,246)	45,191
Permits:					
Building, Plumbing, and Electrical	35,150	35,150	33,114	(2,036)	34,469
Zoning	2,000	2,000	1,545	(455)	693
Total Licenses and Permits	99,020	99,020	91,278	(7,742)	92,133
FINES AND FORFEITS					
Court Fines and Penalties	58,500	58,500	69,654	11,154	53,064
Parking Violations	2,000	2,000	2,976	976	2,697
Total Fines and Forfeits	60,500	60,500	72,630	12,130	55,761

CITY OF OCONTO, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND
OTHER FINANCING SOURCES – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance	2019 Actual
	Original	Final		Final Budget - Positive (Negative)	
PUBLIC CHARGES FOR SERVICES					
General Government	15,000	15,000	13,821	(1,179)	13,049
Law Enforcement Fees	600	600	407	(193)	646
Ambulance Fees	650,000	650,000	635,526	(14,474)	562,277
Fire Department Fees	-	-	5	5	5
Public Works Fees	7,100	7,100	3,947	(3,153)	6,198
Weed and Nuisance Control	13,000	13,000	7,929	(5,071)	3,809
Garbage Collection	82,000	82,000	92,082	10,082	82,937
Swimming Pools	16,250	16,250	-	(16,250)	16,046
Park and Recreation Fees	6,550	7,250	4,797	(2,453)	6,222
Total Public Charges for Services	790,500	791,200	758,514	(32,686)	691,189
INTERGOVERNMENTAL CHARGES FOR SERVICES					
Township Ambulance and Fire Contracts	95,793	95,793	96,512	719	93,671
Township Rural Calls	10,000	10,000	1,635	(8,365)	6,457
Other Fire Department Fees	50	50	-	(50)	75
Total Intergovernmental Charges for Services	105,843	105,843	98,147	(7,696)	100,203
MISCELLANEOUS					
Interest on Investments	78,000	78,000	33,534	(44,466)	67,784
Interest on Special Assessments	11,700	11,700	2,305	(9,395)	20,216
Rental Income	11,300	11,300	10,587	(713)	10,714
Insurance Dividends, Recoveries, and Refunds	-	-	6,394	6,394	6,940
Donations	2,350	2,350	1,825	(525)	8,446
Sale of Property	5,000	5,000	14,000	9,000	-
Other	5,200	5,200	2,977	(2,223)	8,742
Total Miscellaneous	113,550	113,550	71,622	(41,928)	122,842
Total Revenues	4,239,575	4,246,632	4,172,078	(74,554)	3,699,909
OTHER FINANCING SOURCES					
Transfers In	215,000	215,000	198,868	(16,132)	453,635
Total Revenues and Other Financing Sources	<u>\$ 4,454,575</u>	<u>\$ 4,461,632</u>	<u>\$ 4,370,946</u>	<u>\$ (90,686)</u>	<u>\$ 4,153,544</u>

CITY OF OCONTO, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES AND
OTHER FINANCING USES – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance	2019
	Original	Final		Final Budget - Positive (Negative)	
GENERAL GOVERNMENT					
City Council and Mayor	\$ 48,854	\$ 48,854	\$ 48,949	\$ (95)	\$ 54,146
Municipal Court	70,398	70,783	70,007	776	31,949
City Attorney	33,418	33,418	33,337	81	32,366
Clerk - Treasurer	126,909	126,909	129,666	(2,757)	117,010
Administration	-	-	-	-	5,111
Elections	15,954	20,001	20,351	(350)	6,359
Technology	51,400	51,456	48,581	2,875	50,347
Accounting and Auditing	11,800	11,800	12,231	(431)	11,400
Assessor and Inspection	107,324	107,324	108,628	(1,304)	106,245
Board of Review	500	500	350	150	300
Municipal Building	67,000	68,869	67,116	1,753	64,428
Property and Liability Insurance	23,997	23,997	17,060	6,937	15,279
Employee Retirements	10,000	10,000	44,158	(34,158)	-
Uncollectible Taxes and Special Charges	-	-	54,487	(54,487)	18,369
Total General Government	567,554	573,911	654,921	(81,010)	513,309
PUBLIC SAFETY					
Police Department	1,000,655	1,000,655	979,621	21,034	951,163
Fire Department	1,080,943	1,150,981	1,208,361	(57,380)	1,082,429
Ambulance	260,000	260,000	313,685	(53,685)	282,691
Crossing Guards	18,049	18,049	9,842	8,207	16,258
Disaster Control	2,000	2,000	645	1,355	1,271
Total Public Safety	2,361,647	2,431,685	2,512,154	(80,469)	2,333,812
PUBLIC WORKS					
Supervision	690,409	690,409	664,846	25,563	650,769
Buildings	37,658	37,658	36,526	1,132	35,322
Machinery	117,362	117,362	121,769	(4,407)	126,431
Street Maintenance	5,000	5,000	4,997	3	3,011
Traffic Control	6,700	6,700	4,816	1,884	7,741
Snow and Ice Control	40,000	40,000	57,859	(17,859)	33,664
Sidewalk and Storm Sewer	10,000	10,000	11,016	(1,016)	11,666
Weed Control	-	-	31	(31)	35
Street Lighting	88,500	88,500	86,952	1,548	92,185
Garbage and Refuse	113,000	113,000	119,772	(6,772)	110,127
Total Public Works	1,108,629	1,108,629	1,108,584	45	1,070,951
HEALTH AND HUMAN SERVICES					
Animal Control	3,000	3,000	2,200	800	2,000

CITY OF OCONTO, WISCONSIN
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES AND
OTHER FINANCING USES – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Budget		Actual	Variance	2019 Actual
	Original	Final		Final Budget - Positive (Negative)	
CULTURE AND RECREATION					
Historical Society	500	500	500	-	500
Parks	300,906	312,035	312,998	(963)	296,735
Recreation Programs and Events	9,026	9,026	7,895	1,131	10,698
Swimming Pools	59,978	60,278	6,685	53,593	51,165
Celebrations and Decorations	800	800	525	275	-
Total Culture and Recreation	<u>371,210</u>	<u>382,639</u>	<u>328,603</u>	<u>54,036</u>	<u>359,098</u>
CONSERVATION AND DEVELOPMENT					
Forestry	7,100	24,626	688	23,938	3,061
Tourism	35,435	36,435	27,026	9,409	45,867
Total Conservation and Development	<u>42,535</u>	<u>61,061</u>	<u>27,714</u>	<u>33,347</u>	<u>48,928</u>
Total Expenditures	4,454,575	4,560,925	4,634,176	(73,251)	4,328,098
OTHER FINANCING USES					
Transfers Out	-	-	-	-	29,502
Total Expenditures and Other Financing Uses	<u>\$ 4,454,575</u>	<u>\$ 4,560,925</u>	<u>\$ 4,634,176</u>	<u>\$ (73,251)</u>	<u>\$ 4,357,600</u>

**CITY OF OCONTO, WISCONSIN
COMBINING BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)**

	General	Crime Prevention	Ambulance	Totals	
				2020	2019
ASSETS					
Cash and Investments	\$ 779,841	\$ 13,384	\$ 10,285	\$ 803,510	\$ 829,021
Receivables:					
Taxes and Special Charges	140,448	1,600	-	142,048	195,504
Accounts, Net	109,573	-	-	109,573	156,078
Special Assessments	143,127	-	-	143,127	202,542
Due from Other Funds	309,449	-	-	309,449	471,435
Due from Other Governments	-	-	-	-	26,066
Total Assets	\$ 1,482,438	\$ 14,984	\$ 10,285	\$ 1,507,707	\$ 1,880,646
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 41,303	\$ 3,999	\$ -	\$ 45,302	\$ 61,109
Accrued and Other Current Liabilities	80,590	-	-	80,590	111,488
Deposits	13,992	-	-	13,992	-
Due to Other Funds	2,225	-	-	2,225	2,195
Due to Other Governments	1,045	-	-	1,045	61,902
Total Liabilities	139,155	3,999	-	143,154	236,694
DEFERRED INFLOWS OF RESOURCES					
Property Taxes and Other Charges					
Levied for Subsequent Year	998,151	1,600	-	999,751	956,589
Special Assessments	143,127	-	-	143,127	202,542
Total Deferred Inflows of Resources	1,141,278	1,600	-	1,142,878	1,159,131
FUND BALANCES					
Nonspendable	316,354	-	-	316,354	690,967
Assigned	93,764	9,385	10,285	113,434	61,736
Unassigned	(208,113)	-	-	(208,113)	(267,882)
Total Fund Balances	202,005	9,385	10,285	221,675	484,821
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,482,438	\$ 14,984	\$ 10,285	\$ 1,507,707	\$ 1,880,646

CITY OF OCONTO, WISCONSIN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019)

	General	Crime Prevention	Ambulance	Totals	
				2020	2019
REVENUES					
Taxes	\$ 981,636	\$ 1,600	\$ -	\$ 983,236	\$ 664,162
Special Assessments	127,269	-	-	127,269	90,282
Intergovernmental	1,970,982	-	5,730	1,976,712	1,890,499
Licenses and Permits	91,278	-	-	91,278	92,133
Fines and Forfeits	72,630	-	-	72,630	55,761
Public Charges for Services	758,514	-	-	758,514	691,189
Intergovernmental Charges for Services	98,147	-	-	98,147	100,203
Miscellaneous	71,622	4,820	-	76,442	127,203
Total Revenues	4,172,078	6,420	5,730	4,184,228	3,711,432
EXPENDITURES					
Current:					
General Government	654,921	-	-	654,921	513,309
Public Safety	2,512,154	3,999	8,067	2,524,220	2,340,764
Public Works	1,108,584	-	-	1,108,584	1,070,951
Health and Human Services	2,200	-	-	2,200	2,000
Culture and Recreation	328,603	-	-	328,603	359,098
Conservation and Development	27,714	-	-	27,714	48,928
Total Expenditures	4,634,176	3,999	8,067	4,646,242	4,335,050
Excess of Revenues Over (Under) Expenditures	(462,098)	2,421	(2,337)	(462,014)	(623,618)
OTHER FINANCING SOURCES (USES)					
Transfers In	198,868	-	-	198,868	453,635
Transfers Out	-	-	-	-	(29,502)
Total Other Financing Sources (Uses)	198,868	-	-	198,868	424,133
NET CHANGE IN FUND BALANCES	(263,230)	2,421	(2,337)	(263,146)	(199,485)
Fund Balances - Beginning of Year	465,235	6,964	12,622	484,821	684,306
FUND BALANCES - END OF YEAR	\$ 202,005	\$ 9,385	\$ 10,285	\$ 221,675	\$ 484,821

**CITY OF OCONTO, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Special Revenue					
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library	Holtwood Campground
ASSETS						
Cash and Investments	\$ 57,221	\$ 41,728	\$ -	\$ 521,893	\$ 139,929	\$ -
Receivables:						
Taxes and Special Charges	52,500	12,768	16,922	-	195,823	-
Loans	-	-	-	119,406	-	-
Due from Other Funds	-	-	-	-	-	2,195
Due from Other Governments	16,494	-	-	-	-	-
Total Assets	\$ 126,215	\$ 54,496	\$ 16,922	\$ 641,299	\$ 335,752	\$ 2,195
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 250	\$ 812	\$ 1,310	\$ -	\$ 1,187	\$ 931
Accrued and Other Current Liabilities	311	-	69	-	2,360	40
Due to Other Funds	-	-	92,326	-	-	3,751
Special Deposits	-	-	-	-	-	-
Total Liabilities	561	812	93,705	-	3,547	4,722
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	52,500	12,768	16,922	-	195,823	-
Loans Receivable	-	-	-	119,406	-	-
Total Deferred Inflows of Resources	52,500	12,768	16,922	119,406	195,823	-
FUND BALANCES						
Restricted	-	-	-	-	4,867	-
Committed	73,154	40,916	-	521,893	131,515	-
Unassigned	-	-	(93,705)	-	-	(2,527)
Total Fund Balances	73,154	40,916	(93,705)	521,893	136,382	(2,527)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 126,215	\$ 54,496	\$ 16,922	\$ 641,299	\$ 335,752	\$ 2,195

**CITY OF OCONTO, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Capital Projects		
	Tax	Tax	Total
	Incremental District No. 3	Incremental District No. 4	
ASSETS			
Cash and Investments	\$ 38,683	\$ -	\$ 799,454
Receivables:			
Taxes and Special Charges	19,626	126,442	424,081
Loans	-	-	119,406
Due from Other Funds	-	-	2,195
Due from Other Governments	-	-	16,494
	-	-	16,494
Total Assets	\$ 58,309	\$ 126,442	\$ 1,361,630
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 4,490
Accrued and Other Current Liabilities	-	-	2,780
Due to Other Funds	-	195,110	291,187
Special Deposits	-	1,375	1,375
Total Liabilities	-	196,485	299,832
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for			
Subsequent Year	19,626	126,442	424,081
Loans Receivable	-	-	119,406
Total Deferred Inflows of Resources	19,626	126,442	543,487
FUND BALANCES			
Restricted	38,683	-	43,550
Committed	-	-	767,478
Unassigned	-	(196,485)	(292,717)
Total Fund Balances	38,683	(196,485)	518,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 58,309	\$ 126,442	\$ 1,361,630

**CITY OF OCONTO, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Special Revenue					
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library	Holtwood Campground
REVENUES						
Taxes	\$ 52,965	\$ 16,476	\$ 8,422	\$ -	\$ 175,752	\$ -
Intergovernmental	16,494	-	14,525	-	94,199	-
Public Charges for Services	55,784	64,501	-	-	1,951	183,689
Intergovernmental Charges for Services	52,965	-	-	-	-	-
Miscellaneous	7,210	39,500	13,282	39,266	27,525	-
Total Revenues	<u>185,418</u>	<u>120,477</u>	<u>36,229</u>	<u>39,266</u>	<u>299,427</u>	<u>183,689</u>
EXPENDITURES						
Current:						
Public Works	183,473	90,534	66,421	-	-	-
Culture and Recreation	-	-	-	-	271,568	145,022
Conservation and Development	-	-	-	-	-	-
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	<u>183,473</u>	<u>90,534</u>	<u>66,421</u>	<u>-</u>	<u>271,568</u>	<u>145,022</u>
Excess of Revenues Over (Under) Expenditures	1,945	29,943	(30,192)	39,266	27,859	38,667
OTHER FINANCING USES						
Long-Term Debt Issued	-	-	-	-	13,500	-
Transfers In	7,312	-	-	25,000	-	-
Transfers Out	-	(7,312)	-	-	-	(25,000)
Total Other Financing Sources (Uses)	<u>7,312</u>	<u>(7,312)</u>	<u>-</u>	<u>25,000</u>	<u>13,500</u>	<u>(25,000)</u>
NET CHANGE IN FUND BALANCES	9,257	22,631	(30,192)	64,266	41,359	13,667
Fund Balances - Beginning of Year	<u>63,897</u>	<u>18,285</u>	<u>(63,513)</u>	<u>457,627</u>	<u>95,023</u>	<u>(16,194)</u>
FUND BALANCES - END OF YEAR	<u>\$ 73,154</u>	<u>\$ 40,916</u>	<u>\$ (93,705)</u>	<u>\$ 521,893</u>	<u>\$ 136,382</u>	<u>\$ (2,527)</u>

**CITY OF OCONTO, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Capital Projects		Totals
	Tax	Tax	
	Incremental District No. 3	Incremental District No. 4	
REVENUES			
Taxes	\$ 23,376	\$ 198,404	\$ 475,395
Intergovernmental	539	1,069	126,826
Public Charges for Services	-	-	305,925
Intergovernmental Charges for Services	-	-	52,965
Miscellaneous	-	-	126,783
Total Revenues	<u>23,915</u>	<u>199,473</u>	<u>1,087,894</u>
EXPENDITURES			
Current			
Public Works	-	-	340,428
Culture and Recreation	-	-	416,590
Conservation and Development	-	16,431	16,431
Debt Service			
Interest and Fiscal Charges	-	33,717	33,717
Total Expenditures	<u>-</u>	<u>50,148</u>	<u>807,166</u>
Excess of Revenues Over (Under) Expenditures	23,915	149,325	280,728
OTHER FINANCING USES			
Long-Term Debt Issued	-	-	13,500
Transfers In	-	-	32,312
Transfers Out	-	-	(32,312)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>13,500</u>
NET CHANGE IN FUND BALANCES	23,915	149,325	294,228
Fund Balances - Beginning of Year	<u>14,768</u>	<u>(345,810)</u>	<u>224,083</u>
FUND BALANCES - END OF YEAR	<u>\$ 38,683</u>	<u>\$ (196,485)</u>	<u>\$ 518,311</u>

CITY OF OCONTO, WISCONSIN
SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020	2019
OPERATING REVENUES		
Charges for Services:		
Residential	\$ 406,901	\$ 392,715
Multi-Family	35,333	30,566
Commercial	64,842	68,970
Industrial	13,666	14,151
Public Authority	36,198	35,708
Private Fire Protection	17,496	16,928
Public Fire Protection	375,924	361,930
Total Charges for Services	950,360	920,968
Other Revenues:		
Forfeited Discounts	4,064	2,337
Rental Income from Property	64,391	60,827
Other Water Revenues	8,463	13,484
Total Other Revenues	76,918	76,648
 Total Operating Revenues	 1,027,278	 997,616
OPERATING EXPENSES		
Operation and Maintenance:		
Source of Supply/Treatment:		
Operation Supplies and Expenses	36,725	40,178
Transmission and Distribution:		
Maintenance of Distribution Reservoirs and Standpipes	46,086	49,891
Maintenance of Mains	32,953	37,404
Maintenance of Services	58,889	80,446
Maintenance of Meters	9,345	10,934
Maintenance of Hydrants	9,047	6,262
Total Transmission and Distribution	156,320	184,937
Customer Accounts:		
Meter Reading Labor	13,700	13,500
Accounting and Collecting Labor	57,159	48,025
Supplies and Expenses	5,589	5,233
Total Customer Accounts	76,448	66,758
Administrative and General:		
Salaries and Wages	86,488	74,133
Office Supplies and Expenses	2,880	1,310
Property Insurance	13,315	12,255
Employees Pensions and Benefits	623	14,469
Transportation	4,174	9,024
Total Administrative and General	107,480	111,191
Total Operation and Maintenance	376,973	403,064
Depreciation	229,067	227,221
Taxes	1,062	981
 Total Operating Expenses	 607,102	 631,266
 Operating Income	 \$ 420,176	 \$ 366,350

CITY OF OCONTO, WISCONSIN
SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for Services:		
Residential	\$ 736,476	\$ 729,831
Multi-Family	69,662	65,446
Commercial	115,359	130,589
Industrial	24,247	24,505
Public Authority	42,482	62,030
Sludge and Septic Processing	146,009	110,620
Sanitary Districts Processing	99,775	117,101
Total Charges for Services	<u>1,234,010</u>	<u>1,240,122</u>
Other Revenues		
Forfeited Discounts	<u>4,572</u>	<u>3,175</u>
Total Operating Revenues	1,238,582	1,243,297
OPERATING EXPENSES		
Operation and Maintenance:		
Source of Supply/Treatment:		
Operation Labor	142,783	140,332
Operation Supplies and Expenses	229,453	233,935
Total Source of Supply/Treatment	<u>372,236</u>	<u>374,267</u>
Transmission and Distribution:		
Maintenance of Sewer Collection	107,692	104,002
Customer Accounts:		
Accounting and Collecting Labor	64,502	28,480
Supplies and Expenses	8,114	14,988
Total Customer Accounts	<u>72,616</u>	<u>43,468</u>
Administrative and General:		
Administrative and General Salaries	30,451	31,967
Supplies and Expenses	1,394	1,275
Employee Benefits and Insurance	1,125	19,414
Miscellaneous General	7,408	7,355
Transportation	11,306	15,601
Total Administrative and General	<u>51,684</u>	<u>75,612</u>
Total Operation and Maintenance	<u>604,228</u>	<u>597,349</u>
Depreciation	<u>298,335</u>	<u>295,943</u>
Total Operating Expenses	<u>902,563</u>	<u>893,292</u>
Operating Income	<u>\$ 336,019</u>	<u>\$ 350,005</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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 9, 2021.

Internal Control Over Financial Reporting

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

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 2020-002 and 2020-003 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 2020-001 and 2020-04 to be significant deficiencies.

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

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 it.

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
April 9, 2021

**CITY OF OCONTO, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section I – Internal Control Over Financial Reporting

2020-001

**Control Deficiencies
Preparation of Annual Financial Report
Repeat of Finding 2019-001**

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 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.

Context

While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

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.

**CITY OF OCONTO, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section I – Internal Control Over Financial Reporting (Continued)

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.

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.

2020-002

Control Deficiencies

Adjustment to the City's Financial Records

Repeat of Finding 2019-002

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.

Context

While performing audit procedures, it was noted that management does not have sufficient controls in place related to year-end closing procedures.

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 QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section I – Internal Control Over Financial Reporting (Continued)

2020-003

Control Deficiencies

Capital Asset Additions

Repeat of Finding 2019-003

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 2020 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.

Context

During our 2020 audit, we identified capital asset additions that were not reported to us by the City staff.

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 QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section I – Internal Control Over Financial Reporting (Continued)

Finding no.	Control Deficiencies
2020-004	Segregation of Duties
Condition:	The City has a combined clerk/treasurer/administrator position that completes the majority of financial and recordkeeping duties of the general Cities operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Context:	While performing audit procedures, we noted that the City does not have internal controls in place to properly segregate all financial and recordkeeping duties.
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 Cities 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 in 2021 and implement measures to segregate financial duties and enhance review procedures.

Section II – Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2020.