

**CITY OF OCONTO, WISCONSIN**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2022**



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## INDEPENDENT AUDITORS' REPORT

City Council  
City of Oconto, Wisconsin

### **Report on Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oconto, Wisconsin, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Oconto, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oconto, Wisconsin, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 1.G to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and a corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Oconto, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Oconto, Wisconsin's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other postemployment benefits on pages 59 and 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

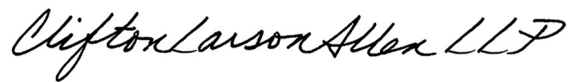
***Supplementary Information***

Our audit for the year ended December 31, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The general fund detailed comparison of budgeted and actual revenues and expenditures, the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds, the schedules of water and sewer utilities operating revenues and expenses, (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the general fund detailed comparison of budgeted and actual revenues and expenditures, the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds, the schedules of water and sewer utilities operating revenues and expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.

City Council  
City of Oconto, Wisconsin

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2023, on our consideration of the City of Oconto, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Oconto, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Oconto, Wisconsin's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
June 19, 2023

## **BASIC FINANCIAL STATEMENTS**



**CITY OF OCONTO, WISCONSIN  
STATEMENT OF NET POSITION  
YEAR ENDED DECEMBER 31, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 2,605,578	\$ 4,120,317	\$ 6,725,895
Receivables:			
Taxes and Special Charges	1,898,096	-	1,898,096
Delinquent Taxes	36,730	-	36,730
Accounts, Net	101,608	576,917	678,525
Special Assessments	157,698	41,884	199,582
Leases	33,327	120,798	154,125
Loans	67,703	-	67,703
Advance to Other Funds	-	500,000	500,000
Due from Other Governments	-	11,112	11,112
Prepaid Items	28,832	53,719	82,551
Restricted Assets:			
Cash and Investments	-	1,676,932	1,676,932
Net Pension Asset	1,769,111	169,027	1,938,138
Capital Assets, Nondepreciable	235,886	53,872	289,758
Capital Assets, Depreciable, Net	16,292,354	17,869,097	34,161,451
Total Assets	<u>23,226,923</u>	<u>25,193,675</u>	<u>48,420,598</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	3,466,040	329,631	3,795,671
Other Postemployment Related Amounts	60,836	6,493	67,329
Total Deferred Outflows of Resources	<u>3,526,876</u>	<u>336,124</u>	<u>3,863,000</u>
<b>LIABILITIES</b>			
Accounts Payable	67,704	30,049	97,753
Accrued and Other Current Liabilities	138,843	5,390	144,233
Accrued Interest Payable	60,456	51,887	112,343
Advance from Other Funds	500,000	-	500,000
Special Deposits	12,401	-	12,401
Unearned revenues	229,833	-	229,833
Long-Term Obligations:			
Due within One Year	866,200	356,589	1,222,789
Due in More than One Year	7,879,668	9,616,634	17,496,302
Other Postemployment Benefits	182,381	19,464	201,845
Total Liabilities	<u>9,937,486</u>	<u>10,080,013</u>	<u>20,017,499</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	2,520,935	-	2,520,935
Lease Related Amounts	33,327	120,798	154,125
Pension Related Amounts	4,177,841	399,165	4,577,006
Other Postemployment Related Amounts	53,465	5,706	59,171
Total Deferred Inflows of Resources	<u>6,785,568</u>	<u>525,669</u>	<u>7,311,237</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,673,464	11,272,341	19,945,805
Restricted:			
Debt Service	36,621	850,723	887,344
Tax Incremental District	149,307	-	149,307
Equipment Replacement	-	774,322	774,322
Pension Benefits	1,769,111	169,027	1,938,138
Unrestricted	(597,758)	1,857,704	1,259,946
Total Net Position	<u>\$ 10,030,745</u>	<u>\$ 14,924,117</u>	<u>\$ 24,954,862</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 1,074,397	\$ 114,085	\$ 34,981	\$ -
Public Safety	2,797,900	1,076,178	142,189	-
Public Works	2,265,268	432,880	551,736	53,031
Health and Human Services	660	-	-	-
Culture and Recreation	979,783	365,593	94,261	-
Conservation and Development	127,149	5,069	-	-
Interest and Fiscal Charges	185,781	-	-	-
Total Governmental Activities	<u>7,430,938</u>	<u>1,993,805</u>	<u>823,167</u>	<u>53,031</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	1,051,022	1,089,398	-	8,400
Sewer Utility	861,826	1,317,155	-	21,422
Total Business-Type Activities	<u>1,912,848</u>	<u>2,406,553</u>	<u>-</u>	<u>29,822</u>
Total	<u>\$ 9,343,786</u>	<u>\$ 4,400,358</u>	<u>\$ 823,167</u>	<u>\$ 82,853</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

	Net Revenue (Expense) and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>			
General Government	\$ (925,331)	\$ -	\$ (925,331)
Public Safety	(1,579,533)	-	(1,579,533)
Public Works	(1,227,621)	-	(1,227,621)
Health and Human Services	(660)	-	(660)
Culture and Recreation	(519,929)	-	(519,929)
Conservation and Development	(122,080)	-	(122,080)
Interest and Fiscal Charges	(185,781)	-	(185,781)
Total Governmental Activities	(4,560,935)	-	(4,560,935)
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water Utility	-	46,776	46,776
Sewer Utility	-	476,751	476,751
Total Business-Type Activities	-	523,527	523,527
Total	(4,560,935)	523,527	(4,037,408)
<b>GENERAL REVENUES</b>			
Taxes:			
Property Taxes	2,043,014	-	2,043,014
Tax Increments	206,968	-	206,968
Other Taxes	36,934	-	36,934
Federal and State Grants and Other			
Contributions not Restricted to			
Specific Functions	1,777,779	-	1,777,779
Interest and Investment Earnings	68,630	29,486	98,116
Miscellaneous	73,250	27,305	100,555
Transfers	204,154	(204,154)	-
Total General Revenues and Transfers	4,410,729	(147,363)	4,263,366
<b>CHANGE IN NET POSITION</b>	(150,206)	376,164	225,958
Net Position - Beginning of Year	10,180,951	14,547,953	24,728,904
<b>NET POSITION - END OF YEAR</b>	\$ 10,030,745	\$ 14,924,117	\$ 24,954,862

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

<b>ASSETS</b>	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Cash and Investments	\$ 1,359,896	\$ 97,077	\$ 1,148,605	\$ 2,605,578
Receivables:				
Taxes and Special Charges	474,200	774,675	649,221	1,898,096
Delinquent Taxes	36,730	-	-	36,730
Accounts, Net	101,608	-	-	101,608
Special Assessments	157,698	-	-	157,698
Leases	33,327	-	-	33,327
Loans	-	-	67,703	67,703
Due from Other Funds	495,436	-	2,195	497,631
Prepaid Items	-	-	28,832	28,832
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,658,895</u>	<u>\$ 871,752</u>	<u>\$ 1,896,556</u>	<u>\$ 5,427,203</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 26,607	\$ -	\$ 41,097	\$ 67,704
Accrued and Other Current Liabilities	134,840	-	4,003	138,843
Due to Other Funds	2,195	-	495,436	497,631
Advance from Other Funds	500,000	-	-	500,000
Special Deposits	11,026	-	1,375	12,401
Unearned Revenues	6,500	-	223,333	229,833
Total Liabilities	<u>681,168</u>	<u>-</u>	<u>765,244</u>	<u>1,446,412</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Levied for Subsequent Year	1,097,039	774,675	649,221	2,520,935
Loans Receivable	-	-	67,703	67,703
Leases	33,327	-	-	33,327
Special Assessments	157,698	-	-	157,698
Total Deferred Inflows of Resources	<u>1,288,064</u>	<u>774,675</u>	<u>716,924</u>	<u>2,779,663</u>
 <b>FUND BALANCES</b>				
Nonspendable	36,730	-	28,832	65,562
Restricted	-	97,077	149,307	246,384
Committed	-	-	736,100	736,100
Assigned	105,948	-	-	105,948
Unassigned	546,985	-	(499,851)	47,134
Total Fund Balances	<u>689,663</u>	<u>97,077</u>	<u>414,388</u>	<u>1,201,128</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,658,895</u>	<u>\$ 871,752</u>	<u>\$ 1,896,556</u>	<u>\$ 5,427,203</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances as Shown on Previous Page	\$ 1,201,128
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.	16,528,240
Long-term assets are not considered available and; therefore, are not reported in the funds	
Net Pension Asset	1,769,111
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Loans Receivable	67,703
Special Assessments	157,698
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	3,466,040
Deferred Inflows Related to Pensions	(4,177,841)
Deferred Outflows Related to Other Postemployment Benefits	60,836
Deferred Inflows Related to Other Postemployment Benefits	(53,465)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds, Notes and Financed Purchased Liability	(8,074,319)
Premium on Debt	(280,457)
Compensated Absences	(391,092)
Other Postemployment Benefit	(182,381)
Accrued Interest on Long-Term Obligations	<u>(60,456)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 10,030,745</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Other Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 1,216,043	\$ 376,470	\$ 694,403	\$ 2,286,916
Special Assessments	69,860	-	-	69,860
Intergovernmental	2,141,874	-	455,797	2,597,671
Licenses and Permits	119,404	-	-	119,404
Fines and Forfeits	63,911	-	-	63,911
Public Charges for Services	1,066,016	-	501,437	1,567,453
Intergovernmental Charges for Services	81,388	-	52,500	133,888
Miscellaneous	97,216	-	164,326	261,542
Total Revenues	<u>4,855,712</u>	<u>376,470</u>	<u>1,868,463</u>	<u>7,100,645</u>
<b>EXPENDITURES</b>				
Current:				
General Government	571,909	-	-	571,909
Public Safety	2,821,571	-	33,337	2,854,908
Public Works	1,126,364	-	354,518	1,480,882
Health and Human Services	660	-	-	660
Culture and Recreation	351,885	-	505,922	857,807
Conservation and Development	36,664	-	26,289	62,953
Debt Service:				
Principal	-	169,112	430,888	600,000
Interest and Fiscal Charges	-	207,358	33,717	241,075
Capital Outlay	-	-	639,783	639,783
Total Expenditures	<u>4,909,053</u>	<u>376,470</u>	<u>2,024,454</u>	<u>7,309,977</u>
<b>EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES</b>	(53,341)	-	(155,991)	(209,332)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	500,000	-	-	500,000
Transfers In	229,154	-	-	229,154
Transfers Out	-	-	(25,000)	(25,000)
Total Other Financing Sources (Uses)	<u>729,154</u>	<u>-</u>	<u>(25,000)</u>	<u>704,154</u>
<b>NET CHANGE IN FUND BALANCES</b>	675,813	-	(180,991)	494,822
Fund Balances - Beginning of Year	<u>13,850</u>	<u>97,077</u>	<u>595,379</u>	<u>706,306</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 689,663</u>	<u>\$ 97,077</u>	<u>\$ 414,388</u>	<u>\$ 1,201,128</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances as Shown on Previous Page	\$ 494,822
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	433,981
Depreciation Expense Reported in the Statement of Activities	(1,163,522)
Net Book Value of Disposals	(478,950)
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.	
	(13,767)
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	(500,000)
Principal Repaid	642,135
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	(187)
Amortization of Debt Premium	55,482
Compensated Absences	(18,318)
Net Pension Asset	471,019
Deferred Outflows of Resources Related to Pensions	1,274,844
Deferred Inflows of Resources Related to Pensions	(1,330,313)
Other Postemployment Benefits	8,637
Deferred Outflows of Resources Related to Other Postemployment Benefits	(20,527)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(5,542)
	(5,542)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ (150,206)

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,202,109	\$ 1,202,109	\$ 1,216,043	\$ 13,934
Special Assessments	86,700	86,700	69,860	(16,840)
Intergovernmental	1,991,687	1,991,687	2,141,874	150,187
Licenses and Permits	97,720	97,720	119,404	21,684
Fines and Forfeits	83,750	83,750	63,911	(19,839)
Public Charges for Services	891,050	891,050	1,066,016	174,966
Intergovernmental Charges for Services	111,628	111,628	81,388	(30,240)
Miscellaneous	49,050	49,050	97,216	48,166
Total Revenues	<u>4,513,694</u>	<u>4,513,694</u>	<u>4,855,712</u>	<u>342,018</u>
<b>EXPENDITURES</b>				
Current:				
General Government	647,115	647,115	571,909	75,206
Public Safety	2,550,387	2,550,387	2,821,571	(271,184)
Public Works	1,139,427	1,139,427	1,126,364	13,063
Health and Human Services	3,000	3,000	660	2,340
Culture and Recreation	357,205	358,653	351,885	6,768
Conservation and Development	36,560	36,560	36,664	(104)
Total Expenditures	<u>4,733,694</u>	<u>4,735,142</u>	<u>4,909,053</u>	<u>(173,911)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES</b>				
	(220,000)	(221,448)	(53,341)	168,107
<b>OTHER FINANCING SOURCES</b>				
Long-Term Debt Issued	-	-	500,000	500,000
Transfers In	220,000	220,000	229,154	9,154
Total Other Financing Sources (Uses)	<u>220,000</u>	<u>220,000</u>	<u>729,154</u>	<u>509,154</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	(1,448)	675,813	677,261
Fund Balance - Beginning of Year	<u>13,850</u>	<u>13,850</u>	<u>13,850</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 13,850</u></u>	<u><u>\$ 12,402</u></u>	<u><u>\$ 689,663</u></u>	<u><u>\$ 677,261</u></u>

See accompanying Notes to Basic Financial Statements.



**CITY OF OCONTO, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2022**

	Water and Sewer Utility
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 4,120,317
Receivables:	
Customer Accounts	576,917
Special Assessments	41,884
Lease Receivable	69,330
Due from Other Governments	11,112
Prepaid Items	53,719
Total Current Assets	4,873,279
Noncurrent Assets:	
Restricted Assets: Cash and Investments	1,676,932
Other Assets:	
Advance to Other Funds	500,000
Lease Receivable	51,468
Net Pension Asset	169,027
Total Other Assets	720,495
Capital Assets:	
Nondepreciable	53,872
Depreciable	17,869,097
Total Capital Assets	17,922,969
Total Assets	25,193,675
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Amounts	329,631
Other Postemployment Related Amounts	6,493
Total Deferred Outflows of Resources	336,124

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF NET POSITION (CONTINUED)  
PROPRIETARY FUND  
DECEMBER 31, 2022**

	Water and Sewer Utility
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 30,049
Accrued and Other Current Liabilities	5,390
Accrued Interest Payable	51,887
Current Portion of Long-Term Obligations	356,589
Total Current Liabilities	443,915
 Long-Term Obligations, Less Current Portion:	
Revenue Bonds	8,860,000
Debt Premium	736,869
Compensated Absences	19,765
Other Postemployment Benefits	19,464
Total Long-Term Liabilities	9,636,098
Total Liabilities	10,080,013
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Leases Related Amounts	120,798
Pension Related Amounts	399,165
Other Postemployment Related Amounts	5,706
Total Deferred Inflows of Resources	525,669
 <b>NET POSITION</b>	
Net Investment in Capital Assets	11,272,341
Restricted:	
Debt Service	850,723
Equipment Replacement	774,322
Pension Benefits	169,027
Unrestricted	1,857,704
Total Net Position	\$ 14,924,117

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2022**

	Water and Sewer Utility
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 2,318,120
Other	88,433
Total Operating Revenues	2,406,553
<b>OPERATING EXPENSES</b>	
Operation and Maintenance	940,665
Depreciation	544,418
Taxes	1,039
Total Operating Expenses	1,486,122
<b>OPERATING INCOME</b>	920,431
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	56,791
Interest and Fiscal Charges	(609,741)
Amortization of Debt Premium	183,015
Total Nonoperating Revenues (Expenses)	(369,935)
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	550,496
Capital Contributions	29,822
Transfers Out	(204,154)
<b>CHANGE IN NET POSITION</b>	376,164
Net Position - Beginning of Year	14,547,953
<b>NET POSITION - END OF YEAR</b>	\$ 14,924,117

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2022**

	<u>Water and Sewer Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 2,259,712
Cash Paid for Employee Wages and Benefits	(536,215)
Cash Paid to Suppliers	<u>(423,544)</u>
Net Cash Provided by Operating Activities	1,299,953
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer to City for Property Tax Equivalent	<u>(704,154)</u>
Net Cash Used by Noncapital Financing Activities	(704,154)
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(616,196)
Debt Proceeds Received	9,210,000
Lease Payments Received	64,498
Debt Premium Received	787,514
Issuance Costs Paid	(251,585)
Principal Paid on Long-Term Debt	(6,875,000)
Interest Paid on Long-Term Debt	(354,857)
Special Assessment Collections	<u>39,877</u>
Net Cash Provided by Capital and Related Financing Activities	2,004,251
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>56,791</u>
 <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	2,656,841
Cash and Cash Equivalents - Beginning of Year	<u>3,140,408</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 5,797,249</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2022**

	Water and Sewer Utility
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 920,431
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	544,418
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:	
Change in WRS Asset/Liability	(33,690)
Change in WRS Deferred Outflow	(104,064)
Change in WRS Deferred Inflow	102,285
Change in OPEB Liability	(2,566)
Change in OPEB Deferred Outflow	2,891
Change in OPEB Deferred Inflow	179
Change in Operating Assets and Liabilities:	
Accounts Receivables	(82,442)
Due from Other Governments	99
Inventories and Prepaid Items	1,536
Accounts Payable	22,271
Accrued and Other Liabilities	(1,855)
Lease Receivable	(64,498)
Compensated Absences	(5,042)
Net Cash Provided by Operating Activities	\$ 1,299,953
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>	
Cash and Cash Equivalents in Current Assets	\$ 4,120,317
Cash and Cash Equivalents in Restricted Assets	1,676,932
Total Cash and Cash Equivalents	\$ 5,797,249

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2022**

	Private Purpose Trust	Custodial Fund	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 116,387	\$ 1,088,552	\$ 1,204,939
Receivables:			
Taxes	-	2,845,668	2,845,668
Total Assets	116,387	3,934,220	4,050,607
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	-	3,934,220	3,934,220
<b>NET POSITION</b>			
Restricted	\$ 116,387	\$ -	\$ 116,387

*See accompanying Notes to Basic Financial Statements.*

**CITY OF OCONTO, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	Private Purpose Trust	Custodial Fund	Totals
<b>ADDITIONS</b>			
Donations	\$ 24	\$ -	\$ 24
Taxes and Special Charges Collected	-	3,934,220	3,934,220
Total Additions	<u>24</u>	<u>3,934,220</u>	<u>3,934,244</u>
<b>DEDUCTIONS</b>			
Payments to Other Taxing Districts	-	3,934,220	3,934,220
Total Deductions	<u>-</u>	<u>3,934,220</u>	<u>3,934,220</u>
<b>CHANGE IN NET POSITION</b>	24	-	24
Net Position - Beginning of Year	<u>116,363</u>	<u>-</u>	<u>116,363</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 116,387</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 116,387</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022**

**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.

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, 2022**

**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, 2022**

**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 \$31,938.

**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 2022 tax roll are recognized as revenue in 2023.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

**5. Loans Receivable**

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

**6. Interfund Receivables and Payables**

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

**7. Prepaid Items**

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

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

**8. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$3,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

**8. Capital Assets (Continued)**

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

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

**9. Compensated Absences**

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

**10. Deferred Outflows/Inflows of Resources**

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

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

**11. Long-Term Obligations**

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

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

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

**12. Leases**

The City is a lessor of right to use space on their water tower and their City Hall.

The City determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

**12. Leases (Continued)**

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The City accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the City treats the components as a single lease unit.

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

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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**

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.

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.



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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)**

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. Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liability for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that lease are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 STEWARDSHIP AND COMPLIANCE**

**A. Budgets and Budgetary Accounting**

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

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, special revenue, and debt service funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget. Management control over other special revenue funds is achieved by maintenance of separate cash and investment accounts. Management control over the TID No. 3, TID No. 4, TID No. 5, and capital project funds is achieved through District's project plans and capital improvement plans approved by the City Council.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations at the function level for the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2022.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022 as follows:

Fund	Excess Expenditures
General:	
General Government:	
Municipal Court	\$ 2,267
Accounting and Auditing	19,490
Municipal Building	906
Public Safety:	
Police Department	3,998
Fire Department	44,885
Ambulance	222,845
Disaster Control	1,177
Public Works:	
Machinery	25,793
Sidewalk and Storm Sewer	587
Weed Control	53
Culture and Recreation:	
Recreation Programs and Events	103
Conservation and Development:	
Tourism	450

**C. Deficit Fund Equity**

The following funds had deficit fund balance as of December 31, 2022:

Funds	Deficit Fund Balance
Recycling	\$ 69,729
Tax Incremental District No. 4	419,722
Tax Incremental District No. 5	10,400

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 2022 and 2023 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 2022 budget was 1.10%. The actual limit for the City for the 2023 budget was 1.31%. 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 \$9,607,766 on December 31, 2022 as summarized below:

Petty Cash and Cash on Hand	\$	4,884
Deposits with Financial Institutions		6,705,195
Investments:		
Wisconsin Local Government Investment Pool		2,897,687
Total		<u>\$ 9,607,766</u>

Reconciliation to the Basic Financial Statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	6,725,895
Restricted Cash and Investments		1,676,932
Fiduciary Fund Statement of Net Position:		
Cash and Investments		
Private Purpose Trust Fund		116,387
Custodial Fund		1,088,552
Total		<u>\$ 9,607,766</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022, \$5,841,930 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. \$5,841,930 was collateralized with securities held by the pledging financial institution or its trust department or agent by not in the City's name.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 \$2,897,687 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, 2022, 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, 2022 totaled \$1,676,932 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Enterprise Fund:		
Revenue Bond Requirements	\$ 902,610	Debt reserve and principal and interest special redemption
Equipment Replacement	774,322	To be used for the replacement of certain equipment of the sewer utility
Total	<u>\$ 1,676,932</u>	

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**C. Leases Receivable**

A summary of the City's lease terms and interest rates is as follows:

Governmental Activities:

Office space leases. Monthly installments ranging from \$254 to \$442 plus interest at 1.00%, due dates through 2026.

Business-Type Activities:

Water tower leases. Yearly installments ranging from \$21,966 to \$51,467 plus interest at rates ranging from 3% to 4%, due dates ranging from 2023-2024.

The lease provides for increases in future minimum annual rental payments.

For the year ended December 31, 2022, the City received \$32,371 in lease revenue and \$10,152 in interest on the leases receivable.

The future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31.</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 8,207	\$ 289	\$ 69,330	\$ 2,454	\$ 80,280
2024	8,290	206	51,468	344	60,308
2025	8,373	123	-	-	8,496
2026	8,457	39	-	-	8,496
Total Minimum Lease Payments	<u>\$ 33,327</u>	<u>\$ 657</u>	<u>\$ 120,798</u>	<u>\$ 2,798</u>	<u>\$ 157,580</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 672,042	\$ -	\$ 459,450	\$ 212,592
Construction in Progress	7,252	35,452	19,410	23,294
Total Capital Assets, Nondepreciable	<u>679,294</u>	<u>35,452</u>	<u>478,860</u>	<u>235,886</u>
Capital Assets, Depreciable:				
Buildings and Improvements	7,569,469	23,360	-	7,592,829
Machinery and Equipment	5,694,883	35,336	54,821	5,675,398
Infrastructure	16,839,726	359,243	-	17,198,969
Subtotals	<u>30,104,078</u>	<u>417,939</u>	<u>54,821</u>	<u>30,467,196</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	4,206,640	218,267	-	4,424,907
Machinery and Equipment	3,945,686	354,044	35,321	4,264,409
Infrastructure	4,894,315	591,211	-	5,485,526
Subtotals	<u>13,046,641</u>	<u>1,163,522</u>	<u>35,321</u>	<u>14,174,842</u>
Total Capital Assets, Depreciable, Net	<u>17,057,437</u>	<u>(745,583)</u>	<u>19,500</u>	<u>16,292,354</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,736,731</u>	<u>\$ (710,131)</u>	<u>\$ 498,360</u>	16,528,240
Less: Capital Related Debt				7,574,319
Less: Debt Premium				<u>280,457</u>
Net Investment in Capital Assets				<u>\$ 8,673,464</u>



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**D. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 45,855	\$ -	\$ -	\$ 45,855
Construction in Progress	-	8,017	-	8,017
Total Capital Assets, Not Being Depreciated	45,855	8,017	-	53,872
Capital Assets, Depreciable:				
Buildings and Improvements	1,786,982	-	-	1,786,982
Machinery and Equipment	6,706,358	386,848	160,950	6,932,256
Infrastructure	18,837,540	229,731	24,580	19,042,691
Subtotals	27,330,880	616,579	185,530	27,761,929
Less: Accumulated Depreciation	9,533,944	544,418	185,530	9,892,832
Total Capital Assets, Depreciable, Net	17,796,936	72,161	-	17,869,097
Business-Type Activities Capital Assets, Net	\$ 17,842,791	\$ 80,178	\$ -	17,922,969
Less: Capital Related Debt				5,889,070
Less: Debt Premium				736,869
Less: Capital Related Accounts Payable				24,689
Net Investment in Capital Assets				\$ 11,272,341

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

Governmental Activities:	
General Government	\$ 87,685
Public Safety	140,247
Public Works	755,776
Culture and Recreation	179,814
Total Depreciation Expense - Governmental Activities	\$ 1,163,522
Business-Type Activities:	
Water Utility	\$ 239,521
Sewer Utility	304,897
Total Depreciation Expense - Business-Type Activities	\$ 544,418

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**E. Interfund Receivable, Payables, and Transfers**

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2022 are detailed below:

	Receivables	Payables
Operating Accounts Between Funds:		
General Fund	\$ 495,436	\$ 2,195
Holtwood Campground	2,195	-
Recycling	-	66,689
Tax Incremental District No. 4	-	418,347
Tax Incremental District No. 5	-	10,400
Total	497,631	497,631
Long-Term Cash Advances to Finance		
Operating Cash Deficits:		
Governmental Funds:		
General Fund	500,000	-
Proprietary Fund:		
Water and Sewer Utility	-	500,000
Subtotal	500,000	500,000
Totals	\$ 997,631	\$ 997,631

Interfund transfers for the year ended December 31, 2022 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 229,154	\$ -
Holtwood Campground	-	25,000
Water and Sewer Utility	-	204,154
Total	\$ 229,154	\$ 229,154

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to General Fund	\$ 204,154
Reimburse General Fund for Campground	25,000
Total	\$ 229,154

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**F. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>General Obligation Debt:</b>					
Bonds	\$ 1,025,000	\$ -	\$ 500,000	\$ 525,000	\$ 525,000
Notes	7,015,000	-	100,000	6,915,000	200,000
Notes from Direct Borrowings	-	500,000	-	500,000	-
Total General Obligation Debt	8,040,000	500,000	600,000	7,940,000	725,000
Debt Premium	335,939	-	55,482	280,457	-
Lease Liability - Finance Purchased	176,454	-	42,135	134,319	43,427
Compensated Absences	372,774	130,904	112,586	391,092	97,773
Governmental Activities Long-Term Obligations	<u>\$ 8,925,167</u>	<u>\$ 630,904</u>	<u>\$ 810,203</u>	<u>\$ 8,745,868</u>	<u>\$ 866,200</u>
<b>Business-Type Activities:</b>					
Revenue Bonds	\$ 6,095,000	\$ 9,210,000	\$ 6,095,000	\$ 9,210,000	\$ 350,000
Revenue Bond Anticipation Notes	780,000	-	780,000	-	-
Debt Premium	132,370	787,514	183,015	736,869	-
Compensated Absences	31,396	7,320	12,362	26,354	6,589
Business-Type Activities Long-Term Obligations	<u>\$ 7,038,766</u>	<u>\$ 10,004,834</u>	<u>\$ 7,070,377</u>	<u>\$ 9,973,223</u>	<u>\$ 356,589</u>

Total interest paid during the year on long-term debt totaled \$595,497.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
General Obligation Refunding Bonds	08/26/15	10/01/23	3.625 - 4.0%	\$ 1,025,000	\$ 525,000
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	4,075,000
General Obligation Notes	12/22/22	12/15/25	5.50%	500,000	500,000
Total Outstanding General Obligation Debt					<u>\$ 7,940,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$7,940,000 on December 31, 2022 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 774,200	\$ 247,821	\$ 1,022,021
2024	824,200	214,309	1,038,509
2025	1,226,600	192,175	1,418,775
2026	825,000	145,575	970,575
2027	1,840,000	109,725	1,949,725
2028-2029	2,450,000	128,250	2,578,250
Total	<u>\$ 7,940,000</u>	<u>\$ 1,037,855</u>	<u>\$ 8,977,855</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

General Obligation Debt (Continued)

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, 2022 was \$6,822,210 as follows:

Equalized Valuation of the City	\$ 295,244,200
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	14,762,210
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>7,940,000</u>
Legal Margin for New Debt	<u><u>\$ 6,822,210</u></u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2022 totaled \$9,210,000 and were comprised of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
Waterworks and Sewerage System	02/24/22	05/01/32	3.0 - 5.0%	\$ 9,550,000	<u>\$ 9,210,000</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$9,210,000 on December 31, 2022 are detailed below:

<u>Year Ended December 31,</u>	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 350,000	\$ 306,050	\$ 656,050
2024	375,000	291,550	666,550
2025	375,000	276,550	636,050
2026	400,000	261,050	645,050
2027	400,000	245,050	1,368,725
2028-2032	2,110,000	968,725	2,699,425
2033-2037	2,605,000	589,425	2,791,675
2038-2042	2,595,000	186,675	5,720,075
Total	<u>\$ 9,210,000</u>	<u>\$ 3,125,075</u>	<u>\$ 12,335,075</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

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 2042. The total principal and interest remaining to be paid on the bonds is \$12,335,075. Principal and interest paid for the current year and total customer net revenues were \$694,883 and \$1,561,517, respectively.

**G. Leases**

Lease Liability: Finance Purchases

The City is required to make various monthly principal and interest payments. This lease has an interest rate of 3.07%. The equipment has an estimated useful life of five years. The financed purchase lease expires in 2025.

This lease agreement qualifies as a financed purchase for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The asset acquired through a financed purchase lease is as follows:

Assets:	
Machinery and Equipment	\$ 217,335
Less: Accumulated Depreciation	<u>(90,556)</u>
Total	<u><u>\$ 126,779</u></u>

The future minimum lease obligations and the net present value of these lease payments as of December 31, 2022 were as follows:

<u>Year Ending</u>	<u>Principal</u>
2023	\$ 43,426
2024	44,760
2025	<u>46,133</u>
Subtotal	<u><u>\$ 134,319</u></u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**H. Pension Plan**

**1. Plan Description**

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), 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.

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

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

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

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

The WRS also provides death and disability benefits for employees.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**H. Pension Plan (Continued)**

**2. Postretirement Adjustments**

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0

**3. Contributions**

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, executives, and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ending December 31, 2022, the WRS recognized \$284,725 in contributions from the City.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**H. Pension Plan (Continued)**

**3. Contributions (Continued)**

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.50 %	6.50 %
Protective with Social Security	6.50	12.00
Protective without Social Security	6.50	16.40

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

At December 31, 2022, the City reported an asset of \$1,938,138 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.02404583%, which was an increase of 0.00108573% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense (revenue) of \$(167,574).

At December 31, 2022, 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	\$ 3,130,962	\$ 225,776
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	4,335,775
Changes in Assumptions	361,589	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	18,395	15,455
Employer Contributions Subsequent to the Measurement Date	284,725	-
Total	<u>\$ 3,795,671</u>	<u>\$ 4,577,006</u>



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**H. Pension Plan (Continued)**

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

\$284,725 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2023	\$ (89,688)
2024	(522,299)
2025	(230,123)
2026	<u>(223,950)</u>
Total	<u>\$ (1,066,060)</u>

**5. Actuarial Assumptions**

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

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 18, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability charged from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality, and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 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	52.0 %	6.8 %	4.7 %
Fixed Income	25.0	4.3	0.8
Inflation Sensitive Assets	19.0	2.7	(0.4)
Real Estate	7.0	5.6	3.1
Private Equity/Debt	12.0	9.7	7.6
Cash	(15.0)	0.9	N/A
Total Core Fund	100.0 %	6.6 %	4.1 %
<u>Variable Fund Asset Class:</u>			
U.S. Equities	70.0 %	6.3 %	4.1 %
International Equities	30.0	7.2	4.9
Total Variable Fund	100.0 %	6.8 %	4.6 %

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.5%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.00% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (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, 2021. 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 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,375,246	\$ (1,938,138)	\$ (4,323,158)

**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>.

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**H. Pension Plan (Continued)**

**6. Payable to the Pension Plan**

At December 31, 2022, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

**I. Other Postemployment Benefits**

**1. Plan Description**

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

**2. OPEB Plan Fiduciary Net Position**

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

**3. Benefits Provided**

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

**4. Contributions**

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

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

Contribution rates as of December 31, 2022 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

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

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

**4. Contributions (Continued)**

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021 are listed below:

Life Insurance Member Contribution Rates* Year Ended December 31, 2020		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the year ended December 31, 2022, the LRLIF recognized \$742 in contributions from the employer.

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

At December 31, 2022, the City reported a liability of \$201,845 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.03415100%, which was a decrease of 0.00458000% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2022, the City recognized OPEB expense of \$18,635.

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

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

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 10,268
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,626	-
Changes in Assumptions	60,986	9,784
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,717	39,119
Total	\$ 67,329	\$ 59,171

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
2023	\$ 3,439
2024	3,134
2025	2,042
2026	4,527
2027	(2,292)
Thereafter	(2,692)
Total	\$ 8,158

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 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, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 18, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability charged from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality, and separation rates. The total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

**CITY OF OCONTO, WISCONSIN  
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DECEMBER 31, 2022**

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

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

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

Long-Term Expected Return on Plan Assets (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5%	1.82%
U.S. Mortgages	Bloomberg U.S. MBS	50%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remain unchanged from the prior year at 4.25%. 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. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. 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.



**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

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

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

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, 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 (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 273,831	\$ 201,845	\$ 147,679

**6. Payable to the OPEB Plan**

At December 31, 2022, the City reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended December 31, 2022.

**J. Fund Equity**

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2022, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Delinquent Special Assessments	\$ 36,730
Special Revenue Funds:	
Nonspendable:	
Prepaid Items:	
Airport	28,832
Total Nonspendable Fund Balance	\$ 65,562

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**J. 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, 2022, restricted fund balance was as follows:

Debt Service Fund:	
Restricted for:	
Retirement of Long-Term Debt	\$ 97,077
Capital Projects Funds:	
Restricted for:	
Tax Incremental District No. 3 Project Plan	149,307
	<hr/>
Total Restricted Fund Balance	<u>\$ 246,384</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2022, governmental fund balance was committed as follows:

Special Revenue Funds:	
Committed for:	
Airport	\$ 177,968
Capital Projects	205,667
Docks/Breakwater	72,100
Holtwood Campground	80,313
K-9 Police	32,979
Library	130,967
Community Revolving Loans	36,106
Total Committed Fund Balance	<u>\$ 736,100</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, 2022, fund balance was assigned as follows:

General Fund:	
Assigned for Crime Prevention	\$ 11,187
Assigned for Ambulance	94,761
Total Assigned Fund Balance	<u>\$ 105,948</u>

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**J. 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 2022 General Fund Expenditures	\$	4,733,694
Minimum Fund Balance %		(x) 8% - 15%
Minimum Fund Balance Amount		\$ 378,696 - 710,054

The City's unassigned general fund deficit of \$546,985 is within the minimum fund balance range.

**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, 2022, the City can recover \$1,132,176 from future excess tax increment revenues of the following:

		Recoverable Costs
TID No. 3	\$	102,654
TID No. 4		872,156

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

**CITY OF OCONTO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Tax Incremental Financing Districts (Continued)**

Tax Incremental District Number 5 has not been officially created with the Wisconsin Department of Revenue as of December 31, 2022. Expenses in the current year are startup costs for the TID.

**B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

<u>Plan Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.01961865%	\$ (481,888)	\$ 2,044,068	23.57 %	102.74 %
12/31/15	0.01951392%	317,097	2,090,571	15.17	98.20
12/31/16	0.01989446%	163,978	2,185,657	7.50	99.12
12/31/17	0.02113673%	(627,574)	2,414,851	25.99	102.93
12/31/18	0.02157803%	767,678	2,296,813	33.42	96.45
12/31/19	0.02199396%	(709,185)	2,416,313	(29.35)	102.96
12/31/20	0.02296010%	(1,433,429)	2,645,160	(54.19)	105.26
12/31/21	0.02404583%	(1,938,138)	2,698,314	(71.83)	106.02

**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	-	2,645,160	10.97
12/31/21	284,316	284,316	-	2,698,314	10.54
12/31/22	284,725	284,725	-	2,738,728	10.40

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

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered- Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.04686800%	\$ 144,391	\$ 2,414,851	5.98 %	44.81 %
12/31/18	0.04644700%	119,849	2,296,813	5.22	48.69
12/31/19	0.04808600%	204,760	2,309,000	8.87	37.50
12/31/20	0.03873100%	213,048	2,381,000	8.95	31.36
12/31/21	0.03415100%	201,845	2,558,000	7.89	29.57

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

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/18	\$ 892	\$ 892	\$ -	\$ 2,296,813	0.04 %
12/31/19	953	953	-	2,309,000	0.04
12/31/20	782	782	-	2,381,000	0.03
12/31/21	689	689	-	2,698,315	0.03
12/31/22	742	742	-	2,738,728	0.03

See accompanying Notes to Required Supplementary Information.

**CITY OF OCONTO, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 1 WISCONSIN RETIREMENT SYSTEM**

The City is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

Changes of assumptions:

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the EFT Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021 including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0 to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the EFT Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018 including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.



**CITY OF OCONTO, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS**

The City is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

Assumptions: The ETF Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

## **SUPPLEMENTARY INFORMATION**

**CITY OF OCONTO, WISCONSIN  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND  
 OTHER FINANCING SOURCES – GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>TAXES</b>				
General Property	\$ 1,179,109	\$ 1,179,109	\$ 1,179,109	\$ -
Mobile Home Taxes	8,000	8,000	9,081	1,081
Payment in Lieu of Tax	15,000	15,000	27,853	12,853
Total Taxes	<u>1,202,109</u>	<u>1,202,109</u>	<u>1,216,043</u>	<u>13,934</u>
<b>SPECIAL ASSESSMENTS</b>				
Curb and Gutter	80,000	80,000	27,640	(52,360)
Sidewalks	-	-	6,395	6,395
Storm Sewers	-	-	224	224
Garbage Pickup	3,200	3,200	-	(3,200)
Miscellaneous	3,500	3,500	35,601	32,101
Total Special Assessments	<u>86,700</u>	<u>86,700</u>	<u>69,860</u>	<u>(16,840)</u>
<b>INTERGOVERNMENTAL</b>				
State Shared Taxes	1,772,500	1,772,500	1,762,365	(10,135)
Exempt Computer Aid	13,400	13,400	11,802	(1,598)
Fire Insurance	-	-	28,514	28,514
Law Enforcement	-	-	4,408	4,408
General Transportation Aids	190,000	190,000	193,812	3,812
Other State Grants	15,787	15,787	140,973	125,186
Total Intergovernmental	<u>1,991,687</u>	<u>1,991,687</u>	<u>2,141,874</u>	<u>150,187</u>
<b>LICENSES AND PERMITS</b>				
Licenses:				
Liquor and Malt Beverages	12,000	12,000	12,876	876
Other Business and Occupational				
Licenses	2,050	2,050	1,671	(379)
Dog and Cat	375	375	205	(170)
Bicycle Licenses	20	20	-	(20)
Mobile Home Licenses	75	75	75	-
Cable Television Fees	43,000	43,000	39,830	(3,170)
Permits:				
Building, Plumbing, and Electrical	38,200	38,200	63,245	25,045
Zoning	2,000	2,000	1,502	(498)
Total Licenses and Permits	<u>97,720</u>	<u>97,720</u>	<u>119,404</u>	<u>21,684</u>
<b>FINES AND FORFEITS</b>				
Court Fines and Penalties	81,750	81,750	63,281	(18,469)
Parking Violations	2,000	2,000	630	(1,370)
Total Fines and Forfeits	<u>83,750</u>	<u>83,750</u>	<u>63,911</u>	<u>(19,839)</u>

**CITY OF OCONTO, WISCONSIN  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND  
 OTHER FINANCING SOURCES – GENERAL FUND (CONTINUED)  
 YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>PUBLIC CHARGES FOR SERVICES</b>				
General Government	\$ 15,000	\$ 15,000	\$ 10,258	\$ (4,742)
Law Enforcement Fees	600	600	179	(421)
Ambulance Fees	725,000	725,000	930,725	205,725
Fire Department Fees	50	50	50	-
Public Works Fees	7,100	7,100	4,815	(2,285)
Weed and Nuisance Control	11,000	11,000	8,789	(2,211)
Garbage Collection	94,000	94,000	96,893	2,893
Park and Recreation Fees	38,300	38,300	14,307	(23,993)
Total Public Charges for Services	<u>891,050</u>	<u>891,050</u>	<u>1,066,016</u>	<u>174,966</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Township Ambulance and Fire Contracts	101,628	101,628	76,221	(25,407)
Township Rural Calls	10,000	10,000	5,167	(4,833)
Total Intergovernmental Charges for Services	<u>111,628</u>	<u>111,628</u>	<u>81,388</u>	<u>(30,240)</u>
<b>MISCELLANEOUS</b>				
Interest on Investments	10,000	10,000	60,734	50,734
Interest on Special Assessments	11,200	11,200	3,805	(7,395)
Rental Income	11,300	11,300	8,626	(2,674)
Insurance Dividends, Recoveries, and Refunds	7,000	7,000	7,589	589
Donations	3,350	3,350	6,971	3,621
Sale of Property	5,000	5,000	350	(4,650)
Other	1,200	1,200	9,141	7,941
Total Miscellaneous	<u>49,050</u>	<u>49,050</u>	<u>97,216</u>	<u>48,166</u>
Total Revenues	4,513,694	4,513,694	4,855,712	342,018
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>220,000</u>	<u>220,000</u>	<u>229,154</u>	<u>9,154</u>
Total Revenues and Other Financing Sources	<u>\$ 4,733,694</u>	<u>\$ 4,733,694</u>	<u>\$ 5,084,866</u>	<u>\$ 351,172</u>

**CITY OF OCONTO, WISCONSIN  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
City Council and Mayor	\$ 50,912	\$ 50,912	\$ 37,411	\$ 13,501
Municipal Court	81,049	81,049	83,316	(2,267)
City Attorney	35,109	35,109	35,052	57
Clerk - Treasurer	120,920	120,920	120,069	851
Elections	17,287	17,287	13,557	3,730
Technology	58,500	58,500	48,470	10,030
Accounting and Auditing	12,150	12,150	31,640	(19,490)
Assessor and Inspection	130,920	130,920	116,259	14,661
Board of Review	400	400	400	-
Municipal Building	64,000	64,000	64,906	(906)
Property and Liability Insurance	28,910	28,910	19,590	9,320
Employee Retirements	46,958	46,958	1,239	45,719
Total General Government	<u>647,115</u>	<u>647,115</u>	<u>571,909</u>	<u>75,206</u>
<b>PUBLIC SAFETY</b>				
Police Department	1,062,073	1,062,073	1,066,071	(3,998)
Fire Department	1,192,353	1,192,353	1,237,238	(44,885)
Ambulance	275,000	275,000	497,845	(222,845)
Crossing Guards	18,961	18,961	17,240	1,721
Disaster Control	2,000	2,000	3,177	(1,177)
Total Public Safety	<u>2,550,387</u>	<u>2,550,387</u>	<u>2,821,571</u>	<u>(271,184)</u>
<b>PUBLIC WORKS</b>				
Supervision	713,102	713,102	680,615	32,487
Buildings	40,325	40,325	38,044	2,281
Machinery	117,000	117,000	142,793	(25,793)
Street Maintenance	5,000	5,000	4,995	5
Traffic Control	7,500	7,500	6,870	630
Snow and Ice Control	34,000	34,000	33,845	155
Sidewalk and Storm Sewer	10,000	10,000	10,587	(587)
Weed Control	-	-	53	(53)
Street Lighting	87,500	87,500	84,717	2,783
Garbage and Refuse	125,000	125,000	123,845	1,155
Total Public Works	<u>1,139,427</u>	<u>1,139,427</u>	<u>1,126,364</u>	<u>13,063</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Animal Control	3,000	3,000	660	2,340
<b>CULTURE AND RECREATION</b>				
Historical Society	500	500	500	-
Parks	345,533	346,981	340,330	6,651
Recreation Programs and Events	10,572	10,572	10,675	(103)
Celebrations and Decorations	600	600	380	220
Total Culture and Recreation	<u>357,205</u>	<u>358,653</u>	<u>351,885</u>	<u>6,768</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Forestry	4,600	4,600	4,254	346
Tourism	31,960	31,960	32,410	(450)
Total Conservation and Development	<u>36,560</u>	<u>36,560</u>	<u>36,664</u>	<u>(104)</u>
Total Expenditures	<u>\$ 4,733,694</u>	<u>\$ 4,735,142</u>	<u>\$ 4,909,053</u>	<u>\$ (173,911)</u>

**CITY OF OCONTO, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	Special Revenue					
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library	Holtwood Campground
<b>ASSETS</b>						
Cash and Investments	\$ 179,617	\$ 73,403	\$ -	\$ 36,106	\$ 136,167	\$ 80,743
Receivables:						
Taxes and Special Charges	52,500	-	69,760	-	192,528	-
Loans	-	-	-	67,703	-	-
Due from Other Funds	-	-	-	-	-	2,195
Prepaid Items	28,832	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 260,949</b>	<b>\$ 73,403</b>	<b>\$ 69,760</b>	<b>\$ 103,809</b>	<b>\$ 328,695</b>	<b>\$ 82,938</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 1,036	\$ 1,303	\$ 2,914	\$ -	\$ 1,936	\$ 2,625
Accrued and Other Current Liabilities	613	-	126	-	3,264	-
Due to Other Funds	-	-	66,689	-	-	-
Special Deposits	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,649</b>	<b>1,303</b>	<b>69,729</b>	<b>-</b>	<b>5,200</b>	<b>2,625</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes Levied for Subsequent Year	52,500	-	69,760	-	192,528	-
Loans Receivable	-	-	-	67,703	-	-
<b>Total Deferred Inflows of Resources</b>	<b>52,500</b>	<b>-</b>	<b>69,760</b>	<b>67,703</b>	<b>192,528</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	28,832	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	177,968	72,100	-	36,106	130,967	80,313
Assigned	-	-	-	-	-	-
Unassigned	-	-	(69,729)	-	-	-
<b>Total Fund Balances</b>	<b>206,800</b>	<b>72,100</b>	<b>(69,729)</b>	<b>36,106</b>	<b>130,967</b>	<b>80,313</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 260,949</b>	<b>\$ 73,403</b>	<b>\$ 69,760</b>	<b>\$ 103,809</b>	<b>\$ 328,695</b>	<b>\$ 82,938</b>

**CITY OF OCONTO, WISCONSIN  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	Special	Capital Projects			Totals	
	Revenue		Tax	Tax		Tax
	K-9 Police	Capital Projects	Incremental District No. 3	Incremental District No. 4		Incremental District No. 5
<b>ASSETS</b>						
Cash and Investments	\$ 32,979	\$ 460,283	\$ 149,307	\$ -	\$ -	\$ 1,148,605
Receivables:						
Taxes and Special Charges	-	158,602	-	175,831	-	649,221
Loans	-	-	-	-	-	67,703
Due from Other Funds	-	-	-	-	-	2,195
Prepaid Items	-	-	-	-	-	28,832
<b>Total Assets</b>	<b>\$ 32,979</b>	<b>\$ 618,885</b>	<b>\$ 149,307</b>	<b>\$ 175,831</b>	<b>\$ -</b>	<b>\$ 1,896,556</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 31,283	\$ -	\$ -	\$ -	\$ 41,097
Accrued and Other Current Liabilities	-	-	-	-	-	4,003
Due to Other Funds	-	-	-	418,347	10,400	495,436
Special Deposits	-	-	-	1,375	-	1,375
Unearned Revenues	-	223,333	-	-	-	223,333
<b>Total Liabilities</b>	<b>-</b>	<b>254,616</b>	<b>-</b>	<b>419,722</b>	<b>10,400</b>	<b>765,244</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes Levied for Subsequent Year	-	158,602	-	175,831	-	649,221
Loans Receivable	-	-	-	-	-	67,703
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>158,602</b>	<b>-</b>	<b>175,831</b>	<b>-</b>	<b>716,924</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	28,832
Restricted	-	-	149,307	-	-	149,307
Committed	32,979	205,667	-	-	-	736,100
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(419,722)	(10,400)	(499,851)
<b>Total Fund Balances</b>	<b>32,979</b>	<b>205,667</b>	<b>149,307</b>	<b>(419,722)</b>	<b>(10,400)</b>	<b>414,388</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 32,979</b>	<b>\$ 618,885</b>	<b>\$ 149,307</b>	<b>\$ 175,831</b>	<b>\$ -</b>	<b>\$ 1,896,556</b>

**CITY OF OCONTO, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	Special Revenue					
	Airport	Docks/ Breakwater	Recycling	Community Revolving Loan	Library	Holtwood Campground
<b>REVENUES</b>						
Taxes	\$ 52,500	\$ -	\$ 9,072	\$ -	\$ 196,811	\$ -
Intergovernmental	13,000	-	14,541	-	94,261	-
Public Charges for Services	162,240	83,263	-	-	3,218	252,716
Intergovernmental Charges for Services	52,500	-	-	-	-	-
Miscellaneous	45,212	-	18,212	36,106	12,089	-
Total Revenues	<u>325,452</u>	<u>83,263</u>	<u>41,825</u>	<u>36,106</u>	<u>306,379</u>	<u>252,716</u>
<b>EXPENDITURES</b>						
Current:						
Public Safety	-	-	-	-	-	-
Public Works	251,054	69,649	33,815	-	-	-
Culture and Recreation	-	-	-	-	319,190	186,732
Conservation and Development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>251,054</u>	<u>69,649</u>	<u>33,815</u>	<u>-</u>	<u>319,190</u>	<u>186,732</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	74,398	13,614	8,010	36,106	(12,811)	65,984
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers Out	-	-	-	-	-	(25,000)
<b>NET CHANGE IN FUND BALANCES</b>	74,398	13,614	8,010	36,106	(12,811)	40,984
Fund Balances - Beginning of Year	<u>132,402</u>	<u>58,486</u>	<u>(77,739)</u>	<u>-</u>	<u>143,778</u>	<u>39,329</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 206,800</u>	<u>\$ 72,100</u>	<u>\$ (69,729)</u>	<u>\$ 36,106</u>	<u>\$ 130,967</u>	<u>\$ 80,313</u>



**CITY OF OCONTO, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	Special	Capital Projects			Totals	
	Revenue		Tax	Tax		Tax
	K-9 Police	Capital Projects	Incremental District No. 3	Incremental District No. 4		Incremental District No. 5
<b>REVENUES</b>						
Taxes	\$ 5,000	\$ 224,052	\$ 38,109	\$ 168,859	\$ -	\$ 694,403
Intergovernmental	-	330,383	2,543	1,069	-	455,797
Public Charges for Services	-	-	-	-	-	501,437
Intergovernmental Charges for Services	-	-	-	-	-	52,500
Miscellaneous	42,407	10,300	-	-	-	164,326
<b>Total Revenues</b>	<b>47,407</b>	<b>564,735</b>	<b>40,652</b>	<b>169,928</b>	<b>-</b>	<b>1,868,463</b>
<b>EXPENDITURES</b>						
Current						
Public Safety	33,337	-	-	-	-	33,337
Public Works	-	-	-	-	-	354,518
Culture and Recreation	-	-	-	-	-	505,922
Conservation and Development	-	-	-	17,493	8,796	26,289
Debt Service						
Principal	-	-	-	430,888	-	430,888
Interest and Fiscal Charges	-	-	-	33,717	-	33,717
Capital Outlay	-	639,783	-	-	-	639,783
<b>Total Expenditures</b>	<b>33,337</b>	<b>639,783</b>	<b>-</b>	<b>482,098</b>	<b>8,796</b>	<b>2,024,454</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,070</b>	<b>(75,048)</b>	<b>40,652</b>	<b>(312,170)</b>	<b>(8,796)</b>	<b>(155,991)</b>
<b>OTHER FINANCING USES</b>						
Transfers Out	-	-	-	-	-	(25,000)
<b>NET CHANGE IN FUND BALANCES</b>	<b>14,070</b>	<b>(75,048)</b>	<b>40,652</b>	<b>(312,170)</b>	<b>(8,796)</b>	<b>(180,991)</b>
Fund Balances - Beginning of Year	18,909	280,715	108,655	(107,552)	(1,604)	595,379
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 32,979</b>	<b>\$ 205,667</b>	<b>\$ 149,307</b>	<b>\$ (419,722)</b>	<b>\$ (10,400)</b>	<b>\$ 414,388</b>

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

**OPERATING REVENUES**

Charges for Services:

Residential	\$ 426,634
Multi-Family	42,746
Commercial	72,403
Industrial	14,142
Public Authority	44,062
Private Fire Protection	17,519
Public Fire Protection	388,742
Total Charges for Services	1,006,248

Other Revenues:

Forfeited Discounts	5,130
Rental Income from Property	64,498
Other Water Revenues	13,522
Total Other Revenues	83,150

Total Operating Revenues	1,089,398
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**OPERATING EXPENSES**

Operation and Maintenance:

Source of Supply/Treatment:

Operation Supplies and Expenses	42,194
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Transmission and Distribution:

Maintenance of Distribution Reservoirs and Standpipes	54,118
Maintenance of Mains	37,211
Maintenance of Services	62,798
Maintenance of Meters	10,761
Maintenance of Hydrants	7,009
Total Transmission and Distribution	171,897

Customer Accounts:

Meter Reading Labor	14,500
Accounting and Collecting Labor	49,995
Supplies and Expenses	4,294
Total Customer Accounts	68,789

Administrative and General:

Salaries and Wages	99,053
Office Supplies and Expenses	1,725
Property Insurance	13,230
Employees Pensions and Benefits	(18,285)
Transportation	5,133
Total Administrative and General	100,856

Total Operation and Maintenance	383,736
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Depreciation	239,521
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Taxes	1,039
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Total Operating Expenses	624,296
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**OPERATING INCOME**

\$ 465,102
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**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

**OPERATING REVENUES**

Charges for Services:	
Residential	\$ 762,097
Multi-Family	77,762
Commercial	135,254
Industrial	23,957
Public Authority	49,507
Sludge and Septic Processing	200,704
Sanitary Districts Processing	62,591
Total Charges for Services	1,311,872
Other Revenues	
Forfeited Discounts	5,283
Total Operating Revenues	1,317,155

**OPERATING EXPENSES**

Operation and Maintenance:	
Source of Supply/Treatment:	
Operation Labor	89,715
Operation Supplies and Expenses	254,832
Total Source of Supply/Treatment	344,547
Transmission and Distribution:	
Maintenance of Sewer Collection	105,325
Customer Accounts:	
Accounting and Collecting Labor	53,943
Supplies and Expenses	12,003
Total Customer Accounts	65,946
Administrative and General:	
Administrative and General Salaries	33,836
Supplies and Expenses	1,524
Employee Benefits and Insurance	(16,680)
Miscellaneous General	8,713
Transportation	13,718
Total Administrative and General	41,111
Total Operation and Maintenance	556,929
Depreciation	304,897
Total Operating Expenses	861,826

**OPERATING INCOME**

**\$ 455,329**

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-002 and 2022-003 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 2022-001 and 2022-004 to be significant deficiencies.

### **Report on Compliance and Other Matters**

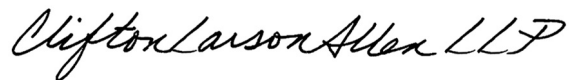
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Oconto's Response to Findings**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
June 19, 2023

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2022**

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

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**2022-001**

**Control Deficiencies  
Preparation of Annual Financial Report  
Repeat of Finding 2021-001**

**Condition**

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

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

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

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

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**Management Response**

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

**2022-002**

**Control Deficiencies**

**Adjustment to the City's Financial Records**

**Repeat of Finding 2021-002**

**Condition**

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Management Response**

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



**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

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

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**2022-003**

**Control Deficiencies**

**Capital Asset Additions**

**Repeat of Finding 2021-003**

**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 2022 audit, we identified several material capital asset additions that were not reported to us by the City staff.

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Management Response**

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

**CITY OF OCONTO, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

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

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**2022-004**

**Control Deficiencies**

**Segregation of Duties**

**Repeat of Finding 2021-004**

**Condition**

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

**Criteria**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Management Response**

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



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.