

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



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YEAR ENDED DECEMBER 31, 2020**

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**CITY OF CHETEK, WISCONSIN
LIST OF PRINCIPAL OFFICERS
YEAR ENDED DECEMBER 31, 2020**

ELECTED

Mayor

Alderspersons:

First Ward

Second Ward

Third Ward

Fourth Ward

Jeff Martin

Scott Bachowski

Earl Grover

Terry Hight

Mark Edwards

APPOINTED

Director of Public Works

Clerk/Treasurer

City Assessor

Wastewater Operator

Librarian

Police Chief

Dan Knapp

Carmen Newman

Associated Appraisal

Rod Rhodes

Carol Burnham

Ron Ambrozaitis



INDEPENDENT AUDITORS' REPORT

City Council
City of Chetek
Chetek, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and OPEB and pension schedules, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted a 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

City Council
City of Chetek

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

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

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
October 29, 2021

BASIC FINANCIAL STATEMENTS

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,785,309	\$ 973,881	\$ 3,759,190
Taxes Receivable	963,607	-	963,607
Accounts Receivable	87,837	67,585	155,422
Mortgage Loans Receivable	970,252	-	970,252
Special Assessments Receivable	-	8,913	8,913
Inventories	-	21,610	21,610
Prepaid Expenses	16,478	8,730	25,208
Restricted Assets:			
Cash and Investments	-	274,241	274,241
Wisconsin Retirement System Net Pension Asset	75,403	-	75,403
Capital Assets:			
Capital Assets Not Being Depreciated	671,794	139,362	811,156
Capital Assets Being Depreciated	6,482,562	8,197,825	14,680,387
Accumulated Depreciation	<u>(3,283,662)</u>	<u>(3,917,050)</u>	<u>(7,200,712)</u>
Total Assets	<u>8,769,580</u>	<u>5,775,097</u>	<u>14,544,677</u>
DEFERRED OUTFLOWS OF RESOURCES			
Wisconsin Retirement System Pension Related	181,218	-	181,218
Other Postemployment Benefits Related	<u>31,053</u>	<u>8,564</u>	<u>39,617</u>
Total Deferred Outflows of Resources	<u>212,271</u>	<u>8,564</u>	<u>220,835</u>
LIABILITIES			
Vouchers and Accounts Payable	25,046	14,336	39,382
Accrued Interest Payable	15,283	7,015	22,298
Due to Other Governments	960	-	960
Deposits	-	2,025	2,025
Long-Term Liabilities:			
Total Other Postemployment Benefits Liability	200,170	55,209	255,379
Due Within One Year	131,524	69,785	201,309
Due in More than One Year	<u>482,415</u>	<u>702,326</u>	<u>1,184,741</u>
Total Liabilities	<u>855,398</u>	<u>850,696</u>	<u>1,706,094</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent Year's Property Taxes	1,299,000	-	1,299,000
Wisconsin Retirement System Pension Related	225,780	-	225,780
Other Postemployment Benefits Related	<u>35,835</u>	<u>9,885</u>	<u>45,720</u>
Total Deferred Inflows of Resources	<u>1,560,615</u>	<u>9,885</u>	<u>1,570,500</u>
NET POSITION			
Net Investment in Capital Assets	3,810,743	3,870,010	7,680,753
Restricted For:			
Capital Asset Replacement	-	255,765	255,765
Debt Retirement	7,022	17,647	24,669
Housing Loan Programs	1,094,089	-	1,094,089
Pension Plan	75,403	-	75,403
Library	15,342	-	15,342
Affordable Housing	317,848	-	317,848
Unrestricted	<u>1,245,391</u>	<u>779,658</u>	<u>2,025,049</u>
Total Net Position	<u>\$ 6,565,838</u>	<u>\$ 4,923,080</u>	<u>\$ 11,488,918</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 450,934	\$ 72,272	\$ -	\$ -	\$ (378,662)	\$ -	\$ (378,662)
Public Safety	783,514	18,637	13,750	-	(751,127)	-	(751,127)
Public Works Facilities	793,750	137,384	163,601	147,617	(345,148)	-	(345,148)
Sanitation	398,042	446,736	-	-	48,694	-	48,694
Health and Human Services	11,012	2,432	-	-	(8,580)	-	(8,580)
Culture, Recreation, and Education	284,711	1,050	179,419	-	(104,242)	-	(104,242)
Conservation and Development	261,597	-	-	-	(261,597)	-	(261,597)
Interest and Fiscal Charges	20,709	-	-	-	(20,709)	-	(20,709)
Total Governmental Activities	<u>3,004,269</u>	<u>678,511</u>	<u>356,770</u>	<u>147,617</u>	<u>(1,821,371)</u>	<u>-</u>	<u>(1,821,371)</u>
Business-Type Activities:							
Water Utility	351,517	412,783	-	14,410	-	75,676	75,676
Sewer Utility	635,360	475,483	-	-	-	(159,877)	(159,877)
Total Business-Type Activities	<u>986,877</u>	<u>888,266</u>	<u>-</u>	<u>14,410</u>	<u>-</u>	<u>(84,201)</u>	<u>(84,201)</u>
Total Primary Government	<u>\$ 3,991,146</u>	<u>\$ 1,566,777</u>	<u>\$ 356,770</u>	<u>\$ 162,027</u>	<u>(1,821,371)</u>	<u>(84,201)</u>	<u>(1,905,572)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					1,269,189	-	1,269,189
Other Taxes					20,389	-	20,389
State and Federal Aids Not Restricted to Specific Functions					363,894	-	363,894
Interest and Investment Earnings					21,843	3,355	25,198
Rents					25,385	6,175	31,560
Donations					591	-	591
Miscellaneous					53,260	-	53,260
Transfers					54,940	(54,940)	-
Total General Revenues and Transfers					<u>1,809,491</u>	<u>(45,410)</u>	<u>1,764,081</u>
CHANGE IN NET POSITION					(11,880)	(129,611)	(141,491)
Net Position - Beginning of Year					<u>6,577,718</u>	<u>5,052,691</u>	<u>11,630,409</u>
NET POSITION - END OF YEAR					<u>\$ 6,565,838</u>	<u>\$ 4,923,080</u>	<u>\$ 11,488,918</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	Housing Rehabilitation Revolving Loan Program Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 2,569,082	\$ 123,837	\$ 22,305	\$ 70,085	\$ 2,785,309
Taxes Receivable	963,607	-	-	-	963,607
Accounts Receivable	83,833	-	-	4,004	87,837
Due from Other Funds	87,039	-	-	-	87,039
Prepaid Expenditures	16,478	-	-	-	16,478
Mortgage Loans Receivable	-	970,252	-	-	970,252
	<u>-</u>	<u>970,252</u>	<u>-</u>	<u>-</u>	<u>970,252</u>
Total Assets	<u>\$ 3,720,039</u>	<u>\$ 1,094,089</u>	<u>\$ 22,305</u>	<u>\$ 74,089</u>	<u>\$ 4,910,522</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Vouchers and Accounts Payable	\$ 24,014	\$ -	\$ -	\$ 1,032	\$ 25,046
Due to Other Governmental Units	960	-	-	-	960
Due to Other Funds	-	-	-	87,039	87,039
Total Liabilities	<u>24,974</u>	<u>-</u>	<u>-</u>	<u>88,071</u>	<u>113,045</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year's Property Taxes	1,299,000	-	-	-	1,299,000
Unavailable Revenues:					
Long-Term Receivables	-	970,252	-	-	970,252
Total Deferred Inflows of Resources	<u>1,299,000</u>	<u>970,252</u>	<u>-</u>	<u>-</u>	<u>2,269,252</u>
FUND BALANCES					
Nonspendable	16,567	-	-	-	16,567
Restricted	333,190	123,837	22,305	-	479,332
Committed	-	-	-	74,089	74,089
Assigned	924,366	-	-	-	924,366
Unassigned	1,121,942	-	-	(88,071)	1,033,871
Total Fund Balances	<u>2,396,065</u>	<u>123,837</u>	<u>22,305</u>	<u>(13,982)</u>	<u>2,528,225</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,720,039</u>	<u>\$ 1,094,089</u>	<u>\$ 22,305</u>	<u>\$ 74,089</u>	<u>\$ 4,910,522</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 2,528,225

Amounts reported for governmental activities in the statement of net are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These capital assets consist of:

Land	\$ 671,794	
Land Improvements	179,718	
Buildings	1,349,163	
Furniture and Equipment	840,549	
Vehicles	1,037,842	
Infrastructure	3,075,290	
Accumulated Depreciation	<u>(3,283,662)</u>	3,870,694

Some assets are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements:

Mortgage Loans Receivable		970,252
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Net Wisconsin Retirement System pension plan asset (liability) and related deferred outflows of resources and deferred inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Plan Asset (Liability)	75,403	
Deferred Outflows of Resources	181,218	
Deferred Inflows of Resources	<u>(225,780)</u>	30,841

Other Postemployment Benefits (OPEB) liability and related deferred outflows of resources and deferred inflows of resources are recorded only on the Statement of Net Position. Balances at year-end are:

Total OPEB Liability	(200,170)	
OPEB Related Deferred Outflows of Resources	31,053	
OPEB Related Deferred Inflows of Resources	<u>(35,835)</u>	(204,952)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

General Obligation Debt Payable	(560,439)	
Accrued Interest Payable	(15,283)	
Unamortized Debt Premiums	(1,478)	
Employee Leave Liability	<u>(52,022)</u>	<u>(629,222)</u>

Net Position of Governmental Activities **\$ 6,565,838**

See accompanying Notes to the Basic Financial Statements.

CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General Fund	Housing Rehabilitation Revolving Loan Program Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,289,403	\$ -	\$ -	\$ -	\$ 1,289,403
Intergovernmental	848,780	-	-	-	848,780
Licenses and Permits	66,001	-	-	-	66,001
Fines and Forfeits	23,066	-	-	-	23,066
Public Charges for Services	526,947	-	-	62,497	589,444
Miscellaneous:					
Interest	21,540	53	250	-	21,843
Rent	25,385	-	-	-	25,385
Other	26,650	46,667	-	19,676	92,993
Total Revenues	<u>2,827,772</u>	<u>46,720</u>	<u>250</u>	<u>82,173</u>	<u>2,956,915</u>
EXPENDITURES					
General Government	419,246	-	-	-	419,246
Public Safety	756,180	-	-	-	756,180
Public Works Facilities	417,688	-	-	43,587	461,275
Sanitation	368,465	-	-	-	368,465
Health and Human Services	10,730	-	-	-	10,730
Culture, Recreation, and Education	167,918	-	-	-	167,918
Conservation and Development	44,169	14,468	-	34,047	92,684
Capital Outlay	385,788	-	-	-	385,788
Debt Service:					
Principal Retirement	-	-	77,574	-	77,574
Interest and Fiscal Charges	-	-	23,870	-	23,870
Total Expenditures	<u>2,570,184</u>	<u>14,468</u>	<u>101,444</u>	<u>77,634</u>	<u>2,763,730</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	257,588	32,252	(101,194)	4,539	193,185
OTHER FINANCING SOURCES (USES):					
Sale of Property	27,200	-	-	-	27,200
Transfers In	54,940	-	101,194	-	156,134
Transfers Out	(91,084)	-	-	(10,110)	(101,194)
Total Other Financing Sources (Uses)	<u>(8,944)</u>	<u>-</u>	<u>101,194</u>	<u>(10,110)</u>	<u>82,140</u>
NET CHANGE IN FUND BALANCES	248,644	32,252	-	(5,571)	275,325
Fund Balances - Beginning of Year	<u>2,147,421</u>	<u>91,585</u>	<u>22,305</u>	<u>(8,411)</u>	<u>2,252,900</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,396,065</u></u>	<u><u>\$ 123,837</u></u>	<u><u>\$ 22,305</u></u>	<u><u>\$ (13,982)</u></u>	<u><u>\$ 2,528,225</u></u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 275,325

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 111,815	
Depreciation Expense Reported in the Statement of Activities	<u>(288,001)</u>	(176,186)

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of capital assets disposed of during the year. (174,560)

Some assets not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements. (41,019)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expense on the statement of activities is measured by the change in net pension asset (liability) and related deferred outflows of resources and deferred inflows of resources. 1,012

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year these amounts consist of:

General Obligation Bonds and Notes Principal Retirement		77,574
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Accrued Interest Payable	570	
Amortization of Debt Premium	2,591	
Net Change in Accrued Employee Leave Liability	7,144	
Net Change in Total Other Postemployment Benefits Liability and Related		
Deferred Outflows of Resources and Deferred Inflows of Resources	<u>15,669</u>	<u>25,974</u>

Change in Net Position of Governmental Activities \$ (11,880)

See accompanying Notes to the Basic Financial Statements.

CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 969,698	\$ 4,183	\$ 973,881
Customer Accounts Receivable	26,013	41,572	67,585
Inventories	18,415	3,195	21,610
Prepaid Expenses	1,950	6,780	8,730
Total Current Assets	1,016,076	55,730	1,071,806
Restricted Assets:			
Cash and Investments:			
Replacement Fund	-	255,765	255,765
Debt Retirement Fund	9,581	8,895	18,476
Total Restricted Assets	9,581	264,660	274,241
Capital Assets:			
Property Plant and Equipment	3,591,053	4,606,772	8,197,825
Less: Accumulated Depreciation	1,278,792	2,638,258	3,917,050
Net Property Plant and Equipment	2,312,261	1,968,514	4,280,775
Construction in Progress	-	83,516	83,516
Land and Land Rights	2,487	53,359	55,846
Total Capital Assets	2,314,748	2,105,389	4,420,137
Other Assets:			
Special Assessments Receivable	8,913	-	8,913
Total Assets	3,349,318	2,425,779	5,775,097
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits Related	3,613	4,951	8,564

See accompanying Notes to the Basic Financial Statements.

CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 797	\$ 13,539	\$ 14,336
Accrued Interest Payable	2,869	3,317	6,186
Accrued Employee Leave Liabilities - Current Portion	4,038	14,368	18,406
Deposits	2,025	-	2,025
Current Portion of Long-Term Debt	8,544	25,188	33,732
Total Current Liabilities Payable from Current Assets	<u>18,273</u>	<u>56,412</u>	<u>74,685</u>
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	415	414	829
Current Portion of Revenue Bonds	9,166	8,481	17,647
Total Current Liabilities Payable from Restricted Assets	<u>9,581</u>	<u>8,895</u>	<u>18,476</u>
Long-Term Liabilities (Less Current Portion):			
Total Other Postemployment Benefits Liability	23,295	31,914	55,209
General Obligation Promissory Notes	103,375	103,375	206,750
Mortgage Revenue Bonds	<u>272,776</u>	<u>222,800</u>	<u>495,576</u>
Total Long-Term Liabilities (Net of Current Portion)	<u>399,446</u>	<u>358,089</u>	<u>757,535</u>
Total Liabilities	427,300	423,396	850,696
DEFERRED INFLOWS OF RESOURCES			
Other Postemployment Benefits Related	<u>4,171</u>	<u>5,714</u>	<u>9,885</u>
NET POSITION			
Net Investment in Capital Assets	2,028,451	1,841,559	3,870,010
Restricted for Plant Replacement	-	255,765	255,765
Restricted for Debt Retirement	9,166	8,481	17,647
Unrestricted	883,843	(104,185)	779,658
Total Net Position	<u>\$ 2,921,460</u>	<u>\$ 2,001,620</u>	<u>\$ 4,923,080</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES			
Charges for Services	\$ 363,092	\$ 464,352	\$ 827,444
Other Operating Revenues	49,691	11,131	60,822
Total Operating Revenues	<u>412,783</u>	<u>475,483</u>	<u>888,266</u>
OPERATING EXPENSES			
Operation and Maintenance	257,017	491,031	748,048
Depreciation	87,825	134,274	222,099
Total Operating Expenses	<u>344,842</u>	<u>625,305</u>	<u>970,147</u>
OPERATING INCOME (LOSS)	67,941	(149,822)	(81,881)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	2,099	1,256	3,355
Rental Income	-	6,175	6,175
Amortization of Debt Premium	-	400	400
Interest Expense	(6,675)	(9,569)	(16,244)
Rental Property Expense	-	(886)	(886)
Total Nonoperating Revenues (Expenses)	<u>(4,576)</u>	<u>(2,624)</u>	<u>(7,200)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	63,365	(152,446)	(89,081)
CAPITAL CONTRIBUTIONS	14,410	-	14,410
TRANSFERS OUT	<u>(54,940)</u>	<u>-</u>	<u>(54,940)</u>
CHANGE IN NET POSITION	22,835	(152,446)	(129,611)
Net Position - Beginning of Year	<u>2,898,625</u>	<u>2,154,066</u>	<u>5,052,691</u>
NET POSITION - END OF YEAR	<u>\$ 2,921,460</u>	<u>\$ 2,001,620</u>	<u>\$ 4,923,080</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Users	\$ 362,079	\$ 479,173	\$ 841,252
Cash Received from Municipality for Fire Protection	38,250	-	38,250
Cash Paid to Suppliers for Goods and Services	(121,710)	(262,457)	(384,167)
Cash Paid for Employee Services	(134,335)	(190,768)	(325,103)
Cash Received (Paid) for Sewer Share of Meter Expense	19,236	(19,236)	-
Net Cash Provided by Operating Activities	<u>163,520</u>	<u>6,712</u>	<u>170,232</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Rental Properties	-	6,175	6,175
Principal Paid on Pension Related Debt	(4,093)	(4,093)	(8,186)
Interest Paid on Pension Related Debt	(4,445)	(4,444)	(8,889)
Cash Paid for Rental Property Expense	-	(886)	(886)
Cash Paid to General Fund for Tax Equivalents	<u>(54,940)</u>	<u>-</u>	<u>(54,940)</u>
Net Cash Used by Noncapital Financing Activities	<u>(63,478)</u>	<u>(3,248)</u>	<u>(66,726)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Payments for Capital Assets	(24,659)	(64,002)	(88,661)
Cash Received from Salvage of Capital Assets	800	-	800
Cash Received from Capital Grants	224,964	-	224,964
Cash Received from Proceeds of Long-Term Debt	262,734	-	262,734
Principal Paid on Long-Term Debt	(13,362)	(29,113)	(42,475)
Interest and Fiscal Agent Fees Paid on Long-Term Debt	<u>(2,353)</u>	<u>(5,248)</u>	<u>(7,601)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	448,124	(98,363)	349,761
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Received from Interest on Investments	<u>1,441</u>	<u>1,256</u>	<u>2,697</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	549,607	(93,643)	455,964
Cash and Cash Equivalents - Beginning of Year	<u>380,582</u>	<u>362,486</u>	<u>743,068</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 930,189</u></u>	<u><u>\$ 268,843</u></u>	<u><u>\$ 1,199,032</u></u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 67,941	\$ (149,822)	\$ (81,881)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	87,825	134,274	222,099
Change in Other Postemployment Benefits Related Items:			
Liability	(188)	2,661	2,473
Deferred Outflows of Resources	(2,253)	(3,257)	(5,510)
Deferred Inflows of Resources	3,823	5,281	9,104
(Increase) Decrease in Assets:			
Accounts Receivable	4,757	3,690	8,447
Inventories	2,325	202	2,527
Prepaid Expenses	(702)	(3,225)	(3,927)
Increase (Decrease) in Liabilities:			
Accounts Payable	(399)	8,833	8,434
Deposits	2,025	-	2,025
Accrued Employee Leave Liability	(1,634)	8,075	6,441
Net Cash Provided by Operating Activities	<u>\$ 163,520</u>	<u>\$ 6,712</u>	<u>\$ 170,232</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS			
Cash and Investments Per Statement of Net Position:			
Cash and Investments - Current	\$ 969,698	\$ 4,183	\$ 973,881
Cash and Investments - Noncurrent and Restricted	<u>9,581</u>	<u>264,660</u>	<u>274,241</u>
Less: Certificates of Deposit with a Maturity Greater than Three Months	<u>49,090</u>	<u>-</u>	<u>49,090</u>
Total Cash and Cash Equivalents	<u>\$ 930,189</u>	<u>\$ 268,843</u>	<u>\$ 1,199,032</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2020**

	Custodial Fund
ASSETS	
Cash and Investments	\$ 613,277
Taxes Receivable	1,731,194
Total Assets	2,344,471
 DEFERRED INFLOWS OF RESOURCES	
Succeeding Year's Property Tax	2,344,471
 NET POSITION	
Restricted	\$ -

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 2,518,780
DEDUCTIONS	
Payment of Taxes to Other Governments	<u>2,518,780</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to the Basic Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements of the City of Chetek (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 of Chetek is governed by a mayor/council form of government. The council consists of four members elected from four wards within the City and the mayor.

The financial reporting of the City is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The reporting entity for the City consists of operations under the direct responsibility of the elected governing body (primary government). No other organizations were identified for inclusion in the financial reporting entity of the City.

The City was also a participating member of two joint ventures as further discussed in Note 4.D.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds as described below:

Government-Wide Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Statements (Continued)

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund equity, revenues, and expenditures/expenses.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the City. It is used to account for all financial resources of the City, except those required to be accounted for in another fund.

Housing Rehabilitation Revolving Loan Program Fund – The Housing Rehabilitation Revolving Loan Program Fund, a special revenue fund, is used to account for federal grants received through the State of Wisconsin for the purpose of financing housing rehabilitation loans. Repayments received on these loans are a restricted revenue source which is used to finance similar housing rehabilitation loans.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds. For report purposes, the City has considered its various debt service funds as one fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major enterprise funds:

Water Utility – This fund accounts for the operations of the water system. Utility operations are subject to regulation by the Wisconsin Public Service Commission.

Sewer Utility – This fund accounts for the operations of the wastewater collection system and treatment facilities.

The City had no other enterprise funds to report as nonmajor funds.

Additionally, the City reports the following fiduciary fund:

Custodial Fund – This fund is used to account for assets held by the City for individuals, private organizations and/or other governmental units. The custodial fund is primarily used to account for the collection of property taxes for other governmental entities.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements, the proprietary funds and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed 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 reported in the governmental funds to be available if they are collected within sixty days after the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

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

D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity
(Continued)**

1. Deposits and Investments (Continued)

Investment of City funds is restricted by state statutes. Available investments are limited to:

- a) Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b) Bonds or securities issued or guaranteed by the federal government.
- c) Bonds or securities of any county, city, drainage district, technical college district, City, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- d) Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- e) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- f) Bonds or securities issued under the authority of the municipality.
- g) The local government investment pool.
- h) Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds is regulated by Chapter 881 of the *Wisconsin Statutes*. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

Investments of the City are stated at fair value and amortized cost.

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. Tax roll amounts that have been collected by December 31 for the other taxing jurisdictions are recorded in the Custodial Fund as amounts due other governmental units. Since City property taxes are not considered revenue until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted, therefore.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity
(Continued)**

2. Receivables and Payables (Continued)

Property Taxes (Continued). Real property taxes are payable in full on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the Barron County Treasurer for collection in February. Barron County subsequently settles in full with the City in August of the same year, except for uncollected delinquent special assessments and special charges. (The County has the option to settle in full for delinquent special assessments and special charges or to remit them to the City as collections are received). Delinquent personal property taxes are retained by the City for collection. If applicable, a portion of the general fund balance is nonspendable for the City's investment in delinquent taxes.

Special Assessments. Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2020 tax roll are recognized as revenue in 2021.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

Accounts Receivable. All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Loans Receivable. The City has received federal and state grant funds for housing rehabilitation loan programs to various individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amounts recorded as housing rehabilitation loans receivable have not been reduced by an allowance for uncollectible accounts since the City does not expect such amounts to be material to the financial statements. In the fund financial statements, it is the City's policy to record deferred inflows of resources for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity
(Continued)**

2. Receivables and Payables (Continued)

Interfund Balances. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Expenditures/Expenses

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures/expenses in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

5. Capital Assets

Government-Wide Statements. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), 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 initial, individual costs as shown below and an estimated useful life of two years or greater. 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity
(Continued)**

5. Capital Assets (Continued)

Government-Wide Statements (Continued). Infrastructure assets for governmental activities are reported prospectively only, beginning with 2004, as allowed by GASB Statement No. 34.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	N/A	N/A
Land Improvements	5,000	Straight-Line	20 to 40 Years
Buildings	5,000	Straight-Line	10 to 50 Years
Furniture and Equipment	5,000	Straight-Line	5 to 20 Years
Vehicles	5,000	Straight-Line	8 Years
Utility Systems	5,000	Straight-Line	4 to 100 Years
Infrastructure	5,000	Straight-Line	20 to 50 Years

The Water Utility follows the capitalization threshold and estimated useful lives outlined above but utilize a depreciation method required by the Wisconsin Public Service Commission. This method dictates that cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation. The results of applying this method approximate that of the straight-line depreciation method.

Fund Financial Statements. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

6. Deferred Outflows of Resources

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. Deferred outflows of resources are reported for pension and other postemployment benefits related items.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity
(Continued)**

7. Deferred Inflows of Resources

The City's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has two types of items which are reported as revenue-related deferred inflows. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The City also reports deferred inflows of resources for pension and other postemployment benefits related items.

8. Compensated Absences

Liabilities for accumulated employee leave are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned.

9. Wisconsin Retirement System Pension Plan Benefits

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

10. Other Postemployment Benefits Liability

Under the provisions of various employee and union contracts the City provides a supplemental retirement program for certain employees which includes certain health insurance benefits if certain age and minimum years of service requirements are met. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined in accordance with GASB 75.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity
(Continued)**

11. Long-Term Obligations

In the government-wide financial statements and proprietary 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 type statement of net position. In the governmental fund financial statements, 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 at the time of issuance.

12. Defining Operating Revenues and Expenses

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 water utility and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

13. Use of Restricted Resources

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.

14. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is classified as follows in the City's financial statements:

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Equity
(Continued)**

14. Equity Classifications (Continued)

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There were no restrictions to net position based on enabling legislation at year-end. All other net position is displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. Unassigned may also include deficit fund balance amounts within other governmental funds. It is the City's policy that at the end of each fiscal year, the City will maintain unassigned portion of fund balance for cash flow of at least 25% of annual general fund expenditures.

Committed fund balance is required to be established, modified, or rescinded by resolution of the City Council prior to each year end. Based on resolution of the City Council, the Clerk-Treasurer will have the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the City's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the City's policy to use committed, assigned and finally unassigned fund balance.

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

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

The Tax Incremental District #3 fund and Tax Incremental District #4 had a deficit fund balance of \$67,134 and \$20,937, respectively, at December 31, 2020. These deficits will be funded through future tax increments.

General fund expenditures exceeded budgeted amounts at the legally adopted levels in the general government category by \$623, sanitation category by \$12,760, and conservation and development category by \$40,276. These excess expenditures were considered prudent and necessary by the City Council.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2020 as shown in the financial statements are as follows:

Governmental Funds	\$ 2,785,309
Proprietary Funds	1,248,122
Fiduciary Funds	613,277
Total	\$ 4,646,708

The above cash and investments consisted of the following:

	Balance 12/31/20
Cash and Investments:	
Deposits in Financial Institutions	\$ 3,864,038
Deposits in Local Government Investment Pool	507,389
Petty Cash Funds	1,040
Subtotal	4,372,467
Restricted Cash and Investments:	
Deposits in Financial Institutions	274,241
Total	\$ 4,646,708

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The City's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and up to \$250,000 for demand deposits at any institution. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the City to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be returned. At December 31, 2020, the City's deposits were exposed to custodial credit risk by the uninsured and uncollateralized amount of \$535,359.

Investments

The City's investments at December 31, 2020 consisted of investments in the Local Government Investment Pool (an external investment pool).

State Local Government Pooled-Investment Fund. The state of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in the State Investment Fund (SIF), which 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. Local funds are pooled with state funds and invested by a local government unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2020 was 30 days.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The City's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.D.1. The City's investment in the LGIP is not rated.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Housing Rehabilitation Loans Receivable. The City had 94 mortgage loans outstanding at December 31, 2020 totaling \$970,252. These notes become due and payable in the event that the maker:

- a. no longer continues to occupy the premises securing this note as a full-time residence, or
- b. transfers any legal or equitable interest in the mortgaged premises to anyone for any reason.

These loans are recorded as long-term receivables and deferred inflows of resources in the special revenue fund. Collections on these loans are recognized as revenue in the special revenue fund at the time of their receipt.

Proceeds from the collection of the above loans are restricted for financing similar rehabilitation projects.

C. Capital Assets

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 846,354	\$ -	\$ 174,560	\$ 671,794
Capital Assets Being Depreciated:				
Land Improvements	179,718	-	-	179,718
Buildings	1,333,580	15,583	-	1,349,163
Furniture and Equipment	840,549	-	-	840,549
Vehicles	941,610	96,232	-	1,037,842
Infrastructure	3,075,290	-	-	3,075,290
Total Capital Assets Being Depreciated	<u>6,370,747</u>	<u>111,815</u>	<u>-</u>	<u>6,482,562</u>
Total Capital Assets	7,217,101	111,815	174,560	7,154,356
Accumulated Depreciation:				
Land Improvements	98,041	3,847	-	101,888
Buildings	584,078	27,308	-	611,386
Furniture and Equipment	542,526	32,369	-	574,895
Vehicles	585,619	91,207	-	676,826
Infrastructure	1,185,397	133,270	-	1,318,667
Total Accumulated Depreciation	<u>2,995,661</u>	<u>288,001</u>	<u>-</u>	<u>3,283,662</u>
Net Capital Assets - Governmental Activities	<u>\$ 4,221,440</u>	<u>\$ (176,186)</u>	<u>\$ 174,560</u>	<u>\$ 3,870,694</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Depreciation was charged to governmental functions as follows:

General Government	\$ 2,707
Public Safety	18,624
Public Works Facilities	219,873
Sanitation	31,688
Health and Human Services	300
Culture, Recreation and Education	14,809
Total Depreciation - Governmental Activities	\$ 288,001

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 650	\$ -	\$ -	\$ 650
Utility Property Land	1,837	-	-	1,837
Total Capital Assets Not Being Depreciated	2,487	-	-	2,487
Capital Assets Being Depreciated:				
Source of Supply	7,096	-	-	7,096
Pumping Plant	123,207	-	-	123,207
Water Treatment	33,898	-	-	33,898
Transmission and Distribution	3,111,414	23,764	3,593	3,131,585
Administration and General Assets	295,267	-	-	295,267
Total Capital Assets Being Depreciated	3,570,882	23,764	3,593	3,591,053
Total Capital Assets	3,573,369	23,764	3,593	3,593,540
Less: Accumulated Depreciation	1,193,759	87,825	2,792	1,278,792
Net Capital Assets - Water Utility	2,379,610	(64,061)	801	2,314,748
Sewer Utility:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	53,359	-	-	53,359
Construction Work in Progress	19,514	64,002	-	83,516
Total Capital Assets Not Being Depreciated	53,359	64,002	-	136,875
Capital Assets Being Depreciated:				
Collection System	1,471,221	-	-	1,471,221
Collection System Pumping Installations	477,895	-	-	477,895
Treatment and Disposal Plant	2,324,665	-	-	2,324,665
Administration and General Assets	332,991	-	-	332,991
Total Capital Assets Being Depreciated	4,606,772	-	-	4,606,772
Total Capital Assets	4,660,131	64,002	-	4,743,647
Less: Accumulated Depreciation	2,503,984	134,274	-	2,638,258
Net Capital Assets - Sewer Utility	2,156,147	(70,272)	-	2,105,389
Net Capital Assets - Business-Type Activities	\$ 4,535,757	\$ (134,333)	\$ 801	\$ 4,420,137

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities (Continued)

Depreciation was charged to business-type activities as follows:

Water Utility	\$ 87,825
Sewer Utility	134,274
Total Depreciation - Business-Type Activities	\$ 222,099

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2020 was as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Incremental District #3 Fund	\$ 67,134
General Fund	Tax Incremental District #4 Fund	19,905
Total		\$ 87,039

The purpose of the above balances were to fund cash overdrafts in the respective funds at year-end and are expected to be settled in 2021.

Interfund Transfers

The following is a schedule of interfund transfers made during 2020:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
General Fund	Water Utility Enterprise Fund	\$ 54,940
Debt Service Fund	General Fund	91,084
Debt Service Fund	Stormwater Fund	10,110
Total		\$ 156,134

The property tax equivalent paid by the water utility to the general fund is reflected as an interfund transfer in the financial statements. The transfers from the various funds to the debt service fund were made to finance each fund's share of current year debt maturities payable from governmental funds.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

Changes in Long-Term Obligations

Changes in the long-term obligations of the City for the year ended December 31, 2020 were as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Amounts Due Within One Year
Long-Term Liabilities					
Governmental Activities:					
General Obligation Bonds	\$ 116,947	\$ -	\$ 58,473	\$ 58,474	\$ 58,474
General Obligation Notes -					
Direct Borrowing	521,066	-	19,101	501,965	19,550
Unamortized Debt Premium	4,069	-	2,591	1,478	1,478
Employee Leave Liability	59,166	52,022	59,166	52,022	52,022
Total Governmental Activities	<u>701,248</u>	<u>52,022</u>	<u>139,331</u>	<u>613,939</u>	<u>131,524</u>
Business-Type Activities:					
General Obligation Bonds:					
Sewer Utility	33,053	-	16,526	16,527	16,527
General Obligation Notes -					
Direct Borrowing:					
Water Utility	111,657	-	4,093	107,564	4,189
Sewer Utility	111,657	-	4,093	107,564	4,189
Unamortized Debt Premium	632	-	400	232	232
Mortgage Revenue Bonds-					
Direct Borrowings:					
Water Utility	36,925	262,734	13,362	286,297	13,521
Sewer Utility	248,108	-	12,587	235,521	12,721
Employee Leave Liability	11,965	18,406	11,965	18,406	18,406
Total Business-Type Activities	<u>553,997</u>	<u>281,140</u>	<u>63,026</u>	<u>772,111</u>	<u>69,785</u>
Total Long-Term Debt	<u>\$ 1,255,245</u>	<u>\$ 333,162</u>	<u>\$ 202,357</u>	<u>\$ 1,386,050</u>	<u>\$ 201,309</u>

The City's estimated liabilities for employee leave are discussed in Note 4.B.

The City's bonds and notes payable are liquidated by the debt service fund and the water and sewer enterprise funds. Compensated absences are generally liquidated from the general fund and the water and sewer enterprise funds.

General Obligation Debt Limitation. Section 67.03 of the Wisconsin Statutes restricts general obligation debt to 5 percent of the equalized value of all property in the City. At December 31, 2020, the City's debt limit amounted to \$8,483,720 and long-term indebtedness subject to the limitation totaled \$792,094.

Subsequent Borrowing. On May 24, 2021 the City issued taxable general obligation promissory note, Series 2021A in the amount of \$1,053,000, accruing interest at 1.74% and maturing March 1, 2031. The issuance included \$353,000 for new capital equipment and \$700,000 to current refund the Series 2018A promissory note. The refunding resulted in an economic gain of \$78,938 and a reduction of \$89,672 in future debt service payments.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

Individual long-term debt issues outstanding at December 31, 2020 are shown below:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Amount Outstanding
Governmental Activities:					
General Obligation Refunding Bonds, Series 2011A	2/2/2011	6/1/2021	2.00%-3.00%	\$1,680,040	\$58,474
General Obligation Promissory Notes, Series 2018A	3/30/2018	3/30/2028	3.98%	539,606	501,965
Business-Type Activities:					
General Obligation Refunding Bonds, Series 2011A	2/2/2011	6/1/2021	2.00%-3.00%	259,960	16,527
General Obligation Promissory Notes, Series 2018A	3/30/2018	3/30/2028	3.98%	231,260	215,128
Water System Revenue Bonds, Series 2019	6/26/2019	5/1/2039	1.188%	320,000	286,297
Sewerage System Revenue Bonds, Series 2018	12/27/2017	5/1/2037	1.056%	527,833	235,521
Total					<u>\$1,313,912</u>

Annual Requirements for Retirement. Minimum annual principal and interest payments required to retire long-term debt, together with the expected funding sources, are shown below:

Year	Governmental Activities					Funding Sources		
	Bonded Debt		Notes from Direct Borrowing		Total	General	Stormwater	Total
	Principal	Interest	Principal	Interest		Fund	Fund	
2021	\$ 58,474	\$ 878	\$ 19,550	\$ 20,290	\$ 99,192	\$ 89,615	\$ 9,577	\$ 99,192
2022	-	-	20,339	19,501	39,840	39,840	-	39,840
2023	-	-	21,160	18,680	39,840	39,840	-	39,840
2024	-	-	21,965	17,875	39,840	39,840	-	39,840
2025	-	-	22,900	16,940	39,840	39,840	-	39,840
2026-2028	-	-	396,051	45,163	441,214	441,214	-	441,214
	<u>\$ 58,474</u>	<u>\$ 878</u>	<u>\$ 501,965</u>	<u>\$ 138,449</u>	<u>\$ 699,766</u>	<u>\$ 690,189</u>	<u>\$ 9,577</u>	<u>\$ 699,766</u>

Year	Business-Type Activities					Funding Sources		
	Bonded Debt		Bonds and Notes from Direct Borrowings		Total	Water	Sewer	Total
	Principal	Interest	Principal	Interest		Utility	Utility	
2021	\$ 16,527	\$ 248	\$ 34,620	\$ 14,437	\$ 65,832	\$ 25,379	\$ 40,453	\$ 65,832
2022	-	-	35,252	13,802	49,054	25,377	23,677	49,054
2023	-	-	35,903	13,150	49,053	25,377	23,676	49,053
2024	-	-	36,550	12,501	49,051	25,375	23,676	49,051
2025	-	-	37,255	11,794	49,049	25,375	23,674	49,049
2026-2030	-	-	311,640	37,302	348,942	178,719	170,223	348,942
2031-2035	-	-	150,061	9,743	159,804	84,145	75,659	159,804
2036-2039	-	-	95,665	1,889	97,554	67,297	30,257	97,554
	<u>\$ 16,527</u>	<u>\$ 248</u>	<u>\$ 736,946</u>	<u>\$ 114,618</u>	<u>\$764,475</u>	<u>\$356,850</u>	<u>\$407,625</u>	<u>\$764,475</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

The City's outstanding notes from direct borrowings related to governmental activities of \$501,965 and business-type activities of \$215,128 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

Mortgage Revenue Bonds – Direct Borrowings

The City had two mortgage revenue bonds issued through the State of Wisconsin Environmental Improvement Fund loan program. These debt issues related to business type activities of \$521,818 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

Safe Drinking Water Fund Loan. The City authorized the issuance of up to \$320,806 in water system revenue bonds for the purpose of water system improvements. The revenue bonds were issued through the State of Wisconsin Safe Drinking Water Fund Loan program in accordance with the terms and conditions of a Financial Assistance Agreement dated June 26, 2019. The City's full faith and credit do not back the revenue bonds, which are instead backed by a pledge of utility revenues. The terms of the agreement with the State provided for the disbursing of loan proceeds to the City based on approved disbursement requests. \$36,925 was issued during 2019 and an additional \$262,734 was issued during 2020. There was \$286,297 outstanding as of December 31, 2020. The bonds are payable from a pledge of revenues of the water utility system. Principal and interest paid for the current year and total customer net revenues were \$15,715 and \$155,766.

Clean Water Fund Loan. The City authorized the issuance of up to \$279,976 in sewerage system revenue bonds for the purpose of financing treatment plant modifications. The revenue bonds were issued through the State of Wisconsin Clean Water Fund Loan program in accordance with the terms and conditions of a Financial Assistance Agreement dated December 27, 2017. The City's full faith and credit do not back the revenue bonds, which are instead backed by a pledge of utility revenues. The terms of the agreement with the State provided for the disbursing of loan proceeds to the City based on approved disbursement requests. \$262,078 has been issued as of December 31, 2020. There was \$235,521 outstanding as of December 31, 2020. The bonds are payable from a pledge of revenues of the sewer utility system. Principal and interest paid for the current year was \$15,141, while the sewer utility customer net revenues were not sufficient as per the terms in the debt agreement.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2020 consisted of the following:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
Major Funds:						
General Fund:						
Delinquent Taxes	\$ 89	\$ 89	\$ -	\$ -	\$ -	\$ -
Prepaid Items	16,478	16,478	-	-	-	-
Library Improvements	15,342	-	15,342	-	-	-
Affordable Housing	317,848	-	317,848	-	-	-
Data Processing Costs	4,162	-	-	-	4,162	-
City Hall	1,776	-	-	-	1,776	-
Squad Car	992	-	-	-	992	-
Law Enforcement Equipment	959	-	-	-	959	-
Law Enforcement Radio Equipment	4,724	-	-	-	4,724	-
Vest Matching Funds	3,625	-	-	-	3,625	-
Court Special Purchases	1,476	-	-	-	1,476	-
Street Machinery and Equipment	114,438	-	-	-	114,438	-
Garbage Truck	117,607	-	-	-	117,607	-
City Shop	2,017	-	-	-	2,017	-
Street Improvements	71,758	-	-	-	71,758	-
Airport	11	-	-	-	11	-
Airport Courtesy Van	799	-	-	-	799	-
Future Cemetery	35,729	-	-	-	35,729	-
Library	200	-	-	-	200	-
Library Act 150	170,079	-	-	-	170,079	-
Parks	3,925	-	-	-	3,925	-
Assessment of Property	45,713	-	-	-	45,713	-
Fixed Asset Replacement	13,708	-	-	-	13,708	-
Building Fund	202,206	-	-	-	202,206	-
Retirement Expense	128,443	-	-	-	128,443	-
Community Center	14	-	-	-	14	-
Economic Development	5	-	-	-	5	-
Unassigned	1,121,942	-	-	-	-	1,121,942
Housing Rehabilitation Revolving Loan						
Program Fund	123,837	-	123,837	-	-	-
Debt Service Fund	22,305	-	22,305	-	-	-
Nonmajor Funds:						
Special Revenue Funds:						
Park Development Fund	4,949	-	-	4,949	-	-
Stormwater Fund	69,140	-	-	69,140	-	-
Capital Projects Fund:						
Tax Incremental District #3 Projects Fund	(67,134)	-	-	-	-	(67,134)
Tax Incremental District #2 Projects Fund	(20,937)	-	-	-	-	(20,937)
Total Governmental Fund Balances						
at December 31, 2020	<u>\$ 2,528,225</u>	<u>\$ 16,567</u>	<u>\$ 479,332</u>	<u>\$ 74,089</u>	<u>\$ 924,366</u>	<u>\$ 1,033,871</u>

G. Tax Incremental Districts

The City has created four tax incremental financing districts (TIF districts or TIDs) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Tax Incremental Districts (Continued)

The City terminated TID #1 in 1996 and TID #2 in 2019. TID #3 and TID #4 were in existence during the year ended December 31, 2020. The resolutions creating TID #3 and TID #4 were dated April 26, 2007 and October 8, 2019, respectively. The state enacted several changes relating to tax incremental districts in 2004 (with amending legislation in 2005). One of these changes extended the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. The unextended maximum life of TID #3 is 20 years and 21 years for TID #4.

The project plans for the districts, on file in the office of the City Clerk-Treasurer, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components of the districts. Project costs uncollected at the dissolution date are absorbed by the municipality.

The following is a summary of TID #3 and TID #4 project costs and revenues through December 31, 2020:

	TID #3	TID #4
Accumulated Project Costs:		
From Inception to December 31, 2020	\$ 281,619	\$ 20,937
Accumulated Project Revenues:		
Rent	7,891	-
Transfers In	206,594	-
Total Project Revenues	214,485	-
Future Project Revenues Necessary to Recover Net Costs to Date	\$ 67,134	\$ 20,937

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

NOTE 4 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiemployer 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 Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings are the average of the participant's three highest annual 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 CHETEK, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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

For the year ended December 31, 2020, the WRS recognized \$30,581 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

	<u>Employee</u>	<u>Employer</u>
General (Including Teachers)	6.75%	6.75%
Executives and Elected Officials	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the City reported an asset of \$75,403 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.00233849 percent, which was a decrease of 0.00015319 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$29,221. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 143,131	\$ 71,628
Changes of Assumptions	5,875	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	154,152
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	1,631	-
City Contributions Subsequent to the Measurement Date	30,581	-
Total	<u>\$ 181,218</u>	<u>\$ 225,780</u>

\$30,581 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (22,096)
2022	(16,437)
2023	3,035
2024	(39,645)
2025	-
Thereafter	-

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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:

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

<u>Asset Class</u>	<u>Core Asset Allocation</u>		<u>Variable Asset Allocation</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	N/A	N/A	70%	4.6%
International Equities	N/A	N/A	30%	5.3%
Global Equities	49%	5.1%	N/A	N/A
Fixed Income	24.5%	2.1%	N/A	N/A
Inflation Sensitive Assets	15.5%	1.2%	N/A	N/A
Real Estate	9%	3.5%	N/A	N/A
Private Equity/Debt	8%	7.6%	N/A	N/A
Multi-Asset	4%	4.0%	N/A	N/A
Totals	<u>110%</u>		<u>100%</u>	

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

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

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

Sensitivity of the City’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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 one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

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

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	One Percent Decrease (6.00%)	Current Discount Rate (7.00%)	One Percent Increase (8.00%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 194,177	\$ (75,403)	\$ (276,946)

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>.

B. Employee Leave Liabilities

Vacation is expected to be used annually but will be paid out in the event of retirement or termination. Also, the City allows employee compensatory time off in lieu of pay at the rate of one and one-half hours for each hour of overtime worked. Such time is expected to be used in the year it is earned. The maximum accumulation of compensatory hours is 60. Upon normal retirement, any unused compensatory time may be paid out at the employee's regular rate of pay and at the discretion of the governing body.

Liabilities for accumulated employee leave are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and propriety fund financial statements when earned. The estimated liabilities for unused vacation and compensatory time payable from governmental funds and proprietary funds at December 31, 2020 were \$52,022 and \$18,406, respectively.

C. Other Postemployment Benefit Plan (OPEB)

The City reports a postemployment healthcare benefit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (OPEB) (Continued)

Single-Employer Plan Description

Plan description

The City's plan is a single-employer defined benefit plan used to provide postemployment benefits other than pensions (OPEB). The City's OPEB consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the City for continued health care for all classifications that are entitled to a benefit are briefly outlined below. The City Council of the City of Chetek is designated as the administrator of the OPEB plan and it reserves the right to alter, amend or terminate the OPEB at any time for any reason, without consent.

Benefits provided

The City offers continued health care benefits for certain employees in the form of contributions to an HRA to be used to reimburse eligible Section 213(d) health expenses, and for reimbursement of health insurance premiums to remain on the City's plan or another health plan until exhaustion of the HRA funds. For employees classified as general, the employee must be at least age 55 and then at least age 57 with a minimum number of 30 years of service or at least age 65. For eligible general retirees, the City will contribute an amount to an HRA equal to the number of unused accumulated sick days as of the date of termination up to a maximum of one-hundred eighty (180) days times the form employee's per diem rate at the time of termination. For employees classified as special services, the employee must be eligible for WRS and at least age 50 and then at least age 53 with a minimum number of 25 years of service or at least age 54. For eligible special services retirees, the City will contribute an amount to an HRA equal to the number of unused accumulated sick days as of the date of termination up to a maximum of seventy-five (75) days times the form employee's per diem rate at the time of termination.

Employees covered by benefit terms. As of the December 31, 2019 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving	
Benefit Payments	-
Inactive Plan Members - Waived Coverage	4
Active Plan Members	17
Total	21

Total OPEB Liability

The City does not accumulate assets in a trust for payment of OPEB liabilities. Accordingly, the City must report its total OPEB liability. The City's total OPEB liability was determined by an actuarial valuation and measurement date as of December 31, 2019. At December 31, 2020, the City reported a total OPEB liability of \$255,379. Changes in the City's total OPEB liability were as follows:

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (OPEB) (continued)

Single-Employer Plan Description (Continued)

Total OPEB Liability (Continued)

	Total OPEB Liability
Balances at December 31, 2019	\$ 283,300
Changes for the Year:	
Service Cost	11,586
Interest	11,236
Differences Between Expected and Actual Experience	(49,060)
Changes of Assumptions or Other Input	14,726
Benefit Payments	(16,409)
Net Changes	(27,921)
Balances at December 31, 2020	\$ 255,379

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Medical Care Trend	6.5% decreasing by 0.10% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter.
Discount Rate:	2.75%
Municipal Bond Rate Source	Bond Buyer 20-Bond GO Index
Actuarial Assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17
Mortality Assumptions	Wisconsin 2018 Mortality Table
Inflation Rate	2.5%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75% compared to 4% in the prior year. The discount rate is based upon all years of projected payments discounted at a municipal bond rate of 2.75%.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (OPEB) (Continued)

Single-Employer Plan Description (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate (Continued)

	One Percent Decrease (1.75%)	Current Discount Rate (2.75%)	One Percent Increase (3.75%)
Total OPEB Liability	<u>\$ 264,983</u>	<u>\$ 255,379</u>	<u>\$ 246,040</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	One Percent Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	One Percent Increase (7.5% Decreasing to 6.0%)
Total OPEB Liability	<u>\$ 254,665</u>	<u>\$ 255,379</u>	<u>\$ 255,977</u>

For the year ended December 31, 2020, the City recognized OPEB expense of \$17,393. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs as follows:

<u>Description</u>	<u>Resources</u>	<u>Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 42,051
Changes of Assumptions or Other Input	12,621	3,669
Contributions Subsequent to the Measurement Date	26,996	-
Total	<u>\$ 39,617</u>	<u>\$ 45,720</u>

\$26,996 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (OPEB) (Continued)

Single-Employer Plan Description (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates (Continued)

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2021	\$ (5,429)
2022	(5,429)
2023	(5,429)
2024	(5,429)
2025	(5,429)
Thereafter	(5,954)

D. Joint Ventures

Chetek Fire District

The City of Chetek and the Town of Chetek have jointly contracted to provide mutual fire protection for the City and Town through the Chetek Fire District (District). The operations of the District are governed by its bylaws and articles of agreement made between the two municipalities. The articles of agreement establish a Joint Fire Board that manages and directs the fire protection within the District. The Board consists of two members representing the City and two members representing the Town. The Chief of the Chetek Volunteer Fire Department is an ex-officio member of the Board.

The principal sources of funding are the two participating municipalities. Net costs are allocated between the municipalities in accordance with a mutual contract entered into for that purpose. In addition, the District also provides fire protection services to other towns on a contracted basis. The City's assessments for 2020 totaled \$59,223.

Chetek Ambulance Service

The City of Chetek participates in a joint municipal ambulance service with the Towns of Chetek, Dovre, Prairie Lake and Sioux Creek in order to provide ambulance and/or emergency medical services. The ambulance service is managed by a Joint Ambulance Commission consisting of six members made up of the ambulance service director and one member from each of the five participating municipalities. The ambulance service director is a nonvoting member of the Commission.

The costs of operating the ambulance service are allocated to member parties on the basis of relative population size or as the parties may otherwise agree. The City's assessments for 2020 totaled \$28,880. The process for determining a party's interest in property should an election be made to terminate are detailed in Articles of Agreement. Generally, interest in the property is to be based on the median amount per three independent appraisals.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three years.

F. Significant Event

During the year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. The full impact of COVID-19 is unknown and cannot be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHETEK, WISCONSIN
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 1,281,376	\$ 1,281,376	\$ 1,289,403	\$ 8,027
Intergovernmental	544,074	813,105	848,780	35,675
Licenses and Permits	63,200	67,125	66,001	(1,124)
Fines and Forfeits	20,000	20,000	23,066	3,066
Public Charges for Services	480,200	496,200	526,947	30,747
Miscellaneous:				
Interest	36,100	36,100	21,540	(14,560)
Rent	21,500	21,500	25,385	3,885
Other	1,000	1,000	26,650	25,650
Total Revenues	<u>2,447,450</u>	<u>2,736,406</u>	<u>2,827,772</u>	<u>91,366</u>
EXPENDITURES				
General Government	407,166	418,623	419,246	(623)
Public Safety	734,314	763,111	756,180	6,931
Public Works Facilities	488,438	461,438	417,688	43,750
Sanitation	355,705	355,705	368,465	(12,760)
Health and Human Services	1,000	10,731	10,730	1
Culture, Recreation and Education	170,843	173,231	167,918	5,313
Conservation and Development	250	3,893	44,169	(40,276)
Capital Outlay	236,234	1,310,367	385,788	924,579
Total Expenditures	<u>2,393,950</u>	<u>3,497,099</u>	<u>2,570,184</u>	<u>926,915</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	53,500	(760,693)	257,588	1,018,281
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	27,200	27,200
Transfers In	56,000	56,000	54,940	(1,060)
Transfers Out	(109,500)	(109,500)	(91,084)	18,416
Total Other Financing Sources (Uses)	<u>(53,500)</u>	<u>(53,500)</u>	<u>(8,944)</u>	<u>44,556</u>
NET CHANGE IN FUND BALANCE	-	(814,193)	248,644	1,062,837
Fund Balance - January 1	<u>2,147,421</u>	<u>2,147,421</u>	<u>2,147,421</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 2,147,421</u>	<u>\$ 1,333,228</u>	<u>\$ 2,396,065</u>	<u>\$ 1,062,837</u>

See Notes to Required Supplementary Information.

CITY OF CHETEK, WISCONSIN
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)

	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL OPEB LIABILITY			
Service Cost	\$ 12,447	\$ 12,447	\$ 11,586
Interest	9,567	9,779	11,236
Differences Between Expected and Actual Experience	-	-	(49,060)
Changes of Assumptions or Other Input	-	(4,717)	14,726
Benefit Payments	<u>(17,218)</u>	<u>(14,743)</u>	<u>(16,409)</u>
Net Change in Total OPEB Liability	4,796	2,766	(27,921)
 Total OPEB Liability - Beginning of Year	 275,738	 280,534	 283,300
 TOTAL OPEB LIABILITY - END OF YEAR	 <u><u>\$ 280,534</u></u>	 <u><u>\$ 283,300</u></u>	 <u><u>\$ 255,379</u></u>
 Covered Employee Payroll	 <u><u>\$ 831,745</u></u>	 <u><u>\$ 831,745</u></u>	 <u><u>\$ 884,763</u></u>
 City's Total OPEB Liability as a Percentage of Covered Employee Payroll	 33.73%	 34.06%	 28.86%

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

Changes of Assumptions. The discount rate changed from 3.5% in 2018 to 4.00% in 2019 and 2.75% in 2020.

CITY OF CHETEK, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF WISCONSIN RETIREMENT
SYSTEM NET PENSION LIABILITY (ASSET)
LAST TEN FISCAL YEARS
(PRESENTED PROSPECTIVE FROM IMPLEMENTATION)

Measurement Date:	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
City's Proportion of the Net Pension Liability (Asset)	0.00293350%	0.00267440%	0.00249168%	0.00233849%
City's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 24,179</u>	<u>\$ (79,405)</u>	<u>\$ 88,646</u>	<u>(75,403)</u>
City's Covered Payroll	<u>\$ 284,301</u>	<u>\$ 218,141</u>	<u>\$ 231,331</u>	<u>230,807</u>
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	8.50%	-36.40%	38.32%	-32.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	99.12%	102.93%	96.45%	102.96%

See Notes to Required Supplementary Information.

CITY OF CHETEK, WISCONSIN
SCHEDULE OF CONTRIBUTIONS TO WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(PRESENTED PROSPECTIVE FROM IMPLEMENTATION)

Fiscal Year Ended: December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually Required Contribution	\$ 23,123	\$ 24,752	\$ 24,743	\$ 30,581
Contributions in Relation to the Contractually Required Contributions	<u>(23,123)</u>	<u>(24,752)</u>	<u>(24,743)</u>	<u>(30,581)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 City's Covered Payroll	 <u>\$ 218,141</u>	 <u>\$ 231,331</u>	 <u>\$ 230,807</u>	 <u>\$ 260,483</u>
 Contributions as a Percentage of Covered Payroll	 10.60%	 10.70%	 10.72%	 11.74%

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

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

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

BUDGETARY INFORMATION

GASB 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information is derived from the City's annual operating budget. The City did not formally adopt a budget for the CDBG revolving loan special revenue fund.

The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The City's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds.

Budget amounts in the financial statements include both the original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

General fund expenditures exceeded budgeted amounts at the legally adopted levels in the general government category by \$623, sanitation category by \$12,760, and conservation and development category by \$40,276. These excess expenditures were considered prudent and necessary by the City Council.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF CHETEK, WISCONSIN
COMBINING BALANCE SHEET
DECEMBER 31, 2020**

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Funds
	Park Development Fund	Stormwater Fund	Tax Incremental District #3 Fund	Tax Incremental District #4 Fund	
ASSETS					
Cash and Investments	\$ 4,949	\$ 65,136	\$ -	\$ -	\$ 70,085
Accounts Receivable	-	4,004	-	-	4,004
Total Assets	\$ 4,949	\$ 69,140	\$ -	\$ -	\$ 74,089
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers and Accounts Payable	\$ -	\$ -	\$ -	\$ 1,032	\$ 1,032
Due to General Fund	-	-	67,134	19,905	87,039
Total Liabilities	-	-	67,134	20,937	88,071
FUND BALANCES					
Committed	4,949	69,140	-	-	74,089
Unassigned	-	-	(67,134)	(20,937)	(88,071)
Total Fund Balances	4,949	69,140	(67,134)	(20,937)	(13,982)
Total Liabilities and Fund Balances	\$ 4,949	\$ 69,140	\$ -	\$ -	\$ 74,089

CITY OF CHETEK, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Funds
	Park Development Fund	Stormwater Fund	Tax Incremental District #3 Fund	Tax Incremental District #4 Fund	
REVENUES					
Public Charges for Services:					
Stormwater Fees	\$ -	\$ 62,497	\$ -	\$ -	\$ 62,497
Miscellaneous:					
Donations	19,676	-	-	-	19,676
Total Revenues	<u>19,676</u>	<u>62,497</u>	<u>-</u>	<u>-</u>	<u>82,173</u>
EXPENDITURES					
Public Works Facilities	-	43,587	-	-	43,587
Conservation and Development	12,645	-	465	20,937	34,047
Total Expenditures	<u>12,645</u>	<u>43,587</u>	<u>465</u>	<u>20,937</u>	<u>77,634</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,031	18,910	(465)	(20,937)	4,539
OTHER FINANCING SOURCES (USES)					
Transfer to Debt Service Fund	-	(10,110)	-	-	(10,110)
NET CHANGE IN FUND BALANCES	7,031	8,800	(465)	(20,937)	(5,571)
Fund Balance (Deficit) - Beginning of Year	(2,082)	60,340	(66,669)	-	(8,411)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 4,949</u>	<u>\$ 69,140</u>	<u>\$ (67,134)</u>	<u>\$ (20,937)</u>	<u>\$ (13,982)</u>

CITY OF CHETEK, WISCONSIN
 DETAILED BALANCE SHEET
 DECEMBER 31, 2020

ASSETS

Cash and Investments	\$ 2,569,082
Taxes Receivable:	
Current Tax Roll Items	963,518
Delinquent Personal Property Taxes	58
Delinquent Taxes Held by County	31
Accounts Receivable	83,833
Due from Other Funds:	
TID #3 Fund	67,134
TID #4 Fund	19,905
Prepayments	<u>16,478</u>
 Total Assets	 <u><u>\$ 3,720,039</u></u>

**LIABILITIES, DEFERRED INFLOWS OF
 RESOURCES, AND FUND BALANCE**

LIABILITIES

Vouchers and Accounts Payable	\$ 24,014
Due to Other Governmental Units	<u>960</u>
Total Liabilities	24,974

DEFERRED INFLOWS OF RESOURCES

Subsequent Year's Property Taxes	1,299,000
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FUND BALANCE

Nonspendable	16,567
Restricted	333,190
Assigned	924,366
Unassigned	<u>1,121,942</u>
Total Fund Balance	<u><u>2,396,065</u></u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>\$ 3,720,039</u></u>
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**CITY OF CHETEK, WISCONSIN
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2020**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES	<u> </u>	<u> </u>	<u> </u>
Taxes:			
General Property Taxes	\$ 1,259,726	\$ 1,269,189	\$ 9,463
Mobile Home Tax	5,500	4,096	(1,404)
Payments in Lieu of Taxes	16,000	15,336	(664)
Interest on Taxes	150	782	632
Total Taxes	<u>1,281,376</u>	<u>1,289,403</u>	<u>8,027</u>
Intergovernmental:			
State Shared Revenues	372,000	358,908	(13,092)
Fire Insurance Taxes	-	6,562	6,562
State Exempt Computer Aid	5,900	4,986	(914)
State Aid Law Enforcement	6,228	7,188	960
State Transportation Aids	163,000	163,601	601
State Aid for State Owned Property	174	175	1
Safe Routes to Schools Grant	106,060	147,617	41,557
County Library Aid	159,743	159,743	-
Total Intergovernmental	<u>813,105</u>	<u>848,780</u>	<u>35,675</u>
Licenses and Permits:			
Liquor and Malt Beverage	5,000	5,101	101
Operators' Licenses	3,500	2,897	(603)
Electricians' Licenses	-	40	40
Cigarette Licenses	250	250	-
Television Franchise	43,000	36,662	(6,338)
Direct Seller License	500	1,104	604
Dog Licenses	1,625	2,432	807
Building Permits	11,000	13,845	2,845
Other Permits Games/Dance	250	285	35
Zoning Permits	2,000	3,385	1,385
Total Licenses and Permits	<u>67,125</u>	<u>66,001</u>	<u>(1,124)</u>
Fines and Forfeits:			
Court Penalties and Costs	20,000	22,621	2,621
Parking Violations	-	445	445
Total Fines and Forfeits	<u>20,000</u>	<u>23,066</u>	<u>3,066</u>

**CITY OF CHETEK, WISCONSIN
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES (CONTINUED)			
Public Charges for Services:			
Clerk/Treasurer's Fees	\$ 1,200	\$ 2,987	\$ 1,787
License Publication Fees	-	165	165
Police Paper Service Fees	100	100	-
Accident Reports	1,500	603	(897)
Canine Unit Revenues	-	419	419
Snow Removal/Street Services	41,000	52,407	11,407
Airport - Fuel Sales	25,000	22,480	(2,520)
Garbage Collections	420,000	431,065	11,065
Garbage Miscellaneous Revenues	5,000	15,671	10,671
Library	1,200	175	(1,025)
Parks	1,200	875	(325)
Total Public Charges for Services	496,200	526,947	30,747
Miscellaneous:			
Interest:			
Temporary Investments	35,100	19,798	(15,302)
Garbage Accounts	1,000	1,742	742
Rent:			
City Buildings	9,000	13,380	4,380
Community Senior Center	5,000	2,177	(2,823)
Airport	7,500	9,828	2,328
Other:			
Donations	-	591	591
Miscellaneous	1,000	26,059	25,059
Total Miscellaneous	58,600	73,575	14,975
Total Revenues	2,736,406	2,827,772	91,366

CITY OF CHETEK, WISCONSIN
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government:			
Council	\$ 21,135	\$ 21,828	\$ (693)
Municipal Court	34,793	31,550	3,243
Municipal Court Attorney	4,000	4,407	(407)
Mayor	9,545	9,075	470
Elections	14,457	14,163	294
Assessment of Property	8,500	6,782	1,718
Clerks Office	203,593	178,842	24,751
Record Checks	100	100	-
Independent Auditing	13,000	14,345	(1,345)
Legal Fees	40,000	48,862	(8,862)
Illegal Taxes	-	108	(108)
City Hall	500	500	-
Property and Liability Insurance	33,000	39,160	(6,160)
Workers' Compensation Insurance	30,000	22,528	7,472
Retirement Expense	5,000	26,996	(21,996)
Unemployment Compensation	1,000	-	1,000
Total General Government	<u>418,623</u>	<u>419,246</u>	<u>(623)</u>
Public Safety:			
Law Enforcement:			
Wages and Fringe Benefits	502,595	498,791	3,804
Training	3,000	3,090	(90)
Operation Costs	40,400	33,918	6,482
Police Station	7,900	5,857	2,043
Shop With a Cop	1,797	-	1,797
Fire Department	60,000	59,223	777
Suppression (Hydrant Rental)	38,250	38,250	-
Ambulance Service Charge	33,717	28,880	4,837
Tornado Warning System	500	-	500
Inspector	74,952	88,171	(13,219)
Total Public Safety	<u>763,111</u>	<u>756,180</u>	<u>6,931</u>
Public Works Facilities:			
Department of Public Works	314,340	283,631	30,709
Snow and Ice Control	57,948	52,824	5,124
Traffic Control	150	210	(60)
Street Lighting	49,000	46,876	2,124
Safety Program	3,000	2,975	25
Airport	12,000	13,563	(1,563)
Airport Fuel Purchases	25,000	17,609	7,391
Total Public Works Facilities	<u>461,438</u>	<u>417,688</u>	<u>43,750</u>

CITY OF CHETEK, WISCONSIN
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

EXPENDITURES (CONTINUED)	Final Budget	Actual	Variance Positive (Negative)
Sanitation:			
Garbage Collection	\$ 210,705	\$ 220,674	\$ (9,969)
Incinerator	145,000	147,791	(2,791)
Total Sanitation	<u>355,705</u>	<u>368,465</u>	<u>(12,760)</u>
Health and Human Services:			
Animal Pound	1,425	1,425	-
Cemetery	9,306	9,305	1
Total Health and Human Services	<u>10,731</u>	<u>10,730</u>	<u>1</u>
Culture, Recreation, and Education:			
Library	106,400	102,348	4,052
Community Center	43,974	42,750	1,224
Celebrations and Entertainment	3,857	3,500	357
Parks	19,000	19,320	(320)
Total Culture, Recreation, and Education	<u>173,231</u>	<u>167,918</u>	<u>5,313</u>
Conservation and Development:			
Other Conservation and Development	3,893	44,169	(40,276)
Capital Outlay:			
Data Processing Costs	5,167	1,005	4,162
City Hall	1,776	-	1,776
Law Enforcement:			
Squad Car	38,841	37,849	992
Building Maintenance	17,134	17,134	-
Equipment	13,227	12,268	959
Radio Equipment	4,724	-	4,724
Vest Matching Funds	3,625	-	3,625
Court Special Purchases	1,476	-	1,476
Machinery and Equipment	173,303	58,865	114,438
Snow and Ice Control	35	441	(406)
Garbage Truck	117,607	-	117,607
City Shop	4,702	2,685	2,017
Streets	185,144	113,386	71,758

**CITY OF CHETEK, WISCONSIN
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
 YEAR ENDED DECEMBER 31, 2020**

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Capital Outlay: (Continued)			
Airport	\$ 9,300	\$ 9,289	\$ 11
Airport Courtesy Van	799	-	799
Cemetery	35,729	-	35,729
Library	200	-	200
Library Act 150 Fund	273,595	103,516	170,079
Parks	3,925	-	3,925
Assessment of Property	45,713	-	45,713
Fixed Asset Reserve Fund	15,708	2,000	13,708
Building Fund	211,013	8,807	202,206
Community Center	1,000	986	14
Sidewalks	18,176	17,557	619
Retirement Expense	128,443	-	128,443
Economic Development	5	-	5
Total Capital Outlay	<u>1,310,367</u>	<u>385,788</u>	<u>924,579</u>
 Total Expenditures	 <u>3,497,099</u>	 <u>2,570,184</u>	 <u>926,915</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>(760,693)</u>	 <u>257,588</u>	 <u>1,018,281</u>
 OTHER FINANCING SOURCES (USES)			
Sale of Property	-	27,200	27,200
Transfers In:			
From Water Utility Fund	56,000	54,940	(1,060)
Transfers Out:			
To Debt Service Fund	(109,500)	(91,084)	18,416
Total Other Financing Sources (Uses)	<u>(53,500)</u>	<u>(8,944)</u>	<u>44,556</u>
 NET CHANGE IN FUND BALANCE	 <u>(814,193)</u>	 <u>248,644</u>	 <u>1,062,837</u>
 Fund Balance - Beginning of Year	 <u>2,147,421</u>	 <u>2,147,421</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 1,333,228</u></u>	 <u><u>\$ 2,396,065</u></u>	 <u><u>\$ 1,062,837</u></u>

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

ASSETS

Current Assets:

Cash and Investments	\$	969,698
Customer Accounts Receivable		26,013
Inventories		18,415
Prepaid Expenses		1,950
Total Current Assets		1,016,076

Restricted Assets:

Special Redemption Fund:

Debt Service		9,581
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Capital Assets:

Property and Plant in Service		3,591,053
Less: Accumulated Depreciation		1,278,792
Net Property and Plant in Service		2,312,261
Land and Land Rights		2,487
Total Capital Assets		2,314,748

Other Assets:

Special Assessments Receivable		8,913
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Total Assets		3,349,318
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DEFERRED OUTFLOWS OF RESOURCES

Other Postemployment Benefits Related		3,613
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**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

LIABILITIES

Current Liabilities:

Accounts Payable	\$	797
Accrued Interest Payable		2,869
Accrued Employee Leave Liabilities - Current Portion		4,038
Current Portion of General Obligation Debt		4,189
Current Portion of Revenue Bonds		4,355
Special Deposits		2,025
Total Current Liabilities Payable from Current Assets		18,273

Current Liabilities Payable from Restricted Assets:

Interest Accrued		415
Current Portion of Revenue Bonds		9,166
Total Current Liabilities Payable from Restricted Assets		9,581

Long-Term Liabilities (Net of Current Portion):

Total Other Postemployment Benefits Liability		23,295
General Obligation Debt		103,375
Mortgage Revenue Bonds		272,776
Total Long-Term Liabilities (Net of Current Portion)		399,446

Total Liabilities		427,300
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DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits Related		4,171
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NET POSITION

Net Investment in Capital Assets		2,028,451
Restricted for Debt Retirement		9,166
Unrestricted		883,843
Total Net Position	\$	2,921,460

**CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020**

OPERATING REVENUES

Sales of Water:	
Residential	\$ 140,204
Commercial	55,152
Industrial	10,789
Public Authorities	18,310
Private Fire Protection	5,718
Public Fire Protection	<u>132,919</u>
Total Sales of Water Revenues	363,092
Other Operating Revenues:	
Forfeited Discounts	693
Meter Charge to Sewer	19,236
Miscellaneous Operating Revenues	<u>29,762</u>
Total Other Operating Revenues	<u>49,691</u>
Total Operating Revenues	412,783

OPERATING EXPENSES

Operation and Maintenance:	
Operation	144,951
Maintenance	24,103
Administrative and General	<u>87,963</u>
Total Operation and Maintenance	257,017
Depreciation	<u>87,825</u>
Total Operating Expenses	<u>344,842</u>

OPERATING INCOME

67,941

NONOPERATING REVENUES (EXPENSES)

Interest Income	2,099
Interest Expense	(6,675)
Total Nonoperating Revenues (Expenses)	<u>(4,576)</u>

INCOME BEFORE TRANSFERS AND CONTRIBUTIONS

63,365

TRANSFERS AND CONTRIBUTIONS

Transfer to General Fund	(54,940)
Capital Assets Funded by Grants	4,410
Capital Asset Contributions from Customers and Developers	10,000
Total Transfers and Contributions	<u>(40,530)</u>

CHANGE IN NET POSITION

22,835

Net Position - Beginning of Year	<u>2,898,625</u>
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NET POSITION - END OF YEAR

\$ 2,921,460

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 362,079
Cash Received from Municipality for Fire Protection	38,250
Water Meter Related Charges to Sewer Department	19,236
Cash Payments to Suppliers for Goods and Services	(121,710)
Cash Payments for Employee Services	<u>(134,335)</u>
Net Cash Provided by Operating Activities	163,520

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Principal Paid on Pension Related Debt	(4,093)
Interest Paid on Pension Related Debt	(4,445)
Cash Payment for Tax Equivalents	<u>(54,940)</u>
Net Cash Used by Noncapital Financing Activities	(63,478)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash Paid for Capital Assets	(24,659)
Cash Received from Capital Grants	224,964
Cash Received from Salvage of Capital Assets	800
Cash Received from Long-Term Debt	262,734
Principal Paid on Long-Term Debt	(13,362)
Interest and Debt Issuance Costs Paid on Long-Term Debt	<u>(2,353)</u>
Net Cash Provided by Capital and Related Financing Activities	448,124

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received from Interest on Investments	<u>1,441</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

549,607

Cash and Cash Equivalents - Beginning of Year

380,582**CASH AND CASH EQUIVALENTS - END OF YEAR**\$ 930,189

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating Income	\$ 67,941
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	87,825
Change in Other Postemployment Benefits Related Items:	
Liability	(188)
Deferred Outflows of Resources	(2,253)
Deferred Inflows of Resources	3,823
(Increase) Decrease in Assets:	
Customer Accounts Receivable	4,757
Inventories	2,325
Prepaid Expenses	(702)
Increase (Decrease) in Liabilities:	
Accounts Payable	(399)
Deposits	2,025
Accrued Employee Leave Liabilities	(1,634)
Net Cash Provided by Operating Activities	<u>\$ 163,520</u>

**RECONCILIATION OF CASH AND INVESTMENTS TO
CASH AND CASH EQUIVALENTS:**

Cash and Investments per Statements of Net Position:	
Cash and Investments	\$ 969,698
Cash and Investments - Restricted	<u>9,581</u>
Subtotal	979,279
Less: Investments with a Maturity Greater than Three Months	<u>49,090</u>
Cash and Cash Equivalents	<u>\$ 930,189</u>

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

ASSETS

Current Assets:

Cash and Investments	\$	4,183
Customer Accounts Receivable		41,572
Inventories		3,195
Prepaid Expenses		6,780
Total Current Assets		55,730

Restricted Assets:

Cash and Investments:		
Replacement Fund		255,765
Special Redemption Fund:		
Debt Service Fund		8,895
Total Restricted Assets		264,660

Capital Assets:

Property and Plant in Service		4,606,772
Less: Accumulated Depreciation		2,638,258
Net Property and Plant in Service		1,968,514
Land and Land Rights		53,359
Construction Work in Progress		83,516
Net Capital Assets		2,105,389

Total Assets		2,425,779
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DEFERRED OUTFLOWS OF RESOURCES

Other Postemployment Benefits Related		4,951
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**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 13,539
Accrued Interest Payable	3,317
Accrued Employee Leave Liabilities - Current Portion	14,368
Current Portion of General Obligation Debt	20,716
Current Portion of Unamortized Debt Premium	232
Current Portion of Revenue Bonds - Clean Water Fund	4,240
Total Current Liabilities	56,412

Current Liabilities Payable from Restricted Assets:

Interest Accrued Payable	414
Current Portion of Revenue Bonds	8,481
Total Current Liabilities Payable from Restricted Assets	8,895

Long-Term Liabilities (Net of Current Portion):

Total Other Postemployment Benefits Liability	31,914
General Obligation Debt	103,375
Mortgage Revenue Bonds Series - Clean Water Fund	222,800
Total Long-Term Liabilities (Net of Current Portion)	358,089

Total Liabilities	423,396
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DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits Related	5,714
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NET POSITION

Net Investment in Capital Assets	1,841,559
Restricted for Capital Asset Replacement	255,765
Restricted for Debt Retirement	8,481
Unrestricted	(104,185)
Total Net Position	\$ 2,001,620

**CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020**

OPERATING REVENUES

Sewerage Revenues:

Residential	\$ 302,195
Commercial	99,289
Industrial	21,005
Public Authorities	41,863
Total Sewerage Revenues	464,352

Other Operating Revenues:

Forfeited Discounts	2,088
Miscellaneous Revenues	9,043
Total Other Operating Revenues	11,131

Total Operating Revenues 475,483

OPERATING EXPENSES

Operation and Maintenance:

Operation	281,766
Maintenance	59,494
Administrative and General	149,771
Total Operation and Maintenance	491,031

Depreciation	134,274
Total Operating Expenses	625,305

OPERATING INCOME (149,822)

NONOPERATING REVENUES (EXPENSES)

Interest Income	1,256
Rental Income	6,175
Amortization of Debt Premium	400
Interest Expense	(9,569)
Rental Property Expense	(886)
Total Nonoperating Revenues (Expenses)	(2,624)

CHANGE IN NET POSITION (152,446)

Net Position - Beginning of Year 2,154,066

NET POSITION - END OF YEAR \$ 2,001,620

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 479,173
Water Meter Related Charges to Sewer Department	(19,236)
Cash Payments to Suppliers for Goods and Services	(262,457)
Cash Payments for Employee Services	(190,768)
Net Cash Provided by Operating Activities	6,712

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Principal Paid on Pension Related Debt	(4,093)
Interest Paid on Pension Related Debt	(4,444)
Cash Received for Rents from Rental Properties	6,175
Cash Paid for Rental Property Expense	(886)
Net Cash Used by Noncapital Financing Activities	(3,248)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash Paid for Capital Assets	(64,002)
Principal Paid on Long-Term Debt	(29,113)
Interest Paid on Long-Term Debt	(5,248)
Net Cash Used by Capital and Related Financing Activities	(98,363)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received from Interest on Investments	1,256
	1,256

NET CHANGE IN CASH AND CASH EQUIVALENTS

(93,643)

Cash and Cash Equivalents - Beginning of Year

362,486

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 268,843

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (149,822)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	134,274
Change in Other Postemployment Benefits Related Items:	
Liability	2,661
Deferred Outflows of Resources	(3,257)
Deferred Inflows of Resources	5,281
(Increase) Decrease in Assets:	
Customer Accounts Receivable	3,690
Inventories	202
Prepaid Expenses	(3,225)
Increase (Decrease) in Liabilities:	
Accounts Payable	8,833
Accrued Employee Leave Liabilities	8,075
Net Cash Provided by Operating Activities	<u><u>\$ 6,712</u></u>

**RECONCILIATION OF CASH AND INVESTMENTS TO
CASH AND CASH EQUIVALENTS**

Cash and Investments per Statements of Net Position:	
Cash and Investments	\$ 4,183
Cash and Investments - Restricted	<u>264,660</u>
Cash and Cash Equivalents	<u><u>\$ 268,843</u></u>